MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION OF CDR

The following is management's discussion and analysis of the financial condition and results of operation ("**MD&A**") of CDR in connection with the financial statements included in this Filing Statement. Information in this MD&A is prepared as of March 29, 2010 and is supplemental to, and should be read in conjunction with, the financial statements of CDR set out in Schedule "D" hereto. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risk Factors".

All amounts are in Canadian dollars unless otherwise noted. The financial statements of CDR have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

This MD&A may contain forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected herein. Forward-looking statements are based on the estimates and opinions of the management of the Company at the time the statements were made.

OVERALL PERFORMANCE

Overview and Background

The Company

CDR Minerals Inc. ("**CDR**") is engaged in the acquisition and development of coal mining operations in the Central Appalachian Basin of the United States and base metal exploration in Quebec. In October 2009, CDR commenced coal mining operations at its Big Branch property.

Reverse takeover transaction

CDR entered into a letter agreement dated May 8, 2009 and a formal amalgamation agreement dated January 5, 2010 with Amalfi Capital Corporation ("**Amalfi**") to complete a three-cornered amalgamation (the "**Amalgamation**"), wherein a wholly-owned subsidiary of Amalfi will amalgamate with CDR and continue as one company under the Business Corporations Act (Ontario), which if completed, is expected to constitute Amalfi's qualifying transaction for purposes of Policy 2.4 of the TSX Venture Exchange Inc. ("**TSX Venture**") Corporate Finance Manual.

On the Amalgamation and subject to shareholder approval, Amalfi will:

(a) consolidate its shares on the basis of one common share for each 3.5 common shares presently outstanding, resulting in 3,314,286 post-consolidation common shares;

(b) issue 1,657,143 common share purchase warrants to its shareholders, on the basis of one-half common share purchase warrant for each post-consolidation common share held. Each whole common share purchase warrant shall entitle the holder to acquire one common share at a price of US$0.50 for two years from the closing of the Amalgamation

(c) issue 55,553,484 common shares with a deemed value of $0.50 per common share to acquire a 100% interest in CDR on the basis of one common share for each common share of CDR held;

(d) issue 8,050,000 stock options, 9,935,407 common share purchase warrants and 518,446 broker warrants on the same terms to replace each of CDR's stock options, common share purchase warrants and broker warrants outstanding; and

(e) issue US$5,000,000 principal amount convertible notes and $375,000 principal amount convertible notes which replacement notes shall, be exercisable on the same terms and conditions as CDR's convertible notes.

Amalfi agent options shall be replaced with 257,143 replacement agent options of Resulting Issuer entitling the holder to acquire for $0.35 one unit of the Resulting Issuer (the "Resulting Issuer Amalfi Units") consisting of one Resulting Issuer common share and one-half of one Resulting Issuer New Warrant. The Amalfi stock options shall be replaced with 331,429 stock options of Resulting Issuer, each entitling the holder to acquire one Resulting Issuer Amalfi Unit for $0.35 per unit.

The transaction will be accounted for as a reverse takeover with CDR as the accounting acquirer.

In connection with the Amalgamation, the following transactions are contemplated:

(a) Amalfi shall reserve additional common shares in order to grant stock options to purchase up to 20% of the issued and outstanding Resulting Issuer common shares after the Amalgamation (less outstanding stock options) subject to shareholder approval and approval of the TSX Venture; and

(b) the parties agree a finder fee in connection with the Amalgamation will be payable by the issuance of 200,000 of Resulting Issuer common shares on closing of the Amalgamation.

Quebec Nickel Properties

CDR has an option to purchase a 100% interest in certain base metal exploration property claims located in Quebec. In order to purchase its interest, CDR must make payments and issue common shares, as follows:

	Payments US$	Payments $	Common shares
To earn 100% interest			
Paid	350,000	125,000	2,000,000
February 28, 2010 (deferred from July 16, 2009)	–	100,000	200,000
July 16, 2010	–	100,000	200,000
July 16, 2011	–	200,000	400,000
July 16, 2012	–	200,000	400,000
July 16, 2013	–	200,000	400,000
July 16, 2014	–	400,000	–
July 16, 2015	–	400,000	–
July 16, 2016	–	400,000	–
July 16, 2017	–	2,525,000	–
	350,000	4,650,000	3,600,000

Further evaluation of the remaining nickel, copper and cobalt projects in regions which comprise the Quebec exploration program is recommended. All of the projects have identified geological and geophysical targets in environments conducive to the hosting of magmatic nickel, copper and cobalt deposits. All projects are at the drill ready stage although no additional drilling will be carried out on the Forgues Gabbro claims until the data base is improved with additional geophysical surveys. Drilling at Lac Chanceux will follow-up the discovery hole intersection from the 2009 exploration program which returned 1.37% Ni - 0.77% Cu - 0.11% Co over 3 meters. The 2010 proposed field exploration budget is

$1,000,000, plus GST and PST, consisting primarily of drilling except for further airborne geophysical surveys on the Forgues Gabbro claims. Such exploration work would commence in March 2010.

US Coal Properties

Sid Mining Project

Pursuant to a sale agreement dated October 23, 2008 between Sid Mining LLC and CDR Sid Mining, Inc., CDR acquired the Sid mining project ("**Sid Mining Project**") for a purchase price of US$1,700,000 in cash and a 2% override royalty from all sales of all coal mined or extended from the Sid Mining Project. CDR is also obligated to replace existing reclamation bonds totalling approximately US$160,000. The Sid Mining Project is permitted for mining operations. While currently idle, the area was previously mined by Minnehan Mining, LLC and contains a pre-existing haul road facilitating access to the project.

The Sid Mining Project covers approximately 850 acres and lies within the drainage areas of Cam Johnson Branch and Bowling Creek of the Middle Fork of the Kentucky River, lying in Perry and Breathitt Counties, Kentucky. The seams include the Fireclay (Hazard #4), Haddix, Hazard #5A, Hazard #7, Hazard #8, and Hindman (Hazard #9). The current permitted area of the Sid Mining Project is 406.38 acres.

Currently all mining operations on the Sid Mining Project are idle. CDR concluded its drilling program after the drillhole PKM-09-05 was drilled in October 2008 and no further drilling activity was undertaken. Core drilling is, as of this date, not taking place on the Sid Mining Project.

Set forth in this section is a description of the Sid Mining Project. The information in this section is, in part, summarized and/or extracted from the NI 43-101 compliant report dated January 20, 2010, prepared by Summit Engineering Inc. ("**Summit**") with respect to the Sid Mining Project (the "**Sid Report**"). The Sid Report was prepared by Phillip Lucas, P.E., P.L.S. as the qualified person at Summit, in accordance with NI 43-101. Portions of this section are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Sid Report, which is available for review at www.sedar.com.

The table below details the results of Summit's reserve estimation based on data obtained up to December 31, 2009:

Estimated Reserves & Resources

	Measured	Indicated	Proven	Probable
Total Surface: Total	1,338,000	1,542,000	1,137,000	1,311,000
Auger/HW Mining: Sub	1,129,000	1,120,000	452,000	365,000
Total:	**2,467,000**	**2,662,000**	**1,589,000**	**1,676,000**

Total Measured and Indicated Mineral Resource: 5,129,000 tons.

Total Proven and Probable Mineral Reserve: 3,265,000 tons.

According to the Sid Report, ongoing lease negotiations may add approximately 13,500,000 tons of inferred resource tons to the Sid Mining Project. These additional potential inferred resource tons are located south of Bowling Creek and north of Route 28.

If these leases are obtained, additional exploration will be required to classify these resource tons as reserve tons.

Other Relevant Data and Information

According to the Sid Report, Summit prepared a cursory project economic review was done to address the adequacy of financial projections, operating costs, manpower, proposed capital expenditures, and production forecasts for the Sid Mining Project. The review is based on a mine plan and a proforma that was provided by CDR Sid Mining Co. The projected production tonnages are reasonable based on the reserves associated with the Sid Mining Project. Annual mine production based on the proforma is forecasted to be at about 340,000 tons for Year 1 range from about 544,000 to approximately 600,000 tons per year.

Up Front Cash Investment for Sid Mining

Start-up costs	**$**
Existing bond	163,000
Bond increment	226,600
Road fixing	80,600
Surface stone for road	36,000
Clear cutting	38,000
Equipment lease (2 months)	567,037
Ancillary equipment	219,000
Liability, equipment and other insurance	18,727
Workmen's Compensation	52,282
County road performance bond	10,000
Drug testing	5,625
Engineering	30,000
Net capital	1,446,870
Working capital	1,500,000
	2,946,870

Interpretations and Conclusions

Summit reached the following interpretations and conclusions with respect to the Sid Mining Project in the Sid Report:

- Summit's reserve evaluation indicates that there is in excess of three million recoverable tons on the Sid Mining Project.
- The reserves on the Sid Mining Project under lease are classified as proven or probable reserve tons. Additional adjacent properties to the Sid Mining Project have lease negotiations pending. Thus, with additional exploration, the reserve base may be expanded.
- Coal quality information appears to be reasonably good. Localized areas of sulphur exceeding 0.70% may require blending in the Hazard #5A.
- Existing and proposed permitting appears to be adequate for the existing reserves. Additional permitting will be required to expand the operation. The USACE 404 permit issues has been a hindrance for surface mine operations for over 2 years. The pursuit of the issuance of the 404 permits for the Sid Mining Project is extremely important for the project success.
- The projected production tonnages are reasonable based on the reserves associated with the property. Annual mine production based on the proforma is forecasted to be at about 450,000 tons when full production is achieved.

- The estimated selling cost of $70 per ton for 2010 is slightly high based on recent spot coal prices, the projected selling price for subsequent years is reasonable, and projected operating costs are reasonable.
- Estimates of required capital, manpower, and equipment for the surface mine operations are realistic.

Recommendations

The information reviewed by Summit indicates, in the opinion of Summit as set out in the Sid Report, that there exists a coal resource on the Sid Mining Project worthy of additional exploration and further development. The proposed program recommended by Summit is as follows:

- The planned drilling of coreholes PKM-09-06 and PKM-09-01 should be continued within the next six to twelve months after the commencement of mining activity to further define the coal reserve, along with additional drilling as adjacent properties are leased. These will cost approximately $10,000 each;
- Complete to the present date any aspects of the feasibility study work that may require time-dependent revision. The selling price for this coal has most likely changed since the feasibility work was most recently done;
- Ensure that all mine planning and construction is in conformity with current regulations for environmental and reclamation planning;
- The pending permit amendment has been technically approved by the state of Kentucky and is ready to be issued. Bonding should be provided as soon as possible to allow for the issuance of the permit amendment;
- Diligently pursue the issuance of the USACE 404 permit; and
- Proceed with the orderly extraction of the coal reserve in this area.

Laurel Fork (Coty) Mining Project

Set forth in this section is a description of the Laurel Fork Coal Project. The information in this section is, in part, summarized and/or extracted from the NI 43-101 compliant report dated January 20, 2010, prepared by Summit with respect to the Laurel Fork Project (the "**Laurel Fork Report**"). The Laurel Fork Report was prepared by Phillip Lucas, P.E., P.L.S as the qualified person at Summit, in accordance with NI 43-101. Portions of this section are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Laurel Fork Report which is available for review on the System for Electronic Documents Analysis and Retrieval (SEDAR) at www.sedar.com.

Description of Laurel Fork Mining Project

According to the Laurel Fork Report, CDR holds a central lease within the Laurel Fork mining project area of interest (the "**Laurel Fork AOI**"), also located proximate to Hazard, Kentucky. See description below of the "Gayheart Leases". It is expected that the wider Laurel Fork AOI can be leased for minimal coal lease prepayments plus out-of-pocket expenses. The process of obtaining permits for the Laurel Fork AOI is underway.

Extent Of Property

The area covered by the Laurel Fork Report (being the entire Laurel Fork AOI) is bounded to the north by Balls Fork, to the south by State Route 80, to the east by Trace Branch, and to the west by Short Fork and Rock Lick. The Laurel Fork Project is located within Knott County, Kentucky, primarily in the Vest and Carrie USGS quadrangle maps. The seams to be evaluated include the Fireclay (Hazard #4), Hazard #5A, Hazard #7, Hazard #8, Hindman (Hazard #9), and Skyline (Hazard #10). The total project area covers approximately 2500 acres.

According to the Laurel Fork Report, on December 12, 2008, CDR entered into coal and surface leases with a local property owner (the "**Gayheart Leases**"), which give it the right to surface mine certain parcels of the property located in Knott County, Kentucky, located within the Laurel Fork AOI. CDR is obligated to pay certain minimum royalties under these agreements.

Exploration

According to the Laurel Fork Report, in December of 2008, staff of Summit conducted a site visit to the property. There, they reviewed the previous mining which had been conducted on the western portion of the Laurel Fork Project, the proposed mine plan and the proposed backfill plan.

Most of the reserve left in Laurel Fork Project lies in the Hazard #7 seam and below. However, a couple of small areas have been left which may contain the Hazard #8 and above seams. Also, the existing mountaintop removal area located on this permit could enhance the overall mine plan by providing excess spoil storage.

Mineral Resource and Mineral Reserve Estimates

According to the Laurel Fork Report, the following table details the results of Summit's reserve estimation as of the effective date of the Laurel Fork Report within the wider Laurel Fork AOI.

Estimated Reserves & Resources

Seam	Mineral Resource Tons			Mineral Reserve Tons	
	Measured	Indicated	Inferred	Proven	Probable
10	226,088	0	0	192,175	0
9	1,142,145	155,807	0	970,823	132,436
8	2,366,384	1,246,001	75,419	2,011,426	1,059,101
7	0	0	958,070*	0	0
5A	0	0	0	0	0
4	1,000,710	2,029,180	2,307,251	529,802	1,083,201
Sub Total:	**4,735,326**	**3,430,989**	**3,340,740**	**3,704,226**	**2,274,738**
Totals:			**8,166,315**		**5,978,965**

*Note the Hazard #7 seam tons are classified as Inferred Mineral Resource tons due to marginal mining conditions such as seam splitting and varied seam thickness.

Interpretations and Conclusions

Summit reached the following interpretations and conclusions in the Laurel Fork Report:

- Summit's reserve evaluation indicates that there is an excess of eight million measured and indicated resource tons on the property. Approximately 1.7 million tons are controlled under the lease.
- A portion of the reserves on properties pending lease are classified as inferred (resource) tons. With additional exploration, the reserve base may be expanded.
- As of the date of the Laurel Fork Report, no permits have been obtained for this property. Both SMCRA and USACE 404 permitting will be required for the operation. The pursuit of the issuance of the SMCRA and USACE 404 permits for this site is extremely important for the long-term project success.
- About 330,000 tons within the leased properties may be mined without the need of a USACE 404 permit. Adjacent tracts contain about 600,000 tons that may be mined without the need of a USACE 404 permit. These areas will still require a SMCRA permit and the permit process should begin as soon as possible in order to have the permit issued timely. Thus, it could be about 2 years before the need for a USACE 404 permit.
- The projected production tonnages are reasonable based on the reserves associated with the property.
- The estimated selling cost of $70 per ton for 2010 is slightly high based on spot coal prices in July, 2009, the projected selling price for subsequent years is reasonable, and projected operating costs are reasonable;
- Estimates of required capital, manpower, and equipment for the surface mine operations are realistic.

Recommendations

Summit's recommendations as set out in the Laurel Fork Report was that the information as reviewed indicates that there exists a coal resource on this property worthy of additional exploration and further development.

- CDR has allocated approximately $12,000 per month for permitting and other reserve activity, which includes the cost to drill each corehole. These will cost approximately $10,000 each, and additional core drilling should commence as adjacent properties are leased.
- Complete to the present date any aspects of the feasibility study work that may require time-dependent revision. The selling price for this coal has most likely changed since the feasibility work was most recently done.
- Ensure that all mine planning and construction is in conformity with current regulations for environmental and reclamation planning.
- Diligently pursue the additional leases and permit, a lease assignment for affected properties within the permit, as well as obtaining a SMCRA permit and USACE 404 permit for the eastern portion of the property reserve.
- Proceed with the orderly extraction of the coal reserve in this area.

Big Branch Project

On September 30, 2009, CDR completed the acquisition of certain assets and commenced the Big Branch Project, being certain coal and surface leases and was named operator under DSMRE Permit No. 860-0393.

Set forth in this section is a description of the Big Branch Project. The information in this section is, in part summarized and/or extracted from the NI 43-101 compliant report dated January 20, 2010, prepared by Summit with respect to the Big Branch Mining Project (the "**Big Branch Report**"). The Big Branch Report was prepared by Phillip Lucas, P.E., P.L.S., as the qualified person at Summit, in accordance with NI 43-101. Portions of this section are based on assumptions, qualifications and procedures which are not full described herein. Reference should be made to the full text of the Big Branch Report which is available at www.sedar.com.

	US$	C$
Asset acquired		
Mineral resource property	7,000,000	8,451,716
Mining equipment	300,000	321,210
		8,772,926
Consideration		
Cash	1,800,000	1,927,260
Application of non-refundable deposit	500,000	535,350
Secured convertible note	5,000,000	–
Debt portion		4,939,310
Equity portion		414,190
Transaction costs		
Cash		160,606
Finder's fee of 1,652,523 common shares to be issued		796,210
		8,772,926

Description of Big Branch Project

The Big Branch Project is located proximate to Hazard, Kentucky and has the necessary permits for initial production.

Exploration

According to the Big Branch Report, in February of 2009, staff of Summit conducted a site visit to the Big Branch Project. In January of 2010, a follow-up visit was conducted by the staff of Summit. There, they reviewed the previous mining which had been conducted on DSMRE Permit No. 860-0393 within the property, the proposed mine plan and the proposed backfill plan.

Upon review of existing site conditions Summit believes that most of the reserve left in this area lies in the Hazard #5A, 7 and 8 seams. However, one small knob may contain reserves in the 11 seam. Also, the existing mountaintop removal areas located within this permit could enhance the overall mine plan by providing additional areas to place excess spoil.

Drilling

No additional corehole drilling is planned at this time. However additional coreholes will allow for more distinct classification of the reserve, in both the northern area of the property and in possible remaining 11 seam reserves, and for expanding the reserve base in the future.

Mineral Resource and Mineral Reserve Estimates

According to the Big Branch Report, the results of the reserve study for the Cheyenne Project are summarized in the table below:

Estimated Reserves & Resources

	Mineral Resource Tons			Mineral Reserve Tons	
Seam	**Measured**	**Indicated**	**Inferred**	**Proven**	**Probable**
5 Top	477,767	182,881	0	406,102	155,449
5 Middle	928,788	325,328	0	789,470	276,529
5 Bottom	1,351,884	306,816	0	1,149,101	260,794
7	1,492,389	64,913	0	1,268,531	55,176
8 Top	294,674	0	0	250,473	0
8 Middle	505,454	0	0	429,636	0
8 Bottom	398,992	0	0	339,143	0
Sub Total:	**5,449,948**	**879,939**	**0**	**4,632,456**	**747,948**
Totals:			**6,329,887**		**5,380,404**

Other Relevant Data and Information

Mine Planning:

Big Branch started mining in late October, 2009 on the DSMRE Permit No. 860-0393. The operation utilized initially two spreads of equipment. Additional equipment is currently being added to bring a third spread of equipment into production. Production of approximately 33,000 tons in November and 22,000 tons in December were mined and shipped.

According to the Big Branch Report, Big Branch production began in Area H, where current pit operations involve overburden removal and coal extraction in the Hazard #8, Hazard #7 and the Hazard #5A seams. Additional analysis of Area H has identified an additional 141,180 tons in the Hazard #8 seam that is currently being mined and with its extraction exposes and makes available the underlying Hazard #7 seam and subsequently the Hazard #5A seam. Further analysis of Area H has identified total recoverable tons of approximately 1.3 million tons which, at the current rate of planned extraction should last approximately one and half years. Prior to full extraction in Area H, mining will begin in Area B and subsequently Area A and then Area E. The tons available in Area E will increase significantly by approximately 1.5 million tons with additional permitting that is currently proceeding and on schedule to be issued by the end of 2010. An additional area to the north, Area G, is controlled by CDR and is estimated to contain in excess of an additional 5 million tons. Area G is also in the process of being permitted, which permit is estimated to be issued in late 2012, several years before mining is projected to begin in that area.

Interpretations and Conclusions

Summit reached the following interpretations and conclusions with respect to the Big Branch Project:

- Summit's reserve evaluation indicates that there is in excess of five million proven or probable reserve tons on the Big Branch Project.
- This reserve base is classified entirely as proven or probable reserve tons. With additional exploration for the Hazard #11 seam and in surrounding areas, the reserve base may be expanded.
- The acquisition and pending amendment of the Cheyenne permit may provide the required proforma production through 2011 with only the need to transfer the permit. Thus, it could be about 18 months before the need for a Kentucky DNR or USACE 404 permit.
- Additional SMCRA and USACE 404 permitting will be required for future operations. The pursuit of the issuance of the DNR and USACE 404 permits for this site is extremely important for the long-term success of the Big Branch Project. However, existing excess spoil fill and mountain-top removal areas may allow for mining to continue in excess of 18 months while USACE 404 permits are being pursued. Thus additional USACE 404 permits are required to streamline operations on future permits, but the lack thereof may not prevent mining from occurring.
- The projected production tonnages are reasonable based on the reserves associated with the Big Branch Project. Annual mine production based on the proforma supplied by CDR is forecasted to be at about 1,200,000 tons when full production is achieved.
- The 2010 sales estimate of $67 per ton is consistent with competitors whose forward sales prices range from $60 per ton to approximately $70 per ton for 2010. Projected coal sales prices for 2011 through 2012 for $74 to $78 appear reasonable. The DOE reports spot coal prices as of January 8, 2010, for Central Appalachia, 12,500 BTU, 1.2 SO2 coals at $57.95 per ton and the NYMEX has Central Appalachia coal futures at $58.03 per ton as of January 8, 2010.
- Estimates of required capital, manpower, and equipment for the surface mine operations are realistic.

Recommendations

Summit's recommendations as set out in the Big Branch Report was that the information as reviewed indicates that there exists a coal resource on the Big Branch Project worthy of additional exploration and further development.

- CDR has allocated approximately $12,000 per month for permitting and other reserve activity, which includes the cost to drill each corehole. These will cost approximately $10,000 each, and additional core drilling should commence as adjacent properties are leased.
- Complete to the present date any aspects of the feasibility study work that may require time-dependent revision. The selling price for this coal has most likely changed since the feasibility work was most recently done.
- Ensure that all mine planning and construction is in conformity with current regulations for environmental and reclamation planning.
- Diligently pursue obtaining a SMCRA permit and USACE 404 permit for the northern portion of the property reserve.

Risks and Uncertainties

The Company has not yet demonstrated profitable production at its Big Branch property and if additional funding is required to finance its operations and the exploration of mineral resource properties, there is substantial doubt as to the Company's ability to continue as a going concern. The Company is actively seeking to raise the necessary capital to meet its funding requirements. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks and the possible failure to obtain mining licenses.

The Company is exposed to commodity price risk with respect to coal and commodity prices. A significant decline in metal commodity prices may affect the Company's profitability from existing operations and its ability to obtain capital for the exploration and development of its mineral resource properties.

Results of Operations

Three and Nine month periods ended September 30 2009

The Company was engaged in the acquisition and development of mining properties, with an increased focus on coal properties in Kentucky. Its activities resulted in the acquisition of the Big Branch property in Kentucky, which subsequently was put into operation and producing coal in October, 2009. The results of operations for the three and nine month periods ended September 30, 2009 are addressed earlier in this document under the headings 'Summary and Analysis of Financial Operations of CDR' and under 'Management Discussion and Analysis of Operating Results and Financial Condition of CDR.'

During the three months ended September 30, 2009 the Company incurred a loss of $949,231 compared to a loss of $515,532 in the same period of the prior year.

For the nine months ending September 30, 2009 the net loss was $2,450,649 compared to the $660,967 in the same period of the prior year. The most significant expenses for the nine month periods were: management and consulting - $1,514,612 (2008 - $448,278); financing costs - $169,200 (2008 – nil; travel - $155,134 (2008 - $85,133); general and administration - $141,585 (2008 - $16,304); and stock-based compensation of $110,079 (2008 - $358,245). The foreign exchange impact of the fluctuating US dollar resulted in a loss of $112,237 in 2009 compared to a gain of $ 316,707 in the same period of 2008.

Year ended December 31, 2008

During the year ended December 31, 2008, the Company continued its review and evaluation of nickel properties in Quebec, and expanded its interest to include coal properties in Kentucky, USA. As a result, the Company increased its investment in mineral exploration properties by over $4 million dollars, from $614,947 at December 31, 2007 to $4,624,560 at December 31, 2008. In Quebec the Company incurred additional acquisition costs of nickel exploration properties of $515,256, and exploration costs of $778,324. The Company acquired the Frigon property, and subsequently decided to abandon it, resulting in a write-off of $36,001.

The Company acquired two coal properties in Kentucky and incurred due diligence costs related to evaluating a third coal property. Exploration costs totalling $304,267 were incurred on the three coal properties. The Candle Ridge property was acquired in August 2008 and subsequently abandoned after due diligence resulting in a write-off of $284,795. The Sid Mining Project was put under option to purchase in October 2008 and exploration activities conducted, resulting in mineral properties cost of $2,547,755 at December 31, 2008. Additional information regarding the properties is available in other sections of this report.

The Company's focus on the evaluation and acquisition of mineral properties in 2008 resulted in a net loss of $937,653 (2007 - $583,230). Expenses of $1,874,431 (2007 - $658,905) were partially offset by earning interest income of $28,254 and recording foreign exchange gains of $908,524, which resulting from its US dollar denominated net assets. Significant expenses resulting from the focus on evaluating and acquiring properties included: mineral property write-off of $320,796 (2007 – nil); travel of $154,770 (2007 – $44,980); management and consulting of $794,027 (2007 - $100,199); and stock-based compensation of $443,996 (2007 - $467,331).

Period from August 27, 2007 to December 31, 2007

The Company was incorporated on August 27, 2007 as an exploration stage company focused on identifying, acquiring and developing base metal and coal properties. During the period from incorporation through December 31, 2007, the Company acquired two Quebec nickel properties known as Grenville and Haut Plateau. Combined acquisition costs and subsequent exploration costs in 2007 were $552,141 and $62,806, respectively. Additional information regarding these properties is contained in the notes to the consolidated financial statements for the year ended December 31, 2008 and for the period from August 27, 2007 to December 31, 2007.

In October 2007 the Company closed a private placement of 22,610,000 common shares at a price of $0.25 per with finder fees of $308,979 paid in cash.

The Company's expenses during the period from incorporation to December 31, 2007 consisted primarily of consulting and professional fees ($121,662), travel ($44,980), general administrative expenses ($24,208), and stock-based compensation ($467,331). The Company incurred a loss of $658,905 before earning interest income of $146 and recording a foreign exchange gain of $75,529. The net loss for the period was $583,230 or $0.03 per common share.

Discussion of Three Month Period ended December 31, 2008

During the quarter ended December 31, 2008, the Company incurred expenses of $870,847 before recording foreign exchange gains of $591,817 and interest income of $2,344, resulting in a net loss for $276,686. The most significant expenses in the quarter were: management and consulting - $345,749; stock-based compensation - $85,751; travel - $69,637; general and administration - $40,344; and the write-off of the Candle Ridge mineral property- $284,795.

Liquidity and Capital Resources

Up to September 30, 2009, the Company was not in commercial production on any of its mineral resource properties and, accordingly, the Company had no revenues and financed its operations by raising capital in the equity and debt markets. In October 2009, the Company commenced operations at its Big Branch property and generates revenue from the sale of coal.

On September 30, 2009, the Company received loan proceeds of US$4,300,000 from Juno, a company related to it by virtue of a common officer and director, and had working capital of $195,653, which included cash and term deposit of $3,864,562 and current portion of long-term debt of $2,856,093.

The Company is committed to make the following payments during the next year to retain its interests in its mineral resources properties:

Property	Nature of payment	Amount $	Due date
Grenville and Haut Plateau	Option payment	100,000 and 200,000 Shares	July 16, 2010

The Company will continue to finance the exploration of is mineral property interest by raising capital in the equity and debt markets.

The Company is committed to make the following payments during the next year with respect to notes payable and equipment leases at September 30, 2009:

	Nature and amount of payment
Note payable	Quarterly payments of US$500,000 commencing on March 31, 2010 with the outstanding balance of US$3,300,000 on March 31, 2011
	Monthly royalty payments of US$2.00 per short ton of coal mined, subject to a minimum of US$150,000 per month, up to an aggregate maximum of US$5,300,000
Equipment leases	US$232,677 per month

The Company anticipates that its coal mining operations at Big Branch will generate sufficient cash flow to meet the payment obligations under the note payable and equipment lease payments. The Company may, if appropriate, seek to raise additional funds to repay the note payable.

On December 18, 2009, the Company retained an agent, on a best efforts basis, in connection with a proposed private placement of up to 40,000,000 units at a price of $0.50 per unit for gross proceeds of up to $20,000,000 (the "**Private Placement**"), subject to an overallotment option for up to an additional 6,000,000 units for gross proceeds of up to $3,000,000. Each Unit will consist of one common share and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder to purchase one common share for $0.60 for two years from the date of the closing of the Private Placement. In connection with the Private Placement, the Company will pay a commission of 7% of the gross proceeds from subscriptions received from the agent and 2% of the gross proceeds from subscriptions received from certain other investors; issue broker warrants equal to 7% of the number of units sold for subscriptions received from the agent and 2% of the number of units sold for subscriptions received from certain other investors, and pay all the agent's expenses of the Private Placement, whether or not the Private Placement is completed. Each broker warrant entitles the holder to purchase one share at a price of $0.50 for two years from the date of the closing of the Private Placement. The closing of the Private Placement is scheduled to occur immediately prior to closing of the Amalgamation. The net proceeds of the Private Placement will be used for debt repayment, equipment purchases, acquisitions and general working capital purposes.

Related Party Transactions

	Nine months ended September 30 $	Outstanding as at September 30, 2009 $
Management and consulting fees		
Griffis International Limited, a company controlled by Arthur Thomas Griffis, chairman and director for office and administrative services	189,000	Nil
Mineral property interests		
Juno, a company owning greater than 20% of CDR, for office and representation service in United Kingdom.	48,424	Nil
PKM Holdings LLC, a company controlled by Peter Moran, COO of CDR as a finder's fee on the Big Branch acquisition, expected to be settled with approximately 1,652,523 common shares.	796,210	796,210

During the year Juno Special Situations Corporation advanced funds to the Company as noted in Note 6 of the September 30, 2009 financial statements of the Company.

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

Proposed Transactions

See "Overall Performance-Reverse takeover transaction".

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components capitalized or expensed exploration and development costs and general expenses of the Company for the periods indicated.

Capitalized exploration and development costs

	December 31, 2008	Acquisition Cost	Exploration	Writedown	September 30, 2009
	$	$	$	$	$
Quebec nickel properties					
Grenville	1,230,434	–	386,285	–	1,616,719
Haut Plateau	637,837	–	481,827	–	1,119,664
Lac Pegma	4,255	–	–	–	4,255
	1,872,526	–	868,112	–	2,740,638
US coal properties					
SID	2,547,755	86,699	18,513	–	2,652,967
Coty	204,279	8,722	35,126	–	248,127
Candle Ridge	–	24,538	14,598	(39,136)	–
Big Branch	–	8,508,460	26,473	–	8,534,933
	2,752,034	8,628,419	94,710	(39,136)	11,436,027
	4,624,560	8,628,419	962,822	(39,136)	14,176,666

	Nine months ended September 30, 2009	2008
	$	$
Expenses		
Premises	37,748	-
Promotion	37,119	-
Insurance	13,918	-
Office	52,799	16,304
Total	**141,584**	**16,304**

Critical Accounting Estimates

Mineral resource properties

Costs relating to the acquisition, exploration and development of mineral property interests are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The cost of mineral property interests includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral property interests is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The amount shown for mineral resource properties does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

Stock-based compensation

Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

Changes In Accounting Policies Including Initial Adoption

On January 1, 2009, the Company adopted CICA Handbook Section 3031, "Inventories", which replaced Section 3030. The new standard requires that inventories be measured at the lower of cost and the net realizable value, provides guidelines on determining cost, prohibits the use of the last-in, first-out method (LIFO) and requires the reversal of a previous write-down when the value of inventories increases.

On January 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

The adoption of these new standards did not have an effect on the Company's financial statements.

Future Changes in Accounting Policies

On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". The new standard establishes standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquire and goodwill acquired in a business combination.

On January 1, 2011, the Company will adopt CICA Handbook Sections 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests", which together, will replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602, establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company is in the process of evaluating the requirements of the new standards.

International Financial Reporting Standards ("IFRS"):

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian generally accepted accounting principles will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS commencing with the interim financial statements for the 3 months ended June 30, 2012. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Provisions, including asset retirement obligations
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS:

Initial analysis of key areas for which changes to accounting policies may be required	In progress, expected to be completed by March 2010
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 2010 - Q1 2011

Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2010 – Q2 2011
Management and employee education and training	Throughout the transition process
Quantification of the financial statement impact of changes in accounting policies	Throughout 2011

Financial Instruments and Other Instruments

Fair value

The carrying value of cash, term deposit, accounts payable and accrued liabilities and the current portion of notes payable and convertible notes approximates fair value due to the short-term nature of these financial instruments. The investment in a private company is classified as available-for-sale and is carried at its acquisition cost. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

Risk disclosures

The main risks the Company's financial instruments are exposed to are credit, liquidity, and market risk (including currency and interest rate risk) each of which is discussed below.

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and term deposit.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in note 12 to the consolidated financial statements.

Accounts payable and accrued liabilities, notes payable of $1,606,050 and the convertible notes of $1,250,040 are due within the next 12 months.

Market risk

Market risk is the risk of less that may arise from changes in market factors, such as foreign exchange rates and interest rates.

(a) Foreign currency risk

The Company operates in Canada and the US giving rise to market risks from changes in foreign exchange rates. The Company periodically monitors foreign exchange rates, though it has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates. A ten percent (10%) fluctuation in the foreign exchange rate, based on the Company's foreign denominated financial instruments as of September 30, 2009, would result in a foreign exchange gain in the case of a decrease in the exchange rates or a loss in the case of an increase in the rates of approximately $575,000 (December 31, 2008 - $175,000).

(b) Interest rate risk

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Restricted cash held by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. Cash and restricted cash are invested in high grade, highly liquid instruments and as such the Company manages its exposure to potential interest rate fluctuations to short term. A 1% fluctuation in the floating interest rate would affect the profitability of the Company by an immaterial amount.

OTHER INFORMATION

Shares Outstanding at January 19, 2010

Shares

Authorized:

Unlimited number of common shares.

Unlimited number of special shares issuable in series.

Outstanding:

55,553,483 common shares.

Warrants

Outstanding:

Exercise price	Number of warrants	Expiry date
$0.50	89,090	November 28, 2010
$1.00 until November 28, 2009 and $1.25 until November 28, 2010	636,362	November 28, 2010
US$0.50	833,334	June 25, 2011
US$0.50	50,000	July 7, 2011
US$0.50	30,000	July 10, 2011
US$0.50	2,241,111	July 15, 2011
US$0.50	284,511	October 13,2011
US$0.50	1,200,000	October 15, 2011
$0.50	1,000,000	October 21, 2011
US$0.50	20,300	November 2, 2011
	8,664,708	

Stock options

Authorized:

The Company has a stock option plan, under which, the Company may grant an unlimited number of stock options.

Outstanding:

Exercise price	Number of options	Expiry date
US$0.25	100,000	September 30, 2010
US$0.25	519,600	October 25, 2010
US$0.25	1,225,000	October 25, 2010
$0.25	2,400,000	October 25, 2012
$0.50	1,475,000	August 14, 2013
$0.50	1,250,000	November 16, 2014
$0.50	2,000,000	November 6, 2014
$0.50	825,000	December 10, 2014
	9,794,600	

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com under the profile of Amalfi Capital Corporation.