



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 May 20, 2009 should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the period ended March 31, 2009 and the audited financial statements and related notes for the year ended December 31, 2008.

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 Reliable'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 Reliable 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

The Company is involved in the production, exploration and development of oil and gas properties in the Harmattan and Trochu areas of Alberta and the Kirkella area in southeast Saskatchewan and southwest Manitoba.

The Company has made significant progress following the completion in December 2008 of the financing and RTO. Highlights include:

- During the quarter the Company recorded net income of \$2,071,903 or \$0.02 per share compared with a loss of \$342,893 or \$0.01 per share. The increase in income was the result of a future income tax recovery of \$2,560,750. Excluding the tax recovery, net loss was \$488,847 or \$0.004 per share.
- The Company achieved an 82% increase in production during the quarter, compared with 2008, the result of oil production from its Bakken discovery well in Kirkella.
- Working capital at March 31, 2009 was \$4,209,735 compared with \$116,262 in 2008 and reflects the funds from the recent financing and working capital of \$1,322,389 from the RTO.
- Capital expenditures for the quarter totaled \$2,566,914 and included drilling and completion activities of \$817,051, seismic data acquisition of \$209,831 and land acquisitions of \$1,351,453. This compares with \$258,932 in 2008.

Activities by core area include:

Kirkella

The Company has drilled three wells to date in Kirkella with the first well, a discovery, being placed on production on March 5, 2009. Initial production rates were as high as 112 bbl/d and average daily production rates for the month were 93 bbl/d (gross) 88 bbl/d (net). The second and third wells were cased and are awaiting completion services which will commence once road bans are removed in Manitoba on May 28, 2009.

In addition to its drilling program, the Company has been very active in acquiring oil prone lands in the Kirkella area and to date has acquired 32,050 acres.

Harmattan

All four of the Harmattan wells were back on production and natural gas production averaged 135 mcf/day for the quarter. With the current instability around natural gas pricing, the Company has no plans for further exploration or development in this area. The Company is currently exploring a disposition of these properties.

Trochu Basin

The Company owns 9,600 acres (net) of lands in the Trochu Basin in south central Alberta and currently has no drilling plans in 2009.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Ceres Capital Corp.

SELECTED QUARTERLY INFORMATION

	Three months ended		
	March 31, 2009	Dec. 31, 2008	March 31, 2008
Financial			
Gross Revenue	\$ 201,562	\$ 37,651	\$ 91,404
Net Income (Loss)	2,071,903	(615,176)	(342,893)
Per share - basic	0.016	(0.012)	(0.009)
Cash flow used in operations	395,096	530,673	449,776
Total assets	11,647,294	11,977,491	2,126,590
Weighted average shares - basic	126,855,872	50,310,444	37,998,528
Operational			
Production (boe)	4,410	1,151	2,428
Lands			
Undeveloped land (net acres)	42,858	23,949	13,322
Lands under option (net acres)	19,294	41,421	-
Wells drilled			
Gross	1.0	2.0	1.0
Net	1.0	1.9	0.5

RESULTS OF OPERATIONS

OPERATIONS

	3 months ended March 31	
	2009	2008
Production		
Natural gas - mcf	12,146	14,566
Crude oil - bbls	2,385	-
Total production - boe (6:1)	4,410	2,428
Sales		
Natural gas - mcf	10,548	11,153
Crude oil - bbls	2,495	-
Gross sales revenue	\$ 201,562	\$ 91,404
Royalties	32,350	18,176
Operating expenses	71,604	69,183
Net operating revenue	97,608	4,045
Average price - \$/boe	45.71	37.65
Operating costs - \$/boe	16.24	28.49
Netback - \$/boe	22.13	1.67

**MANAGEMENT'S DISCUSSION AND ANALYSIS****SALES AND PRODUCTION****Kirkella**

The first oil well in the Kirkella field went on production on March 5, 2009. Production averaged 93 bbl/d (gross) 88 bbl/d (net) for the month. Sales include volumes produced during production testing. The average sales price was \$61.62/bbl

Harmattan

Production volumes were down 17% compared to the first quarter of 2008. The average sales price for natural gas was \$4.53/mcf compared to \$8.20/mcf in the first quarter of 2008.

ROYALTIES

	3 months ended March 31	
	2009	2008
Crown royalties	\$ -	\$ -
Overriding and freehold royalties	32,350	18,176
Total	32,350	18,176
As a percentage of revenue	16.0%	19.9%
Royalties per boe	\$ 7.34	\$ 7.49

Kirkella

Production on this well is subject to Manitoba crown royalty and a sliding scale overriding royalty (15% for the quarter). The Manitoba government grants a royalty holiday for new wells drilled. As a result the crown royalty for the quarter was \$nil.

Harmattan

Production on the Harmattan properties is subject to freehold royalties ranging from 15% to 35%.

OPERATING EXPENSES

	3 months ended March 31	
	2009	2008
Kirkella	\$ 14,625	\$ -
Harmattan	50,710	66,223
Other	6,269	2,960
Total operating expenses	\$ 71,604	\$ 69,183
Operating expenses per boe	16.24	28.49

Operating expenses at Kirkella represented the first month of operations and mainly included transportation costs for oil and disposal of water.

Expenses in the Harmattan area are lower this quarter mainly due to higher costs in 2008, related to the installation of methanol spheres. Other expenses in 2009 relate mainly to lease rental costs in the Trochu area.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Ceres Capital Corp.

NETBACK INFORMATION *(per boe)*

	3 months ended March 31	
	2009	2008
Revenue	\$ 45.71	\$ 37.65
Royalty expense	7.34	7.49
Operating expense	16.24	28.49
Operating netback	\$ 22.13	\$ 1.67

Operating netback increased \$20.46/boe or 1,225% from 2008. The increase is due to oil production from the Kirkella property which contributed \$49.10/boe. The netback for Harmattan and the Company's other properties decreased by \$11.30/boe due to lower volumes and lower gas prices.

GENERAL AND ADMINISTRATIVE EXPENSES

	3 months ended March 31	
	2009	2008
Salaries and management consulting	\$ 234,045	\$ 179,026
Legal	8,555	6,754
Computer services and subscriptions	40,108	36,537
Accounting and audit fees	23,637	9,600
Investor relations	35,408	8,710
Other professional services	17,423	3,186
Travel and business entertainment	9,623	2,666
Taxes on unexpended FTS obligations	66,668	125,000
General office expenses	80,595	71,141
	516,062	442,620
Recoveries	(21,603)	(3,000)
Total	\$ 494,459	\$ 439,620

For the quarter ended March 31, 2009, general and administrative expenses increased by \$54,839 or 12% from 2008. An increase in staffing and professional services due to higher activity contributed \$69,256 of the increase. Subsequent to the RTO, the Company incurred additional audit/review fees and investor relations costs of \$40,735 in 2009 when compared to 2008. Partly offsetting these increases were lower costs associated with unexpended flow through share obligations which decreased from \$125,000 in 2008 to \$66,668 this year. These costs represent a form of interest or tax on the balance of funds that were raised through the issue of flow through shares, which have been renounced to shareholders under the look-back rule but have not yet been spent on qualifying expenditure.

INTEREST AND FINANCING EXPENSE

	3 months ended March 31	
	2009	2008
Interest on convertible debentures	\$ 31,498	\$ 29,380

**MANAGEMENT'S DISCUSSION AND ANALYSIS****DEPLETION, DEPRECIATION AND ACCRETION**

	3 months ended March 31	
	2009	2008
Depletion and depreciation	\$ 82,752	\$ 52,192
Accretion expense	4,360	3,725
Loss (gain) on settlement of retirement obligations	(1,234)	490
	\$ 85,878	\$ 56,407

The provision for depletion is based on independent estimates of proved and probable gas reserves and management's estimates of proved and probable oil reserves. Depletion expense is significantly higher in 2009 due to the new oil well in 2009 partially offset by lower natural gas production volumes in 2009. 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 \$270,906 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:

- Accretion expense of \$4,360
- Additional obligations incurred related to wells drilled in the period of \$21,000
- Liabilities settled of \$(8,697)

IMPAIRMENT EXPENSE

Management has determined that there is no impairment of the Company's petroleum and natural gas assets at March 31, 2009. The impairment test was based upon independent evaluations of the Company's proved and probable natural gas reserves and management's estimates of crude oil reserves.

INCOME TAXES

At December 31, 2008, the Company has various tax pools totalling \$13.3 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 \$2,560,750 (2008 - \$172,575). The recovery was 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 2008.

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 March 31, 2009 \$7.7 million remains to be spent.

**MANAGEMENT'S DISCUSSION AND ANALYSIS****CASH FLOW AND NET INCOME (LOSS)**

	3 months ended March 31	
	2009	2008
Net income (loss)	\$ 2,071,903	\$ (342,893)
Non-cash charges:		
Depletion, depreciation and accretion	85,878	56,407
Amortization and accretion of financing charges	7,873	6,880
Unrealized commodity contracts	-	-
Future income taxes	(2,560,750)	(170,170)
Funds used in operations	\$ (395,096)	\$ (449,776)

Funds used in operations of \$395,096 related mainly to general and administrative expenditures of the Company. The reduction in funds used in operations, from \$449,776 in 2008 to \$395,096 this year can be attributed to the improvement in net operating revenues, the result of increased oil production in March 2009.

CAPITAL EXPENDITURES

	3 months ended March 31	
	2009	2008
Land acquisitions	\$ 1,351,453	\$ -
Geological/Geophysical	209,831	93,573
Drilling and completions	817,051	154,342
Equipping and tie-ins	174,284	11,017
Corporate assets	14,295	-
Allowance for future restoration expenditures	21,000	-
Total	\$ 2,587,914	\$ 258,932
Wells drilled: Gross	1.0	1.0
Net	1.0	0.5

The Company continued to acquire lands in the Kirkella area spending \$1,351,453 during the quarter and now holds rights to 32,050 acres in the area.

Geophysical expenditure increased \$116,258 or 124% over 2008 as the Company completed a geophysical survey in the Kirkella area during March 2009.

Drilling and completions activities increased \$662,709 or 429% over 2008 as one new well was drilled and cased during the quarter and is awaiting completion operations. Of the two wells drilled in December, 2008, one was completed and placed on production during the quarter and the second is awaiting completion operations.

Equipping and tie-in's increased \$163,267 over 2008 with the discovery well in Kirkella being equipped and put on production.



LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Company's liquid assets comprise cash, short term deposits and accounts receivables from the sale of petroleum products and joint venture billings from industry partners. The Company confirms that the cash and short term deposits are maintained on demand with the Company's bankers and represent minimal liquidity risk to the Company. In view of the current economic climate, the Company has made an assessment of accounts receivable and reports that 42% of amounts outstanding at quarter end have been received and the balance is expected within existing payment terms. The majority of the remaining accounts receivable relates to joint venture billings with industry partners and the Company believes that minimal exposure exists with these particular accounts and sufficient security exists to recover amounts due to the Company in the event of default.

Management of the Company's liquidity involves the careful use of it's liquid assets along with anticipated cash-flows and access to debt and equity markets to fund growth in future exploration and development drilling activities.

The Company anticipates that based on current liquidity, cash flow from operations and capital expenditure requirements will necessitate going back to the capital markets during the third quarter to secure additional equity financing. This will enable the Company to complete its drilling program planned for the balance of 2009. In the event the Company is unable to secure additional financing, then planned capital expenditures will be reduced to levels that will enable the Company to operate within current liquidity levels.

CAPITAL RESOURCES

As of March 31, 2009, the Company had working capital of \$4,209,735 compared to working capital of \$7,213,163 at December 31, 2008. The reduction in working capital being the result of capital expenditures and funds used in operations (see " Cash Flow and Net Income (Loss) " and "Capital Expenditure" for more details)

The Company has no bank credit facility.

SOURCES AND USES OF CASH

	3 months ended March 31	
	2009	2008
Cash, beginning of period	\$ 8,396,051	\$ 890,405
Cash flow used in operations	(395,096)	(449,776)
Change in non-cash working capital		
- operating	(93,338)	39,308
- financing	-	-
- investing	342,142	-
Share issue costs	(33,955)	(8,154)
Short-term deposits	-	47,060
Capital expenditures and retirement obligations settled	(2,574,377)	(259,422)
Cash, end of period	\$ 5,641,427	\$ 259,421



MANAGEMENT'S DISCUSSION AND ANALYSIS

During the quarter, cash and cash equivalents decreased by \$2,754,624 from December 31, 2008. The decrease can be summarized as follows:

Cash used in operations of \$395,096 was the result of:

- General administrative expenses of \$494,459,
- Net interest income received of \$1,755, and
- Improved net operating revenue of \$97,608

Funds received from changes in non-cash working capital totalled \$248,804 and were due to:

- Funds from operating activities decreasing \$93,338, primarily the result of a reduction in accounts payable relating to general operating activities.
- Funds relating to Investing activities increasing \$342,142 due to increased payables relating capital expenditures on land purchases and drilling activities.

Financing Activities expenditures totalled \$33,955 and was due to additional fees related to the Reliable Private Placement and the RTO.

Funds used in Investing activities totalled \$2,574,377 and related to capital expenditures on land acquisitions and drilling and completion activities.

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 March 31, 2009 the Company is committed to future payments under an operating lease for office space through April 2011 totaling \$410,000 (2009 - \$147,000; 2010 - \$197,000; 2011 - \$66,000).

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 March 31, 2009, a total of \$7,679,040 remains to be incurred on eligible expenditures.

The Company has no commodity contracts outstanding at March 31, 2009.

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

CHANGES IN ACCOUNTING POLICY

In January 2009 the Accounting Standards Board of Canada ("AcSB") issued Section 1601, *Consolidated Financial Statements* which replaces the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. This standard is effective on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. We do not expect the adoption of this standard to have a material impact on our results of operations or financial position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS****CHANGES IN ACCOUNTING POLICY, CONTINUED**

On January 20, 2009 the Emerging Issues Committee ("EIC") issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and liabilities. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not impact the Company's financial statements.

International Financial Reporting Standards

In February, 2008, the AcSB 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 progressing with its evaluation of the impact of the changeover to IFRS and is developing a changeover plan which will include an analysis of key GAAP differences and a plan to assess accounting policies under IFRS. The Company anticipates completing its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities such as financing and compensation arrangements by September 30, 2009.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into transactions with the following related parties who provide management consulting services to the Company:

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
 Ellis Land Inc.
 Alan Blackie

	3 months ended March 31	
	2009	2008
Management consulting fees charged to:		
General and administrative		
General management	\$ 48,000	\$ 45,000
Finance	36,600	36,600
Engineering	18,000	18,000
Exploration	30,000	30,000
Land	33,895	-
	166,495	129,600
Operating expenses	5,400	18,000
Property and equipment	12,600	-

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS****OUTSTANDING SHARE DATA**

As at May 20, 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 \$nil 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 42 months. The balance of 5,845,074 stock options are outstanding to various brokerage firms with an exercise price ranging from \$0.12 to \$0.17 with a weighted average remaining contract life of 13 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.



RISK FACTORS, CONTINUED

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. Reliable also follows all government regulations and has in place an emergency response plan.

SUPPLEMENTAL QUARTERLY INFORMATION

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

	Three Months Ended			
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Total revenue	\$ 201,562	\$ 37,651	\$ 55,695	\$ 93,533
Net income (loss)	2,071,903	(615,176)	(425,463)	(508,665)
Per share – basic	0.016	(0.102)	(0.067)	(0.080)
Funds used in operations	395,096	530,673	397,929	379,116
Per share – basic	0.003	0.011	0.010	0.010
Capital expenditures	2,566,914	1,003,807	388,384	159,374
Total assets	11,647,294	11,977,491	2061,986	1,876,609
Production - boe	4,410	1,151	1,429	2,226

	Three Months Ended			
	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Total revenue	\$ 91,404	\$ 78,947	\$ 111,104	\$ 149,623
Net income (loss)	(343,746)	(4,048,792)	(157,032)	(468,696)
Per share – basic	(0.054)	(0.117)	(0.005)	(0.014)
Funds used in operations	449,776	344,801	63,868	499,187
Per share – basic	0.071	0.010	0.002	0.014
Capital expenditures	258,932	200,026	127,274	54,502
Total assets	2,172,314	2,502,583	5,954,568	6,255,5671
Production - boe	2,428	2,371	3,061	4,225