Forbes & Manhattan Coal Corp.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2010

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Forbes & Manhattan (Coal) Corp. ("we", "our", "us", "Forbes Coal", or the "Company") for the three and nine months ended September 30, 2010 and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2009 and Unaudited Interim Financial Statements for three and nine months ended September 30, 2010. The financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain non-GAAP measures are discussed in this MD&A which are clearly disclosed as such. Additional information and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and in available online under the Forbes & Manhattan Coal Corp profile at www.seadr.com.

This MD&A reports our activities through November 8, 2010 unless otherwise indicated. References to Q1, Q2 and Q3 2010 or the 1st, 2nd and 3rd quarters of 2010 mean the three months ended March 31, June 30 and September 30 2010 respectively.

Unless otherwise noted all amounts are recorded in Canadian dollars.

NJ Odendaal B.Sc. (Geol.), B.Sc. (Hons) (Min. Econ.), M.Sc. (Min. Eng.) Pr. Sci. Nat., FSAIMM, MGSSA, MAusIMM and D Van Heerden B.Ing. (Min. Eng.), M.Comm. (Bus. Admin.), are qualified persons as defined in National Instrument 43-101 and has reviewed the technical information in the MD& A.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Forbes Coal certain information contained herein constitutes forward-looking information. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of coal; the estimation of coal reserves and coal resources; conclusions of economic evaluation; the realization of reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans, "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may""could" ,"would", "might" or "will be taken", "occur" or "be achieved". Forward - looking information is based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Forbes Coal to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in grade and recovery rates; delay or failure to receive government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of coal; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

OVERVIEW OF THE COMPANY

Forbes & Manhattan Coal Corp. (individually, or collectively with its subsidiaries, as applicable, "Forbes Coal" or the "Company") is a coal mining company. Forbes Coal is the continuing combined entity following a September 2010 transaction between Forbes & Manhattan (Coal) Inc. and Nyah Resources Corp. ("Nyah") whereby Nyah, a public company listed on the Toronto Venture Exchange ("TSX-V"), acquired all of the outstanding shares of the Company in exchange for common shares of Nyah (the "Transaction"). The Transaction was accounted for as a purchase of assets with Forbes & Manhattan (Coal) Inc. as the acquirer and Nyah as the acquiree. As such, the consolidated financial statements are a continuation of the consolidated financial statements of Forbes & Manhattan (Coal) Inc. Following the Transaction, the combined company is now known as Forbes & Manhattan Coal Corp. and is listed on the TSX. Forbes Coal began trading under the symbol "FMC" on September 27, 2010. Additional details regarding the Transaction are provided below under the section entitled, "Transaction with Nyah Resources Corporation ("NYAH").

Forbes & Manhattan (Coal) Inc. was incorporated on November 12, 2009. In July 2010, Forbes & Manhattan (Coal) Inc. completed an agreement to acquire Slater Coal (Pty) Ltd. ("Slater Coal"), a South African company, and its interest in its coal mines in South Africa ("Slater Coal Properties"), as more fully described in below under the section "Acquisition of Slater Coal". The Slater Coal Properties comprise the operating Magdalena bituminous mine (the "Magdalena Property") and the Aviemore anthracite mine (the "Aviemore Property"). Slater Coal is engaged in open-pit and underground coal mining.

Slater Coal indirectly holds a 70% interest in the Slater Coal Properties through its 70% interest in Zinoju Coal (Pty) Ltd. which holds all of the mineral rights and prospecting permits with respect to the Slater Coal Properties. The remaining 30% interest in Zinoju Coal (Pty) Ltd. is held by the South African Black Economic Empowerment ("BEE") partners. BEE is a statutory initiative on behalf of the South African government, enacted to increase African access to the South African economy by increasing African ownership in new South African enterprises.

FORBES & MANHATTAN COAL CORP STRATEGY

Forbes & Manhattan Coal Corp. vision is to build a high quality bituminous and metallurgical coal company with potential capacity in excess of 10M t/year. Future production growth is set to be twofold, firstly through expansion of the existing Slater Coal operation and secondly through acquisition.

The Company's strategic goals are to advance and expand production at the Slater Coal Properties, as follows:

- Acquire an additional Continuous Miner for development at Magdalena
  - Double production capacity at Magdalena operation by further mechanising existing operations
  - Ramp-up saleable production up to 1,000,000 tonnes per year
  - Estimated capex of $15 mln

- Increase wash plant recovery rates
  - Improve from current level of 68% to 70%
  - Investigate product upgrade potential

- Further develop Aviemore anthracite operations
  - Ramp-up saleable production up to 500,000 tonnes per year
  - Examine feasibility to further increase the Calcine plant throughput from the current level of 72,000 tonnes per annum
  - Estimated capex of $5 mln

- Improve operational efficiencies
  - Develop management team with international experience
  - Explore opportunities to increase sales and exports
  - Increase rail and port allocation to further gain exposure to seaborne bituminous and anthracite export markets

Furthermore, the Company intends to acquire high quality bituminous and anthracite coal projects (both Greenfield and early stage production) assets in the Southern African region. Part of the acquisition strategy is to seek opportunities to increase rail and export port allocation.

A key component of the Company's strategy involves Social Development and Health and Safety

- Forbes Coal supports a number of Social Development projects through the activities of Zinoju Coal. These projects have had great impact on the local community, in particular with the projects related to water provision, farming, brick fabrication and maths literacy enjoying success.

- Forbes Coal has implemented a revision of the Health, Safety and Environment management system including the provision of resources to support risk awareness and education campaigns. Management is confident that the results from these campaigns will support the company's objective to achieve an Incident and Injury Free (IIF) workplace at all our operations.

EXECUTIVE SUMMARY AND OPERATIONAL OVERVIEW:

During the three months ended September 2010, the Company

- Completed an offering of Special Warrants at a price of $2.80 per Special Warrant lead by Canaccord Genuity Corp. for gross proceeds of $41.9 million
- Completed the acquisition of 53.5% of Slater Coal in July with the majority of benefits and risks of Slater Coal transferring to Forbes & Manhattan Coal
- Completed the NI43-101 technical report for Slater Coal
- Completed the Reverse Takeover with Nyah
- Graduated from the TSX-V to the TSX and began trading under the symbol FMC on September 27, 2010
- Reopened the Aviemore anthracite operation in June 2010, exceeded targeted output of 22,000 t ROM, with 22,898 t ROM produced in August 2010. The target performance was achieved two months ahead of schedule
- Successfully started the anthracite Calcine unit at the end of August and reached production target with 5,183 t anthracite peas calcined in September 2010
- Integration of Forbes & Manhattan Coal and Slater Coal management teams
- Magdalena operations, underground and open pit combined, produced 129,126 t ROM vs 130,138 t ROM planned for the period August to September 2010.
- Total ROM production from all operations for the period August to September 2010 was 174,799 t ROM vs 175,811 t ROM planned.
- Total production from March 2010 to September 2010 is 515,558 t ROM.
- The production target for the year ending February 2011 is 1,040,000 t ROM.

TRANSACTION WITH NYAH RESOURCES CORPORATION ("NYAH")

On September 20, 2010, following the receipt of regulatory and shareholder approval, Forbes & Manhattan (Coal) Inc. and Nyah completed a three-cornered amalgamation pursuant to which a wholly-owned subsidiary of Nyah amalgamated with Forbes & Manhattan (Coal) Inc., and all of the holders of common shares of Forbes & Manhattan (Coal) Inc. received one common share of Nyah (on a post-consolidation basis) for each one common share of Forbes & Manhattan (Coal) Inc. held (the "Transaction"). Following the completion of the Transaction, the newly amalgamated company held all of Forbes & Manhattan (Coal) Inc.'s assets and is a wholly-owned subsidiary of Forbes & Manhattan Coal Corp. (formerly, Nyah).

Prior to the effective time of the Transaction, Nyah consolidated its issued and outstanding common shares on the basis of one new Nyah common share for each 39.8 existing Nyah common shares (the "Consolidation"). Following the Consolidation, Nyah had 1,279,390 issued and outstanding common shares on a non-diluted basis immediately prior to the Transaction. Upon completion of the Transaction, the number of common shares of Forbes Coal (on a non-diluted basis) was 25,590,723 with Forbes & Manhattan (Coal) Inc. shareholders owning approximately 95% of the Company and the Nyah shareholders owning approximately 5% of the Company.

The Transaction was accounted for as a purchase of assets with Forbes & Manhattan (Coal) Inc. as the acquirer and Nyah as the acquired. The consolidated financial statements following the Transaction present

a continuation of Forbes & Manhattan (Coal) Inc. and the acquisition of Nyah by Forbes & Manhattan (Coal) Inc. The total consideration for Nyah was $1,836,041 comprised primarily of the value of the Nyah shares converted to Forbes Coal shares. The value of the shares issued, on a consolidated basis, was $1,716,357($1.34 per share), which was based on the fair value of Nyah's net assets on the date of the Transaction.

The purchase price was calculated as follows

Common shares issued	$	1,716,357
Replacement stock options issued		119,684
	$	1,836,041

Net assets acquired:

Cash and cash equivalents	$	968,356
Amounts receivable		1,015,574
Prepaid expenses		9,738
Current liabilities		(157,627)
	$	1,836,041

Following the completion of the Transaction, the board and management of Forbes & Manhattan (Coal) Inc. became the board and management of the combined entity which was renamed Forbes & Manhattan Coal Corp. and began trading on the TSX under the symbol "FMC" on September 27 2010.

The Transaction was related party transaction as Nyah and Forbes & Manhattan (Coal) Inc. had certain directors and officers in common.

PURCHASE OF SLATER COAL

In November 2009, the Company entered into an agreement to acquire a 100% interest in Slater Coal. A deposit of $722,500 (ZAR 5,000,000) was made under the terms of this agreement. Slater Coal is a private South African coal mining company. Slater Coal indirectly holds a 70% interest in the Slater Coal Properties through Zinoju Coal (Pty) Ltd. which holds all of the mineral rights and prospecting permits with respect to the Slater Coal Properties.

Slater Coal indirectly holds a 70% interest in the Slater Coal Properties through Zinoju Coal (Pty) Ltd. ("Zinoju") which holds all of the mineral rights and prospecting permits with respect to the Slater Coal Properties. The remaining 30% interest in Zinoju is held by the South African Black Economic Empowerment ("BEE") partners. BEE is a statutory initiative on behalf of the South African government, enacted to increase African access to the South African economy by increasing African ownership in new South African enterprises.

The funding the BEE received to purchase the shares was sourced from Slater Coal. For accounting purposes a minority interest will be recorded related to BEE's interest as they repay the loan utilized to acquire the shares.

On April 13, 2010, the Company and the shareholders of Slater Coal agreed on the terms for the acquisition of all of the issued and outstanding common shares of Slater Coal. Pursuant to the finalized terms of the agreement the Company is required to pay ZAR 600,000,000 (approximately $86,000,000) in cash and common stock to Slater Coal shareholders over a two year period:

- ZAR 5,000,000 deposit ($722,500 paid on November 25, 2009);
- ZAR 22,500,000 ($3,091,500 paid on June 29, 2010);
- ZAR 213,750,000 ($30,006,792 paid on July 23, 2010);
- Issue common shares of the Company with a value of ZAR 78,750,000 ($11,029,102) based on $2.80 per share (issued on July 30, 2010);
- Cash payment of ZAR 140,000,000 (approximately $20,594,000) payable by March 1, 2011; and
- Cash payment of ZAR 140,000,000 (approximately $20,594,000) payable by March 1, 2012.

The Company currently holds 53.5% of the outstanding shares of Slater Coal and will receive shares equivalent to 23.25% of the issued and outstanding shares after each of the March 1, 2011 and March 1, 2012 payments have been made. The March 2011 and 2012 payments are based on targeted production rates of 781,200 tonnes in 2011 and 782,400 tonnes in 2012. A variance of greater than 10% from such production targets shall either increase or decrease the amount payable by a corresponding percentage, subject to a maximum increase or decrease in payment of 15%. For example, in the event of a 15% decrease in production in 2011, the 2011 payment owed by the Company will be reduced by 15%. The consideration was valued using a probability-weighted approach and an amount of $37,582,915 has been included in the purchase price. The resulting liability related to this consideration has been recorded on the consolidated balance sheet.

The purchase price is also subject to an adjustment pursuant to variations on the consolidated net short term assets ("CNSTA") of the Company to the extent that they exceed or fall short of ZAR14.9 million. An amount of $2,062,437 has been included the purchase price and included in accounts payable related to the CNSTA adjustment.

Given the fact that the final amount of the March 1, 2011 and March 1, 2012 payments are subject to Slater Coal meeting certain production targets, the incumbent management team and a majority of the board of directors of Slater Coal have been given a certain amount of autonomy to be able to reach these targets. As such, at the balance sheet date, Forbes Coal did not yet have the unilateral ability to control the strategic operating, investing and financing policies of Slater Coal. However, the Company determined that Slater Coal is a variable interest entity ("VIE") where the Company is the primary beneficiary as the Company will absorb the majority of Slater Coal's expected losses and receive the majority of Slater Coal's expected residual returns. Consequently, under CICA accounting guideline AcG-15, the Company has consolidated 100% of Slater Coal as variable interest entity.

The March 1, 2011 and March 1, 2012 payments of ZAR 140 million each have been recorded on the balance sheet as current and long term acquisition obligations, respectively.

The Company received approval from the South African Reserve Bank ("SARB") for the acquisition by Forbes Coal of all of the issued and outstanding shares of Slater Coal (Pty) Ltd. ("Slater Coal") As part of granting the approval, Forbes Coal has agreed to undertake to list the common shares of the Corporation on the Johannesburg Stock Exchange within 12 months of the date hereof.

The allocation of the purchase price has not been finalized as at the date these financial statements were issued as management is in the process of determining the fair values of identifiable assets acquired and liabilities assumed and measuring the associated future income tax assets and liabilities. A provisional allocation of the purchase price is as follows:

The total cost of the shares acquired on July 29, 2010, was as follows:

Cash payments ZAR241 million	$	34,122,898
Common shares issued (3,938,965 shares valued at ZAR 79 million)		11,029,102
Estimated fair value of ZAR280 million (discounted and probability weighted to payment dates)		37,568,157
Estimated fair value of CNSTA ZAR14 million		2,062,437
	$	84,782,594

Fair value of net assets acquired was allocated as follows:

Cash	$	3,832,045
Investment held for trading		2,989,933
Other current assets		8,208,408
Inventories		4,403,466
Property, plant and equipment		33,450,720
Mining properties		69,525,012
Other long-term assets		3,851,254
Goodwill on acquisition		1,400,558
Current liabilities		(9,943,928)
Long-term liabilities		(7,647,196)
Future income taxes		(25,287,678)
	$	84,782,594

Slater Coal Properties

The Magdalena Property is located 22 kilometers from the town of Dundee in KwaZulu-Natal and encompasses approximately 1,844 hectares. The Magdalena Property which consists of the Magdalena underground mine and the Magdalena opencast pit, has an estimated measured and indicated mineral resource of 54.2 million tonnes of *in situ* coal with an estimated volume of 36.1 million cubic metres. A specific gravity of 1.5 tonnes per cubic metre was applied for the volume-tonnage conversion. The Magdalena opencast pit and underground mine has an estimated production capacity of 100,000 tonnes of bituminous coal per month. The Aviemore Property is located 4 kilometers from the town of Dundee in

KwaZulu-Natal and encompasses approximately 5,592 hectares. The Aviemore Property consists of the Aviemore underground mine and has an estimated measured and indicated mineral resource of 35.9 million tonnes of *in situ* coal with an estimated volume of 23.9 million cubic metres. A specific gravity of 1.5 tonnes per cubic metre was applied for the volume-tonnage conversion. The Aviemore underground mine has an estimated inferred mineral resource of approximately 16.8 million tonnes of *in situ* coal with an estimated volume of 11.2 million cubic metres. A specific gravity of 1.5 tonnes per cubic metre was applied for the volume-tonnage conversion. The Aviemore underground mine has an estimated production capacity of 25,000 tonnes of anthracite coal per month.

Mr. C J Muller: B.Sc. (Hons) (Geol.), Pr. Sci. Nat (P.Geo) is a qualified person as defined in National Instrument 43-101 and has read and approved the scientific and technical information included in this Table. The following table sets forth the resource estimate for the Slater Coal Properties.

Magdalena Property – April 30, 2010												
Coal Resources (2)												
Bituminous Coal		**Full Extraction of Seam Width**			**1.7 Float Qualities**							**Area**
Seam	**Resource Category**	**Volume**	**SG**	**Tonnes**	**ASH**	**FC**	**GCV**	**H2O**	**TS**	**VOL**	**YIELD**	
		Mm³	**t/m³**	**Mt**	**%**	**%**	**MJ/Kg**	**%**	**%**	**%**	**%**	
Lower Gus	Measured	8.4	1.5	12.6	14.9	65.6	29.5	1.2	1.6	17.9	77.3	**Magdalena Underground**
Upper Gus	Measured	10.6	1.5	15.9	15.7	66.1	30.7	1.4	1.5	16.8	79.5	
Joined Seam	Measured	13.8	1.5	20.7	14.7	67.3	29.3	1.3	1.6	16.0	82.8	
Joined Seam	Indicated	2.8	1.5	4.2	15.0	67.5	29.4	1.5	1.7	16.0	84.3	
Lower Gus	Measured	0.2	1.5	0.3	15.7	59.2	29.2	1.4	1.6	23.6	81.4	**Magdalena Opencast**
Upper Gus	Measured	0.3	1.5	0.5	15.1	61.9	29.3	1.5	1.5	21.5	81.0	
Total	**Measured & Indicated**	**36.1**	**1.5**	**54.2**								**Magdalena Underground & Opencast**

Aviemore Property – April 30, 2010												
Coal Resources(2)												
Anthracite Coal		**Full Extraction of Seam Width**			**1.7 Float Qualities**							**Area**
Seam	**Resource Category**	**Volume**	**SG**	**Tonnes**	**ASH**	**FC**	**GCV**	**H2O**	**TS**	**VOL**	**YIELD**	
		Mm³	**t/m³**	**Mt**	**%**	**%**	**MJ/Kg**	**%**	**%**	**%**	**%**	**Aviemore Underground**
Gus	Measured	1.2	1.5	1.8	13.5	77.7	30.1	1.8	2.0	7.2	73.9	Aviemore Mine
Gus	Indicated	9.7	1.5	14.6	13.6	77.5	29.0	2.2	1.8	6.7	63.5	Leeuw Mining & Exploration (3)
Gus	Indicated	13.0	1.5	19.5	13.5	75.5	28.9	2.6	1.6	8.3	57.0	Zinoju Coal
Total	**Measured & Indicated**	**23.9**	**1.5**	**35.9**								**Aviemore Underground**
Gus	Inferred	1.1	1.5	1.7	15.0	74.8	27.3	1.8	1.4	8.5	56.0	Leeuw Mining & Exploration
Gus	Inferred	10.1	1.5	15.2	14.1	74.7	28.9	2.5	1.7	8.6	59.6	Zinoju Coal
Total	**Inferred(1)**	**11.2**	**1.5**	**16.8**								**Aviemore Underground**

Notes:

1. The inferred coal resources are conceptual in nature and have a large degree of uncertainty as to their existence and whether they can be mined economically or legally, as there has been insufficient exploration to define a mineral resource. It cannot be assumed that all or any part of the inferred resource will be upgraded to a higher confidence category.
2. The current coal resource model is based on available sampling data collected over the history of the project's area. The coal resources estimation was carried out by Mr. Q.C. Antunes, who is independent and a "Qualified Person" (as such term is defined in NI 43-101). Mr. C. Muller, Director of Minxcon (Pty) Ltd. And an independent "Qualified Person" (as such term is defined in NI 43-101) reviewed the coal resource estimate and is responsible for the technical aspects of coal resources set forth above. The resource estimate is based on a 2D computer block model with estimation parameters estimated into 100X100 metre blocks using full seam width composite data. The qualities models were constructed from inverse square distance estimates. The coal resource estimates were not diluted. The quality models were verified by visual and statistical methods and deemed to be globally unbiased. The blocks were classified into inferred, indicated and measured resource categories using the following and not limited thereto: data spacing, geological confidence, number of samples used to inform a block and other factors, etc. No environmental, permitting, legal, title, taxation, socio-political, marketing or other issues were taken into account to estimate the coal resource estimate. Only the coal resource lying within the identified target areas are reported. These fall within the legal boundaries. A 0.8 m seam width cut-off was used in the declaration of the Magdalena and Aviemore coal resources. Numbers may not add up due to rounding.
3. Forbes Coal is in the process of finalizing the acquisition of prospecting right 38 from Leeuw Mining & Exploration. It is anticipated that once this acquisition is finalized the Company will apply for a Section 11 transfer under the MPRDA of the farms encompassed the prospecting right from Leeuw Mining & Exploration.

OVERVIEW & OUTLOOK

The Bituminous coal market has been steadily improving since mid 2009. The demand for South African seaborne bituminous coal is largely driven by a continued increase in thermal coal imports from India. On the domestic industrial front, bituminous coal prices have remained steady, with marginal growth on a year to year basis over the past 4 years. South Africa relies heavily on coal fired power generation. The Company produces a very high quality export bituminous coal product at the Slater Coal operations. The Company continues to pursue opportunities to acquire high quality coal assets and increase port allocation. The near term outlook for bituminous coal remains healthy on both domestic and export front. API4 FOB

Richards Bay Spot Coal Thermal prices reached a 6 months high of $100 per tonne on 1 November 2010. The Anthracite coal market is highly correlated with the metal industry as Anthracite coal is used in a metallurgical coal application. South Africa is one of the world largest ferrochrome and ferroalloy producers and the domestic demand for Anthracite remains good. South Africa is also a large steel producer and continues to be a net importer of metallurgical coal and coke products. As the global economy recovers, Anthracite prices are expected to remain robust. Slater Coal also exports its Anthracite products to global steel producers. The near term outlook in the export market remains strong and healthy. Slater Coal also produces a high quality calcine product that is in high demand in the domestic and export metallurgic market.

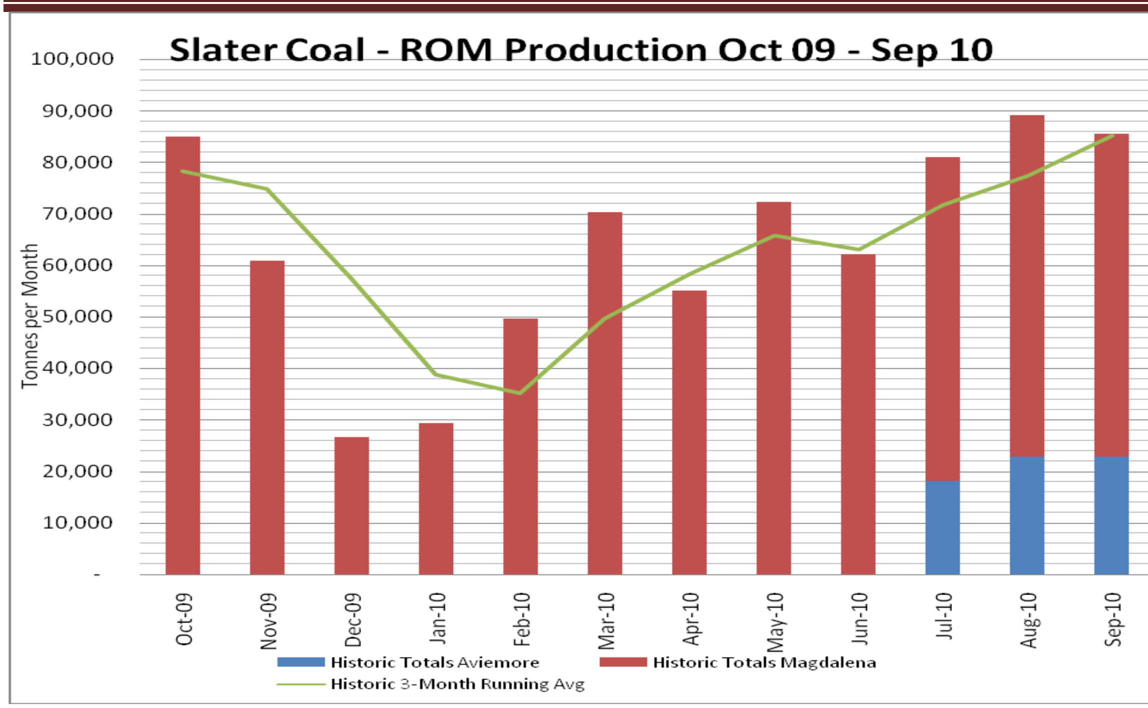
In summary, the outlook for Forbes Coal is positive as the Company has a portfolio of high quality products and services both in the domestic and the global thermal and metallurgical coal markets. The Company is also constantly evaluating potential acquisitions in the region and is targeting to further increase its export port capacity.

SUMMARIZED FINANCIAL RESULTS OF SLATER COAL

Summarized Financial Results
Slater Coal

	Date of acquisition to September 30, 2010 2 months	March 1, 2010 September 30, 2010 7 months
Run of Mine (ROM) (t)	174,799	515,558
Saleable production (t)	130,540	360,151
Yield (%)	71.4%	67.8%
Sales (t)	79,074	296,648
Revenue 000,000's ($)	6.63	25.21
EBITDA 000,000's ($)	3.08	9.21
Depreciation and depletion 000,000's ($)	0.67	2.2
EBIT 000,000's ($)	2.41	7.00
Net profit after tax 000,000's ($)	1.39	4.33
CAD$: US$ (average)	1.04	1.03
ZAR: CAD (average)	6.94	7.19
Selling price (average) / t (CAD$)	83.81	84.98
Selling price (average) / t (US$)	80.77	82.33
Cash cost of sales and operating expenses 000,000's ($)	3.4	15.0
Cash cost of sales and operating expenses 000,000's / sold production t (CAD$)	43.04	50.65
Cash cost of sales and operating expenses 000,000's / sold production t (US$)	41.48	49.06
(includes transportation, rail and port handling costs)		
Capital expenditures 000,000's	0.63	3.21
Capital expenditures per t of Salable production (CAD$)	4.83	8.92

numbers in this chart are derived from the Slater Coal stand alone financial statements
these are not affected by the adjustments related to the purchase price allocatiaon
see non GAAP measures



OPERATIONAL HIGHLIGHTS

Forbes Coal management team took control of the Slater Coal operations in August 2010. The ramp-up programme, launched in the previous quarter under guidance of the previous management team, has gained momentum. The following key points are noted:

- Aviemore anthracite operation, reopened in June 2010, exceeded targeted output of 22,000 t ROM, with 22,898 t ROM produced in August 2010. The target performance was achieved two months ahead of schedule.
- Aviemore followed up with 22,775 t ROM produced in September 2010.
- Anthracite Calcine unit was successfully started at the end of August and reached production target with 5,183 t anthracite peas calcined in September 2010.
- Additional staffing and equipment were deployed at Magdalena U/G to support the ramp-up programme.
- Magdalena operations, underground and open pit combined, produced 129,126 t ROM vs 130,138 t ROM planned for the period August to September 2010.
- Total ROM production from all operations for the period August to September 2010 was 174,799 t ROM vs 175,811 t ROM planned.
- Total production from March 2010 to September 2010 is 515,558 t ROM.
- The production target for the year ending February 2011 is 1,040,000 t ROM.
- The production ramp-up plan is going according to plan. Magdalena is planning the opening of the second continuous miner section at Magdalena in the next quarter to maintain the growth targets.
- Saleable coal production for August 2010 to September 2010 was 130,540 t vs 125,000 t targeted. The total yield was 71% in this period.
- Total sales from March 2010 to September 2010 is 296,648 t, with 79,074 t moved in the last two months.
- Coal is transported by rail and truck to domestic customers, while export coal reports to RBCT by rail.

Forbes Coal management team is mobilized at site and have integrated very well with the Slater Coal management team.

RESULTS OF OPERATIONS

Total Comprehensive Income

The total net loss and comprehensive loss for the three and nine months ended September 30, 2010, was $10.1 million and $10.8 million respectively compared $nil for the comparative periods in 2009. As described in the "Overview of the Company" section of this report, the company Forbes & Manhattan (Coal) Inc., was incorporated in November 2009. Forbes & Manhattan Coal Corp, is the continuing combined entity following the September 2010 Transaction between Forbes & Manhattan (Coal) Inc. and Nyah whereby Nyah, a public company listed on the Toronto Venture Stock Exchange ("TSX-V"), acquired all of the outstanding shares of the Company in exchange for common shares of Nyah. Consequently there are no comparative results for Q3 2009, as the Company did not exist at that time. Following completion of the Transaction, the Forbes & Manhattan (Coal) Inc board and management team became the board and management team of the combined entity, which was renamed Forbes & Manhattan Coal Corp. Forbes and Manhattan Coal Corp. began trading on the TSX under the symbol "FMC" as of September 27, 2010.

The Company completed the acquisition of Slater Coal at the end of July 2010. Consequently two months of results for Slater Coal have been consolidated into Forbes & Manhattan Coal Corp.

Revenue

Coal Sales during the two month period ended September 30, 2010 was $6.6 million which represented 79,074 tonnes sold. 75,454 tonnes were sold from the Magdalena underground operation, 2,795 tonnes were sold from the Aviemore anthracite operation and 815 tonnes we sold for the Calcine operation. Run of Mine production generated 174,799 gross tonnes and 130,540 saleable tonnes were produced (30.488 tonnes from Aviemore and 100,052 tonnes from Magdalena underground). During the period the Company experienced a logistics backlog which generated stockpiles as 130,540 saleable tonnes were produced and 79,074 tonnes were sold.

Cost of Sales and operating expenses

Cash cost of sales and operating expenses were $ 3.4 million ($42.86 per tonne) during the Q3 2010 (two reporting months) which includes transportation, rail and port handling costs. Depreciation and depletion amounted to $1.8 million ($22.65 per tonne).

Expenses

The Company recorded $7.1 million during the three months and $7.8 million during the nine months ended September 30, 2010 in Expenses. The Company recorded $7.6 million during the 3rd Quarter in Stock based compensation related to the issuance of performance special warrants (the "Performance Special Warrants") and the re-pricing of 260,000 options previously issued to reflect the Special Warrant pricing that was completed in July of 2010. $7.7 million was recorded during the nine months ended September 30, 2010 related to the Performance Special Warrants and the initial issuance of the 260,000 options

On July 20, 2010, the shareholders of the Company were issued the 2,700,000 performance special warrants. Each Performance Special Warrant automatically exercised into one common share of the Company (each "Performance Share" and, collectively, the "Performance Shares") for no additional consideration immediately prior to the completion of the Nyah Acquisition, provided that such

Performance Shares shall be deposited in escrow with an escrow agent (the "Escrowed Shares"), to be released as follows:

i) 50% of the Escrowed Shares (the "First Tranche Escrowed Shares") will be released once the Company achieves US$22,000,000 in EBITDA from the Slater Coal Properties over a 12 consecutive month period by July 20, 2013. In the event of not achieving US$22,000,000 in EBITDA from Slater Coal Properties, the above mentioned Escrowed Shares will be cancelled;

ii) The remaining Escrowed Shares will be released once the Company achieves US$35,000,000 in EBITDA from the Slater Coal Properties over a 12 consecutive month period within a three year period following the release of the First Tranche Escrowed Shares. For further clarity, EBITDA generated from the Slater Coal Properties will exclude any gains or losses generated by the combined company from the disposition of the Slater Coal Properties. In the event of not achieving US$35,000,000 in EBITDA from Slater Coal Properties, the above mentioned Escrowed Shares will be cancelled. (EBITDA is a non-GAAP measure and defined as earnings before interest, taxes, depreciation and amortization).

The Company adopted a stock option plan (the "Plan") to be administered by the directors of the Company. Under the Plan, the Company may grant to directors, officers, employees and consultants options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not to exceed 5 years. The Plan provides that, it is solely within the discretion of the Board to determine who should receive stock options, in what amounts, and determine vesting terms. The exercise price for any stock option shall not be lower than the market price of the underlying common shares, or at fair market value in the absence of a market price, at the time of grant.

In March 2010, the Company granted 260,000 stock options to directors, officers and consultants of the Company at an exercise price of $5.00 expiring five years from the date of grant. A value of $0.1 million was estimated to be the fair value of these options, and was recorded in Stock based compensation expense during the first quarter of 2010. The options were subsequently re-priced with an exercise price of $2.80 and an estimated fair value of $0.43 million was recorded during the 3rd quarter of 2010 related to the re-priced options.

The value of these options was estimated using the Black-Scholes option pricing model under the following assumptions: expected dividend – 0%; risk-free interest rate – 2.72%; expected volatility – 100%; and time to expiry – 5 years from the date of grant.

The Company also recorded $0.39 million and $0.68 million for Consulting and professional fees and $0.47 million and $0.71 million related to General and administrative expenses for the three and nine months ended September 30, 2010 respectively. The Company has been steadily building its management team and engaging professionals as it embarks on its new coal operations.

Other items

During the three and nine months ended September 30, 2010 the Company recorded $3.1 million in Other items.

Included in these amounts are the transaction costs associated with the Slater Coal purchase and the Nyah Transaction totaling $1.0 million. The Company has adopted CICA handbook section 1582 and consequently these transaction costs have been expensed to the consolidated statements of operational loss and comprehensive loss and deficit.

The Company has also recorded the estimated fair value of the two cash payments of Rand 140 million (approximately $20.6 million) payable by March 1, 2011 and Rand 140 million (approximately $20.6 million) payable by March 1, 2012 as described under the "Acquisition of Slater Coal" section of this report. The estimated fair value to these payments was calculated using a Random Walk method. Probabilities were assigned to the amounts as described in the "Purchase of Slater Coal" section of this report based on various scenarios and management's and other expert's expectations of the scenarios materializing. The results were present valued using a discount rate of 10%. As a result an amount of $0.64 million has been accreted during the quarter and nine months ended September 30, 2010 related to the current and long term portion of the amounts due which are included on the Consolidated Balance sheets under acquisition obligations.

The Company recorded Other income of $ 0.15 million during the three and nine months ended September 30, 2010. Other income, results from small scrap sales and dividends received.

The Company recorded interest income of $0.03 million during the three and nine months ended September 30, 2010 and interest expense of $0.24 million during the three and nine months ended September 30, 2010 Investment revenue results primarily from interest bearing deposits held from Banks. The Company invests its excess cash in liquid low risk investments.

The Company has also recorded Foreign exchange losses of $1.4 million. As previously discussed, the Company owes Rand 280 million payable in two installments in March 2011 and March 2012. Movements in the South African Rand against the Canadian dollar from July 31 to September 30 have generated significant non cash foreign exchange movements.

The Company recorded Income tax expense of $ 0.80 million during the three and nine months ended September 30, 2010.

LIQUIDITY AND CAPITAL RESOURCES

On July 23, 2010, the Company completed an offering of special warrants ("Special Warrants") at a price of $2.80 per Special Warrant for gross proceeds of $41.9 million. Each Special Warrant converted automatically and without any further action on the part of the holder into one common share of the Company (each an "Underlying Share") on September 21, 2010 immediately prior to the completion of the acquisition of all of the issued and outstanding shares of the Company by Nyah.

As compensation for its services rendered in connection with the Forbes Coal financing, the underwriters were paid a cash commission equal to 6% of the gross proceeds of the brokered portion of the Forbes Coal financing and were issued 763,887 broker warrants exercisable to acquire the same number of common shares of the Company at a price of $2.80 per common share for a period of 18 months following the closing of the Slater Coal acquisition. The Company utilized much of these funds to complete the Rand 213.7 million (approximately $30.0 million) payment for the Slater properties and to complete the Nyah Transaction.

The Company had negative working capital of $4.2 million dollars at September 30, 2010, compared to positive working capital of $.028 million at December 31, at December 31, 2009 The primary contributor to the negative working capital is the R140 million (approximately $20.6 million) payment due in March of 2011 as described in the "Acquisition of Slater Coal" section of this report. The Company expects to fund the payment with working capital and funds generated from operations over the next six months. Should this not be sufficient the Company will review its' alternatives with respect to either short term debt or equity.

CASH FLOWS AND INVESTING ACTIVITIES

Cash and cash equivalents increased from $ 0.05 million at December 31, 2009 to $ $9.22 million at September 30, 2010 representing an increase of $ $9.17 million.

Operating activities during the three and nine months ended September 30, 2010 used $0.32 million and $.86 million respectively. The net loss for the three and nine months ended September 30, 2010 was $10.99 million and $11.71 million as discussed under the Results of Operations section of this report. Non cash items included in the net loss included Amortization and depletion of $1.82 million, Fair value adjustments of financial assets of $0.31 million, Future income taxes of $0.24 million, Accretion of $0.64 million, Foreign exchange losses of $1.41 million and Stock based compensation of $7.62 million.

The Company used $25.8 million and $25.9 million in Investing activities during the three and nine months ended September 30, 2010. $30 million was used related to the acquisition of Slater Coal, the Company also acquired $3.8 million in cash from Slater Coal and $1.0 million in cash from Nyah through the purchase of Slater Coal and the Nyah Transaction. The Company also used $0.63 million to purchase equipment at Slater Coal consisting of a Demago Transformer an Electrical Switchbank and a Feeder Breaker.

The Company generated $ 35.2 million and $35.8 million in Financing activities during the three and nine months ended September 30, 2010 respectively. During the three months ended September 30, 2010, the Company completed its offering of Special Warrants ("Special Warrants") at a price of $2.80 per Special Warrant lead by Canaccord Genuity Corp. ("Underwriters") for gross proceeds of $41.9 as previously discussed. Each Special Warrant converted automatically and without any further action on the part of the holder into one common share of the Company (each an "Underlying Share") on September 21, 2010 immediately prior to the completion of the acquisition of all of the issued and outstanding shares of the Company by Nyah. The Company also completed a small private placement of $0.5 million during the first quarter of 2010 of 100,000 units at a price of $5.00

As compensation for its services rendered in connection with the Forbes Coal Financing, the Underwriter was paid a cash commission equal to 6% of the gross proceeds of the brokered portion of the Forbes Coal Financing and was issued 763,887 broker warrants exercisable to acquire the same number of common shares of the Company at a price of $2.80 per common share for a period of 18 months following the closing of the Proposed Acquisition.

The Company is using the current method for its foreign currency translation in accordance with Section 1651 of the CICA handbook as its foreign subsidiary is considered to be self-sustaining. Consequently, an amount of $0.13 million is recorded on the Consolidated statement of cash flows related to the effect of exchange on cash and cash equivalents.

QUARTERLY INFORMATION

	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009
Revenue from mining operations (CAD 000's)	$ 6,627	$ -	$ -	$ -	$ -
Mine operating expenses (CAD 000's)	$ 3,390	$ -	$ -	$ -	$ -
Amortization and depletion	$ 1,791	$ -	$ -	$ -	$ -
Net Income (loss) (CAD 000's)	$ (10,986)	$ (345)	$ (379)	$ (37)	$ -
Net income (loss) per share, basic and diluted (CAD)	$ (0.63)	$ (0.13)	$ (0.14)	$ (0.02)	$ -
Cash provided by (used in) operations (CAD 000's)	$ (0.317)	$ (279)	$ (263)	$ (20)	$ -
Tonnes of coal produced Run of Mine	174,799	-	-	-	-
Tonnes of Coal sold	79,074	-	-	-	-
Average realized coal price (per tonne) ($CAD)	$ 84	$ -	$ -	$ -	$ -
Average realized coal price (per tonne) ($USD)	$ 81	$ -	$ -	$ -	$ -
Total Assets (CAD 000's)	$ 135,279	$ 4,093	$ 1,030	$ 796	$ -
Long term financial liabilities (CAD 000's)	$ 29,604	$ -	$ -	$ -	$ -

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In November 2009, certain directors, officers and consultants of the Company subscribed to 1,600,000 common shares of the Company.

The Transaction with Nyah was a related party transaction because at the time of the Transaction:

- Mr. Stan Bharti was a director of both Nyah and Forbes Coal and held 2,830,000 Nyah Shares and 1,000,000 Forbes Coal Shares on a pre consolidation basis and held 1,000,000 Forbes Coal Performance Special Warrants. In addition, Mr. Stan Bharti was a director of Aberdeen International Inc. ("Aberdeen").
- Aberdeen held 1,100,000 Forbes Coal shares and 1,100,000 Forbes Coal Performance Special Warrants that subsequently converted into common shares subject to escrow conditions. Subsequently, Aberdeen made a payment of $3,194,550 to the Slater Coal shareholders on behalf of the Company to cover the principal payment of ZAR 22,500,000 and transaction costs of ZAR 750,000. As a result of this payment, Aberdeen was granted an additional 605,196 special warrants that were converted into an equal number of common shares of the Company. A net amount of $2,000,001 was refunded to Aberdeen by the Company.
- Ms. Deborah Battiston was the Chief Financial Officer of Nyah and Forbes Coal.
- Mr. George Faught, was director and the President and Chief Executive Officer of Nyah held 1,070,000 Nyah Shares on a pre-consolidation basis and was the Chief Executive Officer of Aberdeen. Mr. Faught also held 5,000 Forbes Coal Shares on a pre-consolidation basis and 5,000 Forbes Coal Performance Special Warrants.
- Mr. David Stein was the President and a director of Aberdeen and a director of Forbes Coal. Mr. David Stein held 75,000 Forbes Coal Shares on a pre-consolidation basis and 75,000 Forbes Coal Performance Special Warrants, and held 100,000 Nyah Shares on a pre-consolidated basis.

- Mr. Stephan Theron was the Chief Financial Officer of Aberdeen and the President and Chief Executive Officer of Forbes Coal. Mr. Theron held 100,000 Forbes Coal Shares on a pre-consolidation basis, 25,000 Forbes Coal Special Warrants and 100,000 Forbes Coal Performance Special Warrants.
- Mr. Michael Hoffman was a director of Aberdeen and Nyah and held 10,000 Forbes Coal pre-consolidation Shares and 10,000 Forbes Coal Performance Special Warrants.
- Mr. Bernie Wilson was a director of Nyah a director of Aberdeen.

The Company shares its premises with other companies that have common directors and officers and the Company reimburses the related companies for its proportional share of the expenses. At September 30, 2010 an amount of $13,146 (December 31, 2009 –$7,698) was payable and $nil (December 31, 2009 - $nil) was prepaid in relation to these expenses. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As a result of the Nyah transaction, Forbes Coal acquired a receivable of $1,015,974 which consists primarily of a receivable from Valencia Ventures Inc. ("Valencia") in the amount of $1,000,000 for the sale of the Agnew Lake Project. Mr. Stan Bharti is a director of Valencia. Valencia and the Company have certain directors and or officers in common.

The related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OTHER

On February 1, 2010 the Company entered into a management contract with Mr. Gottlieb Johan Louw to provided services in the capacity of Vice President – Africa Operations of the Company.

On February 1, 2010 the Company entered into a management contract with Theron Red Teas Inc., through Mr. Stephan Theron to provide services to the Company in the capacity of Financial Consultant.

On March 1, 2010 the Company entered into a management contract with Mr. Charles Mostert to provided services in the capacity of Vice President – Corporate Development.

On April 1, 2010 the Company accepted resignation of Mr. Julian Bharti as a director and appointed Mr. David Stein as a member of the Board of Directors.

On April 1, 2010 the Company accepted resignation of Mr. Anthony Wonnacott from previously held position of President and Chief Executive Officer of the Company and appointed Mr. Stephan Theron to provide services to the Company in the capacity as President and Chief Executive Officer of the Company. Simultaneously Mr. Theron was also appointed as a member of the Board of Directors.

On April 1, 2010 the Company appointed Ms. Deborah Battiston as Chief Financial Officer.

On April 13, 2010 the Company accepted resignation of Mr. Anthony Wonnacott as a director and appointed Mr. Grant Davey as a member of the Board of Directors.

Following the Transaction with Nyah the Company appointed David Gower to the Board of Directors

COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company is committed to minimum amounts under long-term capital lease agreements for plant and equipment. Minimum commitments remaining under these leases were $283,599 over the following years:

Year		Amount
2010	$	14,159
2011		50,496
2012		57,566
2013		115,744
2014		45,634
	$	283,599

SUBSEQUENT EVENTS

On October 21, 2010 the Company announced that it has appointed Ryan T. Bennett to the Board of Directors of the Company effective October 21, 2010. Mr. Bennett is a Senior Partner with Resource Capital Funds, a private equity group of funds that invests in development and growth stage mining companies. From 1992 to 1998, Mr. Bennett held various positions within NM Rothschild & Sons in Denver and Rothschild Australia Limited in Sydney, where he was principally responsible for the technical analysis of mining projects seeking debt finance. Prior to joining Rothschilds, Mr. Bennett worked as a geologist for the United States Bureau of Mines and a private exploration company focused on Alaska, as well as a mining engineering consultant for Caterpillar. Mr. Bennett has a Masters of Science degree in Mining Engineering from Colorado School of Mines and a Bachelors of Science degree in Geological Engineering and Mathematics from the University of Wisconsin – Madison.

On October 15, 2010, the Company granted 2,175,000 options to Directors officers and consultants of the Company at a strike price of $3.25 and expiring 5 years from the date of Grant.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Consolidated Financial Statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

Convergence with International Financial Reporting Standards ("IFRS")

In January 2006, the Canadian Accounting Standards Board ("AcSB") announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that Forbes Coal will be required to prepare IFRS financial statements for the interim periods and fiscal year ends beginning in 2011. The Company has created an implementation team, which consists of internal resources and external resources. A changeover plan has been established to convert to the new standards within the allotted timeline. The Slater Coal South African Statements are currently prepared according to both IFRS and GAAP.

CAPITAL MANAGEMENT

The capital of the Company consists of common shares, warrants, options and certain debt obligations.

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and operation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is exposed to a variety of financial risks.

The Company's overall management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments, such as forward exchange contracts, to hedge certain exposures.

(a) Market risk

i. Foreign exchange risk

The Company's functional currency is the Canadian dollar. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the South African Rand ("Rand") and the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities. The Company purchased its South African Company in Rand and is required to make future payments in Rand. In addition, coal is priced on international markets in United States Dollars and converted to Rand to support operations in South Africa.

Management has set up a policy to require its companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

A 10% increase in the Rand against the Company's functional currency, the Canadian dollar would have increased (decreased) the Company's income by $662,000. A 10% increase in the United States Dollar would have increased (decreased) the Company's income by $752,000.

The Company does not currently use derivative financial instruments such as forward exchange contracts to hedge currency risk exposures.

ii. Interest rate risk

The Company's interest rate risk arises from deposits held with banks and interest-bearing liabilities. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. A 1% increase in interest rates would create an increased expense of $750,000.

iii. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

(b) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates and bankers acceptances, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments is remote.

(c) Liquidity risk

As September 30, 2010, the Company had net working capital of ($4,222,303) (2009 – $27,566) which included cash and cash equivalents of $9,215,718 (2009 - $52,177), investments held for trading of $3,145,973 (2009 – nil), accounts receivable and other of $7,541,503 (2009 - $600) and inventories of $6,863,597 (2009 – nil), offset by current liabilities of $31,031,711 (2009 - $32,355). The current liabilities include the estimated fair value of the first of two final payments due in March 2011 in the amount of ZAR $140,000,000 ($21,983,266) as described in Note 4.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through credit facilities. The Company aims to maintain flexibility in funding by keeping committed credit lines available in its operating entities Undrawn committed borrowing are available at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

(d) Fair value of financial instruments

The Company has designated its cash and cash equivalents, investments and certain other assets as held-for-trading, measured at fair value. Accounts receivable and other are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, acquisition obligation, loans payable and other financial liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at September 30, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately the same due to the limited term of these instruments. The following table illustrates the classification of the Company's Financial Instruments within the fair-value hierarchy as at September 30, 2010:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 9,215,718	$ -	$ -
Investments held for trading	$ -	$ 3,145,973	$ -
Other assets – endowment policy	$ -	$-	$3,336,061

RISKS AND UNCERTAINTIES

Price of Coal

Slater's profits are directly related to the volume and price of coal sold. Price volatility could have a significant impact on the future revenues and profitability of the Company. Coal demand and price are determined by numerous factors beyond the control of the Company including the demand for electricity: the supply and demand for domestic and foreign coal; interruptions due to transportation delays; air emission standards for coal-fired power plants, furnaces and boilers; regulatory, administrative and judicial decisions; the price and availability of alternative fuels, including the effects of technology developments; the effect of worldwide energy conservation efforts, future limitations on utilities' ability to use coal as an energy source due to the regulation and/or taxation of greenhouse gases; proximity to, capacity of, and cost of transportation facilities; and political and economic conditions and production costs in major coal producing regions. The combined effects of any or all of these factors on coal price or volume are impossible for Slater, to predict. If realized coal prices fall below the full cost of production of any of Slater's operations and remain at such level for any sustained period, the Company will experience losses, which may be significant, and may decide to discontinue affected operations forcing the Company to incur closure or care and maintenance costs, as the case may be.

Additional Capital

The Slater Coal Agreement requires Slater to make deferred payments one and two years following the signing of the Slater Coal Agreement. Although the Slater Coal Properties are producing coal, such revenues may be inadequate to make the deferred payments pursuant to the Slater Coal Agreement In addition, the continued development of the Slater Coal Properties, including the expansion of mining operations, will require additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production on the Slater Coal Properties or even a loss of a property interest. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to then existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company business, financial condition and results of operations.

Exploration and Development

The exploration and development of coal deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineable deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in profitable commercial mining operations, and significant capital investment is required to achieve commercial production from successful exploration efforts. There is no certainty that exploration expenditures made by the Company will result in discoveries of commercial mineable quantities.

Mineral Reserve and Mineral Resource Estimates

Mineral reserve and mineral resource estimates are imprecise and depend partially on statistical inference drawn from drilling and other data, which may prove to be unreliable. Future production could differ dramatically from mineral reserve estimates.

Production

The Company currently has two operating mines. No assurance can be given that the intended or expected production schedules or the estimated direct operating cash costs will be achieved at the two mines or any future mining operations. The Company's level of production will be dependent on a number of factors including the grade of reserves and, recovery. The cash cost of production at any particular mining location is frequently subject to great variation from one year to the next due to a number of factors such as changing grades, labour costs, and the cost of supplies and services, such as electricity and fuel. Many factors may cause delays or cost increases including labour issues, disruptions in power and mechanical failures. These variances can have a negative impact on the profitability of operations.

Depletion of Mineral Reserves

The Company must continually replace mining reserves depleted by production to maintain production levels over the long term. There is no assurance that the Company's exploration programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves.

Remote Locations

The Company operates in remote locations and will depend on an uninterrupted flow of materials, supplies and services to those locations. Any interruptions to the procurement of equipment or the flow of materials, supplies and services to the Company's properties could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Environmental Risks and other Hazards

All phases of the Company's operations will be subject to environmental regulation in South Africa. Environmental legislation in many countries is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Company's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time.

Mining involves various other types of risks and hazards, including: industrial accidents; processing problems; unusual or unexpected rock formations; structural cave-ins or slides; flooding; fires; and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury, delays in mining, increased production costs, monetary losses and possible legal liability.

Political Risks

Slater Coal conducts its mining activities in South Africa. Slater Coal believes that the South African government supports the development of its natural resources by foreign companies. There is no assurance however that future political and economic conditions in South Africa will not result in the governments adopting different policies respecting foreign ownership of mineral resources, taxation, rates of exchange, environmental protection, labour relations, repatriation of income or return of capital, restrictions on production, price controls, export controls, expropriation of property, foreign investment, maintenance of claims and mine safety. The possibility that a future government in South Africa may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

Mineral Legislation

The business of mineral exploration, development, mining and processing is subject to various national and local laws and plans relating to permitting and maintenance of title, environmental consents, taxation, employee relations, health and safety, royalties, land acquisitions and other matters. There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, development or mining may not be obtained under conditions or within the time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

Hedging and Commodity Prices

The profitability of the Company is directly related to the market price of the commodities it produces. The Company can reduce price risk by using hedging tools for a portion or all of its coal production. The main hedging tools available to protect against price risk are forward contracts and put options. Various strategies are available using these tools. Slater does not currently have any hedging arrangements in place.

Title to Mineral Holdings

Slater Coal requires licenses and permits from various governmental authorities. Slater Coal believes that it holds all necessary licenses and permits under applicable laws and regulation in respect of the Slater Coal Properties and that it is presently complying in all material respects with the terms of such licenses and permits. Such licenses and permits, however, are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop or mine its properties. The validity of ownership of property holdings can be uncertain and may be contested. Although the Company has attempted to acquire satisfactory title to its properties, risk exists that some titles, particularly titles to undeveloped properties, may be defective.

Competition

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing coal. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel. The Company currently does not have key person insurance on these individuals. Due to the Company's relatively small size, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees required for the operation of the Company's activities may have a material adverse effect on the Company's business or future operations

NON-GAAP PERFORMANCE MEASURES

The Company has included the non-GAAP performance measures below in this document. This non-GAAP performance measure does not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Company's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP. The definition for this performance measure and reconciliation of the non-GAAP measure to reported GAAP measures is as follows:

		Three-months ended September 30, 2010 000's
NET LOSS for the period	$	(10,986)
add back:		
Tax expense		804
Interest expense		206
EBIT		(9,976)
add back:		
Foreign exchange loss		1,407
Accretion		639
Business combination transaction costs		1,027
Stock based compensation		7,623
Consulting and professional fees		388
Non-Slater general and administration		162
Mineral properties investigation costs		20
Amortization and depletion		1,791
EBITDA	$	3,080

		September 30, 2010 000's		December 31, 2009 000's
Current Assets				
Cash and cash equivalents	$	9,215.7	$	52.2
Investments held for trading		3,146.0		-
Accounts receivable and other receivables		7,541.5		0.6
Inventories		6,863.6		-
Prepaid expenses		42.6		7.1
		26,809.4		59.9
Current Liabilities				
Accounts payable and accrued liabilities		5,958.6		32.4
Acquisition obligation (Note 4(a))		21,983.3		-
Other financial liabilities		1,936.4		-
Loans payable		1,153.4		-
		31,031.7		32.4
Working capital				
Current assets less current liabilities	$	(4,222.3)	$	27.6

SUMMARY OF SECURITIES AS AT NOVEMBER 8 , 2010

Common Shares

Authorized shares are unlimited number of preferred and common shares without par value and after 10-to-1 consolidation are a total of 25,590,723 are issued and outstanding.

Options

As at November 8 there were 2,557,798 options outstanding as summarized below.

Exercise Price	Expiry Date	Number	Potential proceeds
$7.96	27-Feb-12	17,662	$140,590
$7.96	27-Feb-12	2,405	$19,144
$2.39	31-May-12	36,432	$87,072
$13.93	31-May-12	55,276	$769,995
$7.96	4-Jan-13	11,023	$87,743
$2.80	1-Mar-15	260,000	$728,000
$3.25	15-Oct-15	2,175,000	$7,068,750
		2,557,798	8,901,294

Warrants

As at November 8, 2010, there were 763,887 warrants outstanding as summarized below

Exercise Price	Expiry Date	Number	Potential proceeds
$2.80	23-Jan-12	763,887	$2,138,884

Special Performance Shares

At November 8, 2010 there were 2,700,000 Special Performance Shares outstanding The Special Performance Shares were deposited in escrow to be released when certain conditions are met

LIST OF DIRECTORS AND OFFICERS

Stephan Theron	Director, President and Chief Executive Officer
Stan Bharti	Director, Executive Chairman
David Stein	Director
Grant Davey	Director
Ryan Bennett	Director
David Gower	Director
Johan Louw	Vice President, Africa Operation
Charles Mostert	Vice President, Corporate Development
Deborah Battiston	Chief Financial Officer

Jennifer Wagner Corporate Secretary

November 8, 2010