



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis as provided by the management of Ceres Capital Corp. operating as Reliable Energy Ltd. (the "Company") as of March 18, 2009 should be read in conjunction with the audited consolidated financial statements and related notes for the period ended December 31, 2008 and the audited financial statements and related notes for the year ended December 31, 2007.

BASIS OF PRESENTATION

The financial data presented has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and measurement currency in the financial statements and in this discussion and analysis is the Canadian dollar, unless otherwise stated.

NON-GAAP MEASURES

Management's Discussion and Analysis contains the term "cash flow from" or "funds used in" operations. Cash flow from or funds used in operations and cash flow from and funds used in operations per share amounts are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures and should not be considered an alternative to, or more meaningful than cash flow from/used for operating activities or net earnings as determined in accordance with Canadian GAAP as an indicator of the Company's performance. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this discussion and analysis in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes cash flow as a key measure to assess the ability of the Company to finance operating activities and capital expenditures. The terms "cash flow from operations" and "funds used in operations" as presented in the financial statements are used synonymously and are calculated by adding non-cash items (future taxes, stock-based compensation expense, and depletion, depreciation and accretion) to earnings or losses for the period. The Company also presents cash flow from or used in operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

BOE CONVERSION

Certain natural gas volumes have been converted to barrels of oil equivalent ("boe") using six thousand cubic feet (mcf) equal to one barrel (bbl) unless otherwise stated. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

FORWARD-LOOKING INFORMATION

Certain information regarding the Company set forth in this document, including management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of availability of qualified personnel or management, stock market volatility and ability to access capital from internal and external sources. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. The Company does not intend and does not assume any obligation to update these forward-looking statements, except as required by law.



OVERALL PERFORMANCE

Corporate

During the year, the Company's major focus has been on financing with two major milestones being achieved:

- On December 24, 2008 Ceres Capital Corp. ("Ceres"), a Capital Pool Company on the TSX Venture Exchange ("TSXV"), completed its Qualifying Transaction by acquiring all of the outstanding shares of Reliable Energy Ltd. ("Reliable"). The purchase was completed as a reverse take-over ("RTO") through the issuance of Ceres shares and resulted in the former shareholders of Reliable acquiring control of Ceres. The acquisition was a three-cornered deal that had Ceres Acquisition Corp. and Reliable amalgamate to form Reliable Energy Ltd., a wholly owned subsidiary of Ceres. The Company is traded on the TSXV under the symbol SRS.

The consolidated financial statements and this MD&A are issued under the name of the Company but are deemed to be a continuation of Reliable. The comparative figures for the year ended December 31, 2007 reflect the assets, liabilities and results of operations of Reliable.

- Prior to the RTO, Reliable completed a brokered private placement of common shares and flow-through common shares for aggregate gross proceeds of \$9.7 million. Together with the \$1.3 million acquired in the RTO, this puts the Company in a position to pursue an aggressive drilling and development program in 2009.

Trochu Basin

The Company has continued to focus on the development of the oil exploration play in the Trochu Basin. Two exploratory wells were drilled during the year and were abandoned but provided encouraging results for further drilling in the area. The Company is currently reinterpreting seismic data and refining its geophysical modeling of the play and expects to be able to apply the results to future drilling. In addition, 14,240 acres (gross), 7,120 (net) acres were acquired in the area during 2008, bringing the total land acquired in the basin to 18,720 acres (gross), 10,080 acres (net).

Kirkella

In August, 2008, the Company entered into a 75 section (48,000 acre) seismic review and farm-out option on lands owned by a major royalty trust. The lands, on the Saskatchewan/Manitoba border in a Bakken / Three Forks trend, provide the Company with a second core area thereby reducing the Company's risk and reliance on one play. The Company has evaluated seismic that was made available under the farm-out and drilled two wells in December. One of those wells has been placed on production in March, 2009, while the other is awaiting completion operations. The Company drilled one additional well in the first quarter of 2009 which has been cased and is awaiting completion.

Harmattan

Natural gas production decreased to an average of 119 mcf/day for the year. Two of the Harmattan wells were shut-in from August until late December. Low production pressures hampered efforts to bring them back into production. With the current instability around natural gas pricing, the Company has no plans at this time to drill additional wells or incur the capital cost required to build the infrastructure to bring two cased wells into production.



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Ceres Capital Corp.

SELECTED ANNUAL INFORMATION

	2008	2007	2006
Financial			
Gross revenue	\$ 278,283	\$ 484,630	\$ 119,086
Net loss	1,892,197	4,524,907	3,126,114
Cash flow used in operations	1,757,494	1,269,197	1,690,121
Total assets	11,977,491	2,502,583	8,230,263
Weighted average shares - basic	41,113,427	34,464,318	29,242,410
Operational			
Production (boe)	7,234	13,857	3,331
Reserves			
Proved reserves (boe)	60,667	67,323	157,000
Undeveloped land (net acres)	23,949	2,960	-
Wells drilled			
Gross	4.0	1.0	4.0
Net	2.8	1.0	4.0

RESULTS OF OPERATIONS

Operations

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Natural gas production - mcf	6,908	14,226	43,399	83,106
Total production - boe (6:1)	1,151	2,371	7,234	13,857
Natural gas sales - mcf	5,111	11,408	32,662	66,806
Gross sales revenue	\$ 37,651	\$ 78,947	\$ 278,283	\$ 484,630
Royalties	6,120	14,425	62,111	107,516
Operating expenses	55,475	60,440	225,728	249,453
Net operating revenue	(23,944)	4,082	(9,556)	127,661
Average gas price - \$/mcf	7.37	6.92	8.52	7.25
Operating costs - \$/boe	48.20	25.49	31.20	18.00
Netback - \$/boe	(20.80)	1.72	(1.32)	9.21

The Company has four gas wells capable of production, all in the Harmattan area. Two of the wells were shut-in from August until late December. Production averaged 75 mcf/d for the fourth quarter and 119 mcf/d for the year (2007 – 155mcf/d and 228 mcf/d). Production rates from each of the wells declined significantly during 2007 but appear to have levelled off at the current rates. The netback for the quarter averaged \$(20.80) per boe, down \$22.52/boe or 1,309% from last year. Year to date, the netback averaged \$(1.32) per boe, down \$10.53/boe or 114% from last year. The decrease for both periods is mainly due to fixed operating costs remaining fairly constant while production volumes declined significantly.



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General and Administrative Expenses

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Salaries and management consulting	\$ 348,187	\$ 176,447	\$ 831,379	\$ 757,311
Legal	9,952	9,221	26,508	49,157
Computer services and subscriptions	26,211	34,040	118,457	132,453
Accounting and audit fees	599	8,600	39,032	35,050
Investor relations	5,399	6,795	24,443	16,858
Other professional services	50,689	14,517	155,355	102,370
Travel and business entertainment	47,920	19,955	62,850	36,028
General office expenses	10,939	65,850	434,137	268,781
	499,896	335,425	1,692,161	1,398,008
Recoveries	(10,378)	(5,059)	(19,598)	(28,377)
Total	\$ 489,518	\$ 330,366	\$ 1,672,563	\$ 1,369,631

For the quarter ended December 31, 2008, general and administrative expenses increased by \$159,152 or 48% from 2007. The increase is mostly due to a \$170k bonus provided to management in December, 2008.

Year to date general and administrative expenses were up \$302,932 or 22%. The significant items contributing to the increase are: \$170k bonus provided to management, \$150k of taxes and penalties associated with the expenditures required under flow-through shares issued in 2006 and 2007 and \$208k reduction in 2007 related to deferred compensation and bonus obligations offset by \$(146k) recorded in 2007 regarding a prospective acquisition and \$(96k) related to lower salary and management consulting fees due to reduced operating levels

Interest and Financing Expense

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Interest on convertible debentures	\$ 31,288	\$ 28,641	\$ 123,007	\$ 115,279
Penalty - issue of debentures	-	-	60,000	-
Total	\$ 31,288	\$ 28,641	\$ 183,007	\$ 115,279

As a consequence of adopting new accounting standards for financial instruments, the Company made certain adjustments to deferred financing charges and the convertible debentures. Financing charges are now netted against the convertible debentures and are amortized to interest and financing charges in the statement of operations using the effective interest rate method.

The terms of the Convertible Debentures required the Company to complete a defined Liquidity Event prior to February 15, 2008. The Liquidity Event was not completed and as a result the Company issued an additional \$60,000 of debentures for no additional consideration.



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Ceres Capital Corp.

Non Cash Expenses

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Depletion and depreciation	\$ 27,044	\$ 493,698	\$ 153,048	\$ 944,940
Accretion expense	3,982	4,135	15,412	16,173
Loss on settlement of retirement obligations	-	(3,595)	1,946	(3,595)
Total	\$ 31,026	\$ 494,238	\$ 170,406	\$ 957,518

The provision for depletion is based on independent estimates of proved and probable oil and gas reserves. Depletion expense is significantly lower in 2008 due to the asset impairment charge recorded in December, 2007 as well as lower production volumes in 2008. Depreciation of non-resource assets is calculated on a straight-line basis at various rates between 20% and 45%. The Company's asset retirement obligation was increased to a total of \$254,243 which represents the fair value of the future abandonment costs for oil and gas property acquired, wells drilled and facilities constructed. The increase consists of \$3,982 for the quarter, \$15,412 year to date, in accretion expense. Additional obligations of \$39,000 were incurred during the fourth quarter related to wells drilled in the period.

Impairment Expense

Management has determined that there is no impairment of the Company's petroleum and natural gas assets at December 31, 2008. The impairment test was based upon independent evaluations of the Company's proved and probable reserves.

Income Taxes

At December 31, 2008, the Company has various tax pools totalling \$11.1 million and the future benefit has been recorded as an asset to the balance sheet. Due to the uncertainty surrounding realization of this asset a valuation allowance has been recorded for the full amount of the asset.

The Company recorded a future income tax recovery of \$172,575 (2007 - \$905,545). The recovery was mainly due to the reversal of the valuation allowance recorded in previous years triggered by the renunciation of capital expenditures related to the flow-through shares issued in 2007.

	2008	2007
Future income tax on share issue costs	\$ -	\$ 32,532
Future income tax recovery on flow-through shares	(172,575)	(938,077)
	\$ (172,575)	\$ (905,545)

Under the flow-through share agreements entered into in 2008, the Company is required to incur eligible expenditures of \$8.7 million prior to December 31, 2009. These expenditures were renounced to the flow-through share investors effective December 31, 2008. At December 31, 2008 \$8.6 million remains to be spent.



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Cash Flow and Net Loss

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Net income (loss)	\$ (615,176)	\$ (4,048,792)	\$ (1,892,197)	\$ (4,524,907)
Non-cash charges				
Depletion, depreciatoin and accretion	31,026	494,238	170,406	957,518
Interest and financing charges	7,663	2,681	89,072	25,737
Unrealized commodity contracts	1,000	11,600	-	-
Impairment of long-term assets	-	3,178,000	-	3,178,000
Stock based compensation	47,800	-	47,800	-
Future income taxes	(2,986)	17,472	(172,575)	(905,545)
Funds used in operations	\$ (530,673)	\$ (344,801)	\$ (1,757,494)	\$ (1,269,197)

Funds used in operations related mainly to general and administrative expenditures of the Company.

CAPITAL EXPENDITURES

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Land acquisitions	\$ 414,644	\$ 160,539	\$ 414,644	\$ 160,539
Geological/Geotechnical	135,993	13,818	316,575	13,818
Drilling and completions	453,170	18,859	1,066,435	445,667
Equipping and tie-ins	-	-	11,238	363,206
Corporate assets	-	-	1,605	945
Allowance for future restoration expenditures	39,000	(23,000)	39,000	(3,000)
Total	\$ 1,042,807	\$ 170,216	\$ 1,849,497	\$ 981,175
Wells drilled				
Gross	2.0	-	4.0	1.0
Net	1.8	-	2.8	1.0

The Company participated in drilling two wells in the Trochu area during the year. Both wells were determined to be non-commercial and have been abandoned. The Company drilled two wells in the Kirkella field in December and has embarked upon an aggressive land acquisition program in the area. Results of these two wells are still being evaluated.

**LIQUIDITY AND CAPITAL RESOURCES**

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Cash, beginning of period	\$ 70,063	\$ 690,578	\$ 890,405	\$ 2,906,364
Cash flow from operations	(530,673)	(344,801)	(1,757,494)	(1,269,197)
Change in non-cash working capital				
- operating	615,862	55,002	884,915	(558,699)
- financing	(245,496)	21,236	(245,496)	(125,988)
- investing	(296,589)	-	191,297	-
Issue of common shares, net of issue costs	8,656,218	530,603	8,819,013	766,440
Acquisition of Ceres	1,130,473	-	1,130,473	-
Short-term deposits	-	137,813	295,381	162,470
Capital expenditures and retirement obligations settled	(1,003,807)	(200,026)	(1,812,443)	(990,985)
Cash, end of period	\$ 8,396,051	\$ 890,405	\$ 8,396,051	\$ 890,405

Financing Activities

Under a private placement, Reliable issued 8,571,444 common shares at \$0.117 and 65,548,200 flow-through shares at \$0.133 resulting in gross proceeds of \$9,739,760. Commissions, legal fees, placement fees and other costs associated with the placement totalled \$1,630,993. As part of the commission Reliable issued 4,350,000 common shares and brokers options for 5,722,224 common shares exercisable at \$0.12 to the brokerage firms. Under the flow-through share agreements, the Company is required to incur eligible expenditures of \$8.7 million prior to December 31, 2009.

On December 24, 2008 Ceres and Reliable completed a reverse takeover transaction. Ceres issued 116,594,622 common shares to acquire 100% of the outstanding shares of Reliable on a 6:1 basis (the "Exchange Ratio"). As part of the transaction, Ceres acquired all of Reliable's outstanding stock options, warrants and convertible debentures in exchange for similar securities of Ceres based on the Exchange Ratio. Transaction fees totalled \$191,916. The RTO has been accounted for as a capital transaction in accordance with guidance provided in Emerging Issues Committee Abstract No. 10. As Ceres did not qualify as a business for accounting purposes, the transaction has been accounted for as an issuance of shares by Reliable for the net monetary assets of Ceres, accompanied by a recapitalization of the Company. The fair value of assets acquired is as follows:

Cash	\$1,347,211
Other receivables	34,778
Current liabilities	(59,600)
Net assets acquired	\$1,322,389

Legal fees related to a private placement completed in December 2007 totalling \$8,154 were recorded in the first quarter of 2008.

Certain of the share subscriptions and the convertible debentures issued in 2006 required the Company to complete a defined 'Liquidity Event' on or before February 15, 2008. The Liquidity Event did not occur and as a result the Company issued 126,264 common shares and \$60,000 of debentures for no additional consideration.



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The Company is not contemplating any new financing in 2009. Management is satisfied that the current cash reserves and anticipated cash flow from operations are sufficient to fund the Company's operations and capital programs for 2009.

Capital Resources

As of December 31, 2008, the Company had working capital of \$7,213,163 compared to working capital of \$833,614 at December 31, 2007.

The Company has reduced its credit facilities to one Canadian bank with a nominal \$1. This facility would, if reinstated, bear interest at the bank's prime lending rate and be secured by charges against term deposits.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has various contractual obligations and commitments arising in the normal course of operations and financing activities. These obligations and commitments have been considered when assessing the cash requirements in the above discussion of future liquidity.

At December 31, 2008 the Company is committed to future payments under an operating lease for office space through April 2011 totaling \$450,000 (2009 - \$192,000; 2010 - \$193,000; 2011 - \$65,000).

Under the flow-through share agreements entered into in 2008, the Company is required to incur eligible expenditures for the total gross proceeds of \$8,739,760 prior to December 31, 2009. These expenditures have been renounced to the flow-through share investors effective December 31, 2008. As of December 31, 2008, a total of \$8.6 million remains to be incurred on eligible expenditures.

The Company has no commodity contracts outstanding at December 31, 2008

The Company does not have in place any off-balance sheet financing type arrangements.

CHANGES IN ACCOUNTING POLICY

On January 1, 2008 the Company adopted the following new CICA handbook Sections, which were effective for interim periods beginning on or after October 1, 2007:

Comprehensive Income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available for sale. When related amounts are recorded in accordance with this standard, the Company will report a statement of comprehensive income combined with the statement of operations and a new category, accumulated other comprehensive income, in the shareholders' section of the balance sheet.

Financial Instruments

The new standards require all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. Changes to the measurement of existing financial assets and liabilities at the date of adoption were adjusted to opening deficit as noted below.

***Derivative Instruments***

The Company may use various types of derivative financial instruments to manage risks associated with crude oil and natural gas price fluctuations. These instruments are not used for trading or speculative purposes. Proceeds and costs realized from holding the related contracts are recognized in petroleum and natural gas revenues at the time that each transaction under a contract is settled. For the unrealized portion of such contracts, the Company utilizes the fair value method of accounting. The fair value is based on an estimate of the amounts that would have been paid to or received from counterparts to settle these instruments given future market prices and other relevant factors. The method requires the fair value of the derivative financial instruments to be recorded at each balance sheet date with the unrealized gains or losses on these contracts recorded through the statement of operations.

The Company has elected to account for its commodity sales and other non-financial contracts, which were entered into and continue to be held for the purpose of receipt of delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts on an accrual basis rather than as non-financial derivatives. Prior to adoption of the new standards, physical receipt and delivery contracts did not fall within the scope of the definition of a financial instrument and were also accounted for as executory contracts.

Other Disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and if it has not complied, the consequences of such non-compliance.

The CICA has amended Section 1400, "General Standards of Financial Statement Presentation", which is effective for interim periods beginning on or after January 1, 2008, to include requirements to assess and disclose the Company's ability to continue as a going concern.

Effective Interest Rate Method

Financing fees attributable to financial instruments classified as other than held-for-trading are included in the recognized amount of the related financial instrument and recognized over the life of the resulting financial instrument. Prior to January 1, 2007, financing fees were recorded as deferred financing charges and recognized in the statement of operations on a straight-line basis over the life of the financial instrument. On adoption, financing fees are recognized as if the effective interest rate method had always been applied whereby the amount recognized varies over the life of the financial instrument based on the principal outstanding. For the Company, the adoption of the effective interest rate method required adjustments to deferred financing charges and the convertible debentures as disclosed below.

At January 1, 2007, the following adjustments were made to the balance sheet to adopt the new standards:

Deficit - increase	1,333
Deferred financing charges - decrease	62,870
Convertible debentures - decrease	64,203



International Financial Reporting Standards

On February 13, 2008, the Accounting Standards Board of Canada confirmed that the transition date to International Financial Reporting Standards ("IFRS") from Canadian GAAP will be January 1, 2011 for publicly accountable enterprises. The Company will be required to report its results in accordance with IFRS starting in 2011, with comparative IFRS information for the 2010 fiscal year. The Company is currently reviewing the requirements of IFRS but has yet to assess the impact the change will have on the Company's accounting policies, financial statements, information systems, internal controls over financial reporting, disclosure controls and procedures, including investor relations, training requirements and business activities.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into transactions with the following related parties:

- PEM Consulting – controlled by an officer of the Company
- Max Consulting Ltd – controlled by an officer of the Company
- 1119402 Alberta Ltd. – controlled by an officer of the Company
- Time Exploration Ltd. – controlled by an officer of the Company
- Alan Blackie

	3 months ended December 31,		12 months ended December 31,	
	2008	2007	2008	2007
Management consulting fees charged to:				
General and administrative				
General Management	\$ 150,000	\$ 45,000	\$ 285,000	\$ 162,000
Finance	86,600	36,600	196,400	146,400
Engineering	68,000	36,006	122,000	144,874
Exploration	30,000	30,000	111,667	118,000
	334,600	147,606	715,067	571,274
Operating expenses	15,000	14,400	69,000	67,149
Property and equipment	3,000	-	3,000	16,815

These transactions were in the normal course of business and valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OUTSTANDING SHARE DATA

As at March 18, 2009, the Company's authorized share capital consists of the following:

	<u>Authorized</u>	<u>Issued and Outstanding</u>
Class A common	Unlimited	126,855,872

The Company has issued 505,716 common share purchase warrants exercisable at \$0.47 per share to members of management in recognition of deferred bonus plan obligations entered into in 2005 and 2006. These warrants are exercisable until December 24, 2013.

The Company has 10,680,074 stock options outstanding. A total of 4,835,000 are outstanding to management, directors, employees and key consultants under the stock option plan, with exercise prices between \$0.17 and \$0.20 with a weighted average remaining contract life of 44 months. The balance of



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5,845,074 stock options are outstanding to various brokerage firms with an exercise price ranging from \$0.12 to \$1.342 with a weighted average remaining contract life of 15 months.

The Company also has 857,142 common share purchase warrants outstanding, enabling the holder to purchase up to 857,142 common shares of the Company at \$0.47 per share and exercisable up to October 20, 2009.

SUBSEQUENT EVENTS

There are no material subsequent events.

RISK FACTORS

The reader should consider each of the following factors as well as the other information contained in this report in evaluating the Company's business and future prospects. Oil and gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by the Company will result in new discoveries. The risks and uncertainties described below are not the only ones the Company's is faced with. Additional risks and uncertainties not presently known may also impair the Company's business operations. If any of the following risks occur, the Company's business and financial results could be harmed. This could have a negative impact on the valuation of the Company's common stock. The reader should also refer to the other information set forth in this report, including the Company's interim financial statements and the accompanying notes.

- Limited operating history and no certainty of future profitability
- Fluctuations in both natural gas and crude oil pricing could have both a positive and a detrimental impact on the Company's operations and valuation.
- Volatile product market demand
- Transportation interruptions
- Government regulations and taxes
- Environmental and safety concerns
- Ability to raise capital
- Management of future growth and expansion
- Ability to continue to secure lands for exploration and development.

The Company mitigates these risks by diligent management of those factors that it can control including the engagement of highly qualified and experienced professionals, use of the latest technology and a focus on low cost reserves.

The Company carries insurance coverage to protect itself against potential losses due to accidental destruction of assets, well blow-outs and environmental damages. The Company also follows all government regulations and has in place an emergency response plan.



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SUPPLEMENTAL QUARTERLY INFORMATION

The following tables summarize key financial information for the periods indicated.

	Three Months Ended			
	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
Total revenue	\$ 37,651	\$ 55,695	\$ 93,533	\$ 91,404
Net income (loss)	(615,176)	(425,463)	(508,665)	(342,893)
Per share – basic and diluted	(0.012)	(0.067)	(0.080)	(0.054)
Funds used in operations	530,673	397,929	379,116	449,776
Per share – basic and diluted	0.011	0.010	0.010	0.012
Capital expenditures	1,003,807	388,384	159,374	258,932
Total assets	11,977,491	2,061,986	1,876,609	2,126,590
Production - boe	1,151	1,429	2,226	2,428

	Three Months Ended			
	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	March 31, 2007
Total revenue	\$ 78,947	\$ 111,104	\$ 149,623	\$ 144,956
Net income (loss)	(4,048,792)	(157,032)	(468,696)	149,613
Per share – basic and diluted	(0.117)	(0.005)	(0.014)	0.004
Funds used in operations	344,801	63,868	499,187	361,341
Per share – basic and diluted	0.010	0.002	0.014	0.011
Capital expenditures	200,026	127,274	54,502	629,183
Total assets	2,502,583	5,954,568	6,255,671	7,270,233
Production - boe	2,371	3,061	4,225	4,200