The following discussion and analysis as provided by the management of Reliable Energy Ltd. ("Reliable" or the "Company") as of November 16, 2009 should be read in conjunction with the unaudited interim financial statements and related notes for the period ended September 30, 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 in this MD&A constitutes forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are usually identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. In particular, forward-looking statements include:

- The Company anticipates that based on current liquidity, cash flow from operations and results of its exploration program, its capital expenditure requirements for next year may necessitate it going back to the capital markets during 2010 to secure additional equity or other forms of financing for further development and exploration drilling.
- All of the statements under the heading "Outlook".

These forward-looking statements are subject to certain assumptions, including the assumption that: the exploratory drilling program undertaken in the 4th quarter of 2009 will result in new discoveries that will require significant development drilling and equipping expenditures in 2010.

Forward-looking statements are not guarantees of future performance and the reader should not place undue reliance on these forward-looking statements as there can be no assurances that the assumptions, plans, initiatives or expectations upon which they are based will occur. In addition, forward looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by forward looking statements. Such factors include, among others: general economic and business conditions; the price of and demand for oil and natural gas and their effect on the economics of oil and gas exploration; fluctuations in currency and interest rates and their effect on projected profitability of the Company's operations; the ability of the Company to implement its business strategy, including exploration and development plans; the impact of competition; the availability and cost of seismic, drilling and other equipment; the Company's ability to secure adequate transportation and markets for any oil or gas discovered; drilling and operating hazards and other difficulties inherent in the exploration for and production and sale of oil and natural gas; the availability and cost of financing; the success of any exploration and development undertaken; actions by governmental authorities; changes in government regulations and the expenditures required to comply with them (including but not limited to the changes in taxes or the royalty or other share of production taken by governmental authorities). Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward looking statements. Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive. Unpredictable or unknown factors not discussed could also have material adverse effects on forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available. All forward-looking statements in this MD&A are expressly qualified in their entirety by these cautionary statements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or Management's estimates or opinions change.

OVERALL PERFORMANCE

The Company continued to expand its operations during the quarter, focusing on its planned drilling and seismic programs on its Bakken play in the Kirkella area in southeast Saskatchewan and southwest Manitoba.

Highlights in the quarter include:

- The Company achieved a 420% increase in production during the quarter and 224% year-to-date, compared with 2008, the result of Bakken oil production in Kirkella. Production for the quarter averaged 81 bbls/day compared with 16 bbls/day for the third quarter last year and the Company exited the quarter at 124 bbls/day of production.

- The Company completed and brought on production 3 of the 4 wells drilled during the second quarter. The fourth well was suspended.

- Capital expenditures for the quarter totaled $1,956,658 and included completion and equipping activities of $706,843 and land acquisitions of $1,121,481. This compares with $388,384 in 2008.

- Commenced preparations for a 7 to 9 well exploration drilling program and a 4 to 6 development drilling program along with a 270 kilometer 2D seismic survey in Kirkella.

- The Company added a further 11,495 (net) acres of undeveloped land in the quarter while lands under option decreased by 542 (net) acres.

- During the quarter the Company commenced negotiations on a private placement and joint venture with Crescent Point Energy Corp. ("Crescent Point"). The private placement, totaling $5.2 million, included $4.8 million by Crescent Point, while the joint venture resulted in a contribution of lands and cash by Crescent Point for a 25% working interest in the joint venture area. The private placement and joint venture were finalized on October 2, 2009.

- The Company recorded a net loss of $1,233,169 or $0.010 per share compared with a loss of $425,463 or $0.011 per share in 2008. The increased loss was mainly due to stock based compensation of $853,100 relating to stock options issued to directors, management, employees and consultants. Year to date, the Company has recorded net income of $93,206 or $0.001 per share compared with a loss of $1,277,021 or $0.034 per share in 2008. The increase in income was mainly the result of a future income tax recovery of $2,560,750.

Activities by core area include:

Kirkella

The Company brought three wells on production during the quarter bringing our total to four (3.9 net.) One well, drilled into the Lodgepole formation, went on production on July 9 and averaged 6 bbl/d for the quarter. Two Bakken development wells were put on production in mid September and averaged 43 bbl/d and 34 bb/d respectively for the period on production. Total production from the four wells is currently averaging just over 100 bbl/d.

Harmattan

Natural gas production averaged 97 mcf/day for the quarter, 117 mcf/day year-to-date. With the current instability around natural gas pricing, the Company has no plans for further exploration or development in this area.

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.

OUTLOOK

With the completion of the Crescent Point and Element Energy transactions, the Company has made preparations for a significant increase in activity in the fourth quarter.

The Company has commenced a major 2D seismic survey in the Kirkella area, results of which will be used to identify drilling locations on our exploration prospects. The Company has drilled four development wells into its discovery pool at south Kirkella and has started drilling seven to nine exploration wells on prospects identified in the Kirkella area.

Based on the current level of development and exploratory drilling, the Company expects to exit 2009 at 250 to 300 bbl/day of production.

Reliable's remaining obligations from its 2008 flow through share financing at September 30, was approximately $5.8 million. The current exploratory drilling program and the 2D and 3-D seismic surveys will satisfy these requirements.

SELECTED QUARTERLY INFORMATION

	Three months ended		
	September 30, 2009	**June 30, 2009**	**September 30, 2008**
Financial			
Gross Revenue	**$ 458,678**	$ 411,581	$ 55,695
Net (Loss)	**(1,233,169)**	(745,528)	(425,463)
Per share - basic	**(0.010)**	(0.006)	(0.011)
Cash flow used in operations	**234,351**	626,856	397,929
Capital expenditures	**1,937,658**	3,245,674	388,384
Total assets	**11,665,158**	12,245,979	2,061,986
Weighted average shares - basic	**126,855,872**	126,855,872	38,124,978
Operational			
Production (boe)	**7,547**	7,779	1,429
Lands			
Undeveloped land (net acres)	**73,863**	62,368	13,322
Lands under option (net acres)	**16,512**	17,054	-
Wells drilled			
Gross	**-**	4.0	1.0
Net	**-**	3.9	0.5

RESULTS OF OPERATIONS

OPERATIONS

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Production				
Natural gas - mcf	**8,937**	8,569	**31,927**	36,491
Crude oil – bbls	**6,057**	-	**14,413**	-
Total production - boe (6:1)	**7,547**	1,429	**19,736**	6,083
Gross sales revenue	**$ 458,678**	$ 55,695	**$ 1,071,821**	$ 240,632
Royalties	**76,202**	14,745	**161,741**	55,991
Operating expenses	**77,324**	47,960	**218,557**	170,253
Net operating revenue	**305,152**	(7,010)	**691,523**	14,388
Average price - $/boe	**60.78**	38.97	**54.31**	39.56
Operating costs - $/boe	**10.25**	33.56	**11.07**	27.99
Netback - $/boe	**40.43**	(4.91)	**35.04**	2.37

REVENUES

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Average realized prices				
Natural gas ($/mcf)	**$ 2.403**	$ 9.039	**$ 3.377**	$ 8.773
Crude oil ($/bbl)	**74.10**	-	**68.08**	-
Revenues				
Natural gas	**18,274**	55,695	**90,608**	240,632
Crude oil	**440,404**	-	**981,213**	-
	$ 458,678	$ 55,695	**$ 1,071,821**	$ 240,632

Kirkella

The first oil well in the Kirkella field went on production on March 5, 2009. Subsequent wells went on production on July 9, September 14 and September 15. Production averaged 65 bbl/d (net) for the quarter and 53 bbl/d (net) year-to-date.

Harmattan

Production volumes were up 4% compared to the third quarter of 2008 and down 12% year-to-date. The average sales price for natural gas was $2.40/mcf compared to $9.04/mcf in the third quarter of 2008.

ROYALTIES

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Crown royalties	**$ 28,791**	$ -	**$ 28,791**	$ -
Overriding and freehold royalties	**47,411**	14,745	**132,950**	55,991
Total	**76,202**	14,745	**161,741**	55,991
As a percentage of revenue	**16.6%**	26.5%	**15.1%**	23.3%
Royalties per boe	**$ 10.10**	$ 10.32	**$ 8.20**	$ 9.20

Kirkella

Current production is subject to the Manitoba crown royalty, freehold royalty and a sliding scale overriding royalty. The Manitoba government grants a royalty holiday for new wells drilled. The amount of the holiday is determined based on the depth drilled, whether it is exploration or development and the proximity of the well to other wells producing from the same formation. Overriding royalties are calculated on a 5% - 15% sliding scale basis for oil. One well is subject to freehold royalty at 15%.

Royalties for the quarter were: Crown: $28,791; Freehold: $4,439; Overriding: $41,137.

Harmattan

Production on the Harmattan properties is subject to freehold royalties ranging from 15% to 35%. The royalty incurred this quarter totalled $1,835 or 10% of revenue. There was no freehold mineral tax incurred as all wells are producing below the minimum mineral tax threshold.

OPERATING EXPENSES

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Kirkella	**$ 48,280**	$ -	**$ 104,109**	$ -
Harmattan	**24,918**	46,642	**104,001**	165,825
Other	**4,126**	1,318	**10,447**	4,428
Total operating expenses	**$ 77,324**	$ 47,960	**$ 218,557**	$ 170,253
Operating expenses per boe	**10.25**	33.56	**11.07**	27.99

Operating expenses at Kirkella are mainly transportation costs for oil and water disposal along with normal production costs. Operating costs per barrel at Kirkella were $7.97/bbl.

Expenses in the Harmattan area are lower this year mainly due to lower direct supervision costs and higher maintenance costs in 2008. Operating costs per barrel at Harmattan were $16.73 per barrel. Other expenses in 2009 relate mainly to lease rental costs in the Trochu area.

NETBACK INFORMATION *(per boe)*

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Revenue	**$ 60.78**	$ 38.97	**$ 54.31**	$ 39.56
Royalty expense	**10.10**	10.32	**8.20**	9.20
Operating expense	**10.25**	33.56	**11.07**	27.99
Operating netback	**$ 40.43**	$ (4.91)	**$ 35.04**	$ 2.37

Operating netback increased $45.34/boe or 924% for the quarter, $32.67 /boe or 1,378% year-to-date. The increase is due to Bakken oil production from the Kirkella property which contributed $53.47/bbl, $50.84 year-to-date. The netback for Harmattan and the Company's other properties decreased by $3.55/boe for the quarter, $10.12 year-to-date, due to both lower volumes and natural gas prices.

GENERAL AND ADMINISTRATIVE EXPENSES

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Salaries and management consulting	**$ 198,823**	$ 147,365	**$ 876,475**	$ 483,192
Legal	**32,392**	5,041	**74,896**	16,556
Computer services and subscriptions	**38,867**	33,281	**111,764**	92,246
Accounting and audit fees	**19,250**	19,233	**68,228**	38,433
Investor relations	**30,840**	8,597	**102,155**	19,044
Other professional services	**64,845**	50,150	**186,547**	104,666
Travel and business entertainment	**5,648**	6,456	**33,694**	14,930
General office expenses	**84,439**	101,220	**298,049**	248,198
	475,104	371,343	**1,751,808**	1,017,265
Recoveries	**(31,308)**	(3,000)	**(72,133)**	(9,220)
Total	**$ 443,796**	$ 368,343	**$ 1,679,675**	$ 1,008,045

For the quarter ended September 30, 2009, general and administrative expenses increased by $75,453 or 20% from 2008.

The primary reason behind the increase was the hiring of two personnel resulting in higher salaries and management consulting expenses, up $51,458 or 35% from last year. Other items contributing to the increased general and administrative expenses were:

- Legal expenses increased $27,351 over last year, the resulting from the settlement of a consulting contract.
- Investor relations increased $22,243 and represents the services of an investor relations firm and attendance at two investor symposiums during the quarter.

For the year to date, general and administrative expenses increased by $671,630 or 67% from 2008. The main reasons for the increase was: higher staffing costs including a one time charge associated with the termination of a consulting contract - $393,283; other professional fees - $81,881; increased audit/review and investor relations costs - $112,906; legal fees - $58,340 and provision for bad debts - $26,925.

INTEREST AND FINANCING EXPENSE

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Interest on convertible debentures	**$ 31,933**	$ 31,085	**$ 95,143**	$ 91,719
Penalty – issue of debentures	**-**	-	**-**	60,000
Taxes on unexpended FTS obligations	**74,193**	-	**230,106**	175,000
Total	**$ 106,126**	$ 31,085	**$ 325,249**	$ 326,719

Taxes on unexpended flow through share obligations increased by $74,193 in the quarter as compared to 2008. 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.

DEPLETION, DEPRECIATION AND ACCRETION

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Depletion and depreciation	**$ 131,724**	$ 30,713	**$ 320,313**	$ 126,004
Accretion expense	**5,686**	3,980	**14,794**	11,430
Loss (gain) on settlement of retirement obligations	**-**	-	**(122)**	1,946
Stock based compensation	**853,100**	-	**853,100**	-
	$ 990,510	$ 34,693	**$ 1,188,085**	$ 139,380

The provision for depletion is based on independent estimates of proved reserves. Depletion expense is significantly higher in 2009 due to the addition of new oil wells 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 $374,340 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 $14,794
- Additional obligations incurred on wells drilled in the period of $114,000
- 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 September 30, 2009. The impairment test was based upon independent evaluations and management's estimates of the Company's proved and probable oil and gas reserves.

INCOME TAXES

At September 30, 2009, the Company has various tax pools estimated at $17.4 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 - $170,170). 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 September 30, 2009 approximately $5.8 million remains to be spent.

CASH FLOW AND NET INCOME (LOSS)

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Net income (loss)	**$ (1,233,169)**	$ (425,463)	**$ 93,206**	$ (1,277,021)
Non-cash charges:				
Depletion, depreciation and accretion	**137,410**	34,693	**334,985**	139,380
Interest and financing charges	**8,308**	7,460	**24,268**	81,409
Unrealized commodity contracts	**-**	(15,200)	**-**	(1,000)
Stock based compensation	**853,100**	-	**853,100**	-
Future income taxes	**-**	581	**(2,560,750)**	(169,589)
Retirement obligations settled	**-**	-	**(8,575)**	(1,946)
Funds used in operations	**$ (234,351)**	$ (397,929)	**$ (1,263,766)**	$ (1,228,767)

Funds used in operations of $234,351 and $1,263,766 year-to-date, related mainly to general and administrative expenditures of the Company. Funds used in operations for the third quarter decreased from 2008 as the increase in net operating revenues resulting from the oil production in Kirkella more than offset increased general and administrative costs for the period.

CAPITAL EXPENDITURES

		3 months ended September 30		9 months ended September 30	
		2009	2008	**2009**	2008
Land acquisitions		**$ 1,121,481**	$ -	**$ 4,319,660**	$ -
Geological/Geophysical		**109,122**	32,393	**418,014**	180,582
Drilling and completions		**503,724**	355,991	**2,606,774**	613,265
Equipping and tie-ins		**203,119**	-	**379,706**	11,238
Corporate assets		**212**	-	**26,092**	1,605
Allowance for future restoration expenditures		**19,000**	-	**114,000**	-
Total		**$ 1,956,658**	$ 388,384	**$ 7,864,246**	$ 806,690
Wells drilled:	Gross	**-**	1.0	**5.0**	2.0
	Net	**-**	0.5	**4.9**	1.0

The Company incurred land acquisition expenditures in the Kirkella area totaling $1,121,481 during the quarter and now holds rights to 63,239 (net) acres in Saskatchewan and Manitoba. $670,571 of the expenditure related to a key ¼ section (160 acres) of land offsetting the discovery well.

Geophysical expenditure for the year increased $237,432 or 131% over 2008 as the Company completed a geophysical survey in the Kirkella area during March 2009.

The Company drilled five (4.95 net) wells in the year. Three development wells drilled during the second quarter were completed and brought on production in the third quarter bringing the total to four (3.9 net) producing wells. In addition, three wells that were deemed uneconomic have been suspended pending the possible conversion into water injector wells Total expenditure on drilling and completion operations for the quarter totaled $503,724, an increase of $147,733 over last year.

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 54% 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 its 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 has completed a private placement, a Joint Venture Agreement and an acquisition (see the Subsequent Events note) that added $8.3 million in cash in October, 2009. This will enable the Company to complete its drilling and seismic programs planned for the balance of 2009. The Company anticipates that based on current liquidity, cash flow from operations and results of its exploration program, its capital expenditure requirements for next year may necessitate it going back to the capital markets during 2010 to secure additional equity or other forms of financing for further development and exploration drilling.

CAPITAL RESOURCES

As of September 30, 2009, the Company had a working capital deficit of $(1,834,804) compared to a working capital surplus 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 Expenditures" for more details)

The Company has no bank credit facility.

SOURCES AND USES OF CASH

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Cash, beginning of period	**$ 3,159,732**	$ 115,929	**$ 8,396,051**	$ 890,405
Cash flow used in operations	**(234,351)**	(397,929)	**(1,263,766)**	(1,228,767)
Change in non-cash working capital				
- operating	**355,459**	102,020	**813,286**	269,053
- financing	**-**	-	**-**	-
- investing	**(712,341)**	360,250	**469,471**	487,886
Issue of common shares, net of issue costs	**-**	170,949	**(33,955)**	162,795
Short-term deposits	**-**	107,228	**-**	295,381
Capital expenditures	**(1,937,658)**	(388,384)	**(7,750,246)**	(806,690)
Cash, end of period	**$ 630,841**	$ 70,063	**$ 630,841**	$ 70,063

During the year, cash and cash equivalents decreased by $7,765,210 from December 31, 2008. The decrease can be summarized as follows:

Cash used in operations of $1,263,766 was the result of:

- General administrative expenses of $1,679,675,
- Net interest expense of $267,039, and
- Improved net operating revenue of $682,948

Funds received from changes in non-cash working capital totaled $1,282,757 and were due to:

- Funds from operating activities increasing $813,286, primarily the result of an increase in accounts payable relating to general operating activities.

- Funds relating to investing activities increasing $469,471 due to increased payables relating capital expenditures on land purchases and drilling 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 September 30, 2009 the Company is committed to future payments under an operating lease for office space through April 2011 totaling $335,000 (2009 - $53,000; 2010 - $212,000; 2011 - $70,000).

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 September 30, 2009, a total of $5,803,757 remains to be incurred on eligible expenditures.

The Company has no commodity contracts outstanding at September 30, 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. The Company does not expect the adoption of this standard to have a material impact on its results of operations or financial position.

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 preparation for the changeover to IFRS. The Company has completed its assessment of IFRS accounting policies and is reviewing its elections with its auditor. The implementation phase which includes updating its data systems, internal controls over financial reporting, and business activities such as financing and compensation arrangements is planned for the fourth quarter of 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 a previous officer of the Company
Max Consulting Ltd – controlled by a previous 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. – controlled by an officer of the Company
Alan Blackie – a former consultant of the Company

TRANSACTIONS WITH RELATED PARTIES, CONTINUED

	3 months ended September 30		9 months ended September 30	
	2009	2008	**2009**	2008
Management consulting fees charged to:				
General and administrative				
General management	**$ 11,700**	$ 45,000	**$ 103,967**	$ 135,000
Finance	**36,750**	36,600	**110,100**	109,800
Engineering	**11,700**	18,000	**47,700**	54,000
Exploration	**10,870**	21,667	**70,870**	81,667
Land	**27,000**	-	**87,895**	-
	98,020	121,267	**420,532**	380,467
Operating expenses	**3,600**	18,000	**15,000**	54,000
Property and equipment	**9,000**	-	**33,600**	-

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.

On June 23, 2009, the management consulting agreements with PEM Consulting and MAX Consulting were terminated. The Company has recorded costs of $180,000 in relation to this termination.

OUTSTANDING SHARE DATA

As at November 16, 2009, the Company's authorized share capital consists of the following:

	Authorized	Issued and Outstanding
Class A common	Unlimited	172,671,056

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 16,817,224 stock options outstanding. A total of 11,095,000 are outstanding to management, directors, employees and key consultants under the stock option plan, with exercise prices between $0.14 and $0.20 with a weighted average remaining contract life of 47 months. The balance of 5,722,224 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 7 months.

SUBSEQUENT EVENTS

On October 2, 2009, the Company completed a private placement for a total of $5,200,100 which included an investment of $4,825,000 by Crescent Point Energy Corp ("Crescent Point") representing 19.9% of the issued and outstanding shares of Reliable. The balance of the offering was taken up by directors, management, employees and consultants of the Company. The placement was completed at $0.15 per share and resulted in the issue of 34,667,334 shares of Reliable.

On the same date, the Company also executed a Joint Venture Agreement ("JVA") with Crescent Point centered on Reliable's core area of southeast Saskatchewan and southwest Manitoba. The JVA contemplates a contribution of land by both parties and cash advanced by Crescent Point of $1.6 million. Crescent Point are contributing 8,503 acres to the Joint Venture. Reliable will operate the Joint Venture and retain a 75% working interest in the properties subject to certain terms and conditions.

On October 23, 2009 the Company completed an acquisition of Element Energy Canada Ltd ("Element"). The Company issued 11,025,000 common shares at a deemed value of $0.15 per share and received 100% of the issued and outstanding shares of Element.

The following pro forma balance sheet shows the Company's financial position as if these transactions had been completed on September 30, 2009:

Pro Forma Balance Sheet

	Per the interim financial statements	Private placement	Joint venture agreement	Element acquisition	Pro forma balance
Assets					
Current assets					
Cash	$ 630,841	$5,200,100	$1,600,000	$1,540,276	$8,971,217
Other current assets	613,583			9,028	622,611
	1,244,424	5,200,100	1,600,000	1,549,304	9,593,828
Property and equipment	10,420,734		(1,600,000)	120,546	8,941,280
	11,665,158	5,200,100	-	1,669,850	18,535,108
Liabilities					
Current liabilities	3,079,228			16,100	3,095,328
Long term liabilities	1,566,089				1,566,089
Shareholders' Equity	7,019,841	5,200,100		1,653,750	13,873,691
	11,665,158	5,200,100	-	1,669,850	18,535,108

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.
- Weather

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			
	Sept.30, 2009	**June 30, 2009**	**March 31, 2009**	**Dec. 31, 2008**
Total revenue	$ 458,678	$ 411,581	$ 201,562	$ 37,651
Net income (loss)	(1,233,169)	(745,528)	2,071,903	(615,176)
Per share – basic	(0.010)	(0.006)	0.016	(0.102)
Funds used in operations	234,351	626,856	402,559	530,673
Per share – basic	0.002	0.005	0.003	0.011
Capital expenditures	1,937,658	3,245,674	2,566,914	1,003,807
Working capital (deficiency)	(1,834,804)	337,205	4,209,735	7,213,163
Total assets	11,665,158	12,245,979	11,647,294	11,977,491
Production - boe	7,547	7,779	4,410	1,151

	Three Months Ended			
	Sept 30, 2008	**June 30, 2008**	**March 31, 2008**	**Dec. 31, 2007**
Total revenue	$ 55,695	$ 93,533	$ 91,404	$ 78,947
Net income (loss)	(425,463)	(508,665	(343,746)	(4,048,792)
Per share – basic	(0.067)	(0.080)	(0.054)	(0.117)
Funds used in operations	397,929	380,572	450,266	344,801
Per share – basic	0.010	0.010	0.012	0.010
Capital expenditures	388,384	159,374	258,932	200,026
Working capital (deficiency)	(1,038,048)	(437,884)	116,262	833,614
Total assets	2,061,986	1,876,609	2,172,314	2,502,583
Production - boe	1,429	2,226	2,428	2,371