Corsa Coal Corp.

Management's Discussion and Analysis

December 31, 2015

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For the year ended December 31, 2015

The purpose of the Corsa Coal Corp. ("Corsa") Management's Discussion and Analysis ("MD&A") for the three and twelve months ended December 31, 2015 is to provide a narrative explanation of Corsa's operating and financial results for the period, Corsa's financial condition at the end of the period and Corsa's future prospects. This MD&A is dated as of March 30, 2016 and is intended to be read in conjunction with the audited consolidated financial statements at and for the years ended December 31, 2015 and 2014 and the related notes thereto. Unless otherwise stated, references in this MD&A to "Fourth Quarter 2015" means the three months ended December 31, 2015; "Fourth Quarter 2014" means the three months ended December 31, 2014; "2015" means the year ended December 31, 2015; and "2014" means the year ended December 31, 2014. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all dollar amounts in this MD&A are expressed in United States dollars and all ton amounts are short tons (2,000 pounds per ton). Please refer to "Forward-Looking Statements".

Profile

Corsa is one of the leading United States suppliers of premium quality metallurgical coal, an essential ingredient in the production of steel and high quality thermal and industrial coal used by transportation-advantaged customers in the Southeast region of the United States. Corsa's core business is supplying metallurgical coal with the highest safety, yield, and strength characteristics to domestic steel producers while being a strategic source of supply in the Atlantic and Pacific basin markets. As of the date of this MD&A, Corsa produces coal from six mines and one development mine, operates two preparation plants, and has approximately 418 employees. Corsa is listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO".

The coal operations are conducted through the Northern Appalachia Division ("NAPP") and the Central Appalachia Division ("CAPP"). NAPP is based in Somerset, Pennsylvania, U.S.A. and is primarily focused on metallurgical coal production in the states of Pennsylvania and Maryland. Corsa markets and sells its NAPP coal to customers in North America, Europe, South America, and Asia. See "NAPP Operations" below. CAPP is based in Knoxville, Tennessee, U.S.A. and is focused on thermal and industrial coal production in the Central Appalachia coal region and sales in the southeastern region of the United States. See "CAPP Operations" below.

Fourth Quarter 2015 and Full Year 2015 Highlights

- Despite a challenging coal pricing environment, Corsa achieved positive adjusted EBITDA(1) of $222,000 and $2,022,000 at its Northern Appalachia Division ("NAPP") for the three and twelve months ended December 31, 2015, respectively, $575,000 and $4,058,000 at its Central Appalachia ("CAPP") Division for the three and twelve months ended December 31, 2015, respectively, and $14,000 and $1,667,000 on a consolidated basis for the three and twelve months ended December 31, 2015.
- NAPP productivity improvements and cost reduction efforts have been successful in outpacing the decline in average realized coal prices, with the cash production cost per ton sold(1) for metallurgical coal decreasing over 20% [from $84.87 to $67.68] in 2015 compared to 2014 versus a 17% decline in average realized sales price per ton sold [from $92.39 to $77.11] year over year. These efforts led to cash operating margin and adjusted EBITDA rising in 2015 versus 2014 levels.
- Corsa's operations continue to achieve industry leading safety performance, with violation per inspection day rates that are 50% lower than the national average.
- NAPP continues to aggressively manage its cost structure. With the exception of the Horning Mine, the mines idled during the first quarter 2015, as well as other inactive deep mining operations, were sealed in an effort to significantly reduce idle mine costs. NAPP incurred idle mine costs of $2,939,000 during 2015, which is expected to dramatically decline in 2016 as a result of these mines being sealed. Additionally, Corsa successfully consolidated its coal processing plants in the second quarter 2015 and again during the fourth quarter 2015, resulting in significant operating cost savings. Successful efforts have been undertaken to reduce general and administrative expenses, reclamation and water treatment expenses at NAPP, and general and administrative expenses at Corsa's Corporate Division.
- CAPP has also substantially completed the mine development for the Cooper Ridge Deep Mine which is expected to enter full production during the second quarter of 2016. This mine is expected to strategically reposition CAPP into the specialty coal and industrial coal markets which typically generate premium pricing.
- Over the course of 2015, Corsa restructured its senior management team by appointing Peter Merritts to the role of President - NAPP and appointing Kevin Harrigan to the role of Chief Financial Officer and Corporate Secretary.
- In October 2015, Corsa raised $7.25 million from its three significant institutional investors by way of a non-brokered private placement of common shares to fund working capital and for general corporate purposes.

- In March 2016, Corsa raised $8 million from its largest three investors as well as its senior lender by way of a non-brokered private placement of common shares to fund working capital and for general corporate purposes.

- Key Operating Metrics:

(in thousands except per ton amounts)	For the three months ended December 31, 2015 NAPP	For the three months ended December 31, 2015 CAPP	For the year ended December 31, 2015 NAPP	For the year ended December 31, 2015 CAPP
Tons sold	171	149	740	761
Realized price per ton sold(1)	$ 69.15	$ 65.18	$ 77.11	$ 66.53
Cash production cost per ton sold(1)	62.11	56.19	67.68	57.53
Cash margin per ton sold(1)	$ 7.04	$ 8.99 $	$ 9.43	$ 9.00

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Guidance

Guidance for the year ended December 31, 2016 is as follows:

- Total sales of 1,525,000 to 1,825,000 tons.
- NAPP Division sales of 850,000 to 1,050,000 tons, including metallurgical coal sales guidance of 600,000 to 700,000 tons and thermal coal sales guidance of 250,000 to 350,000 tons. See "Coal Pricing Trends and Outlook – NAPP Division" below.
- CAPP Division sales of 675,000 to 775,000 tons of thermal and industrial coal. See "Coal Pricing Trends and Outlook – CAPP Division" below.
- NAPP Division cash production cost per ton sold(1) for metallurgical coal of $57 to $62.
- NAPP Division cash production cost per ton sold(1) for thermal coal of $32 to $37.
- CAPP Division cash production cost per ton sold(1) for thermal coal of $56 to $61.

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Coal pricing Trends and Outlook

NAPP Division

Current metallurgical coal prices remain at depressed levels where a substantial amount of global production is uneconomic. This situation arose as a result of global producers committing to multi-billion dollar projects in a significantly higher price environment. Large scale mines often take three or more years from final investment decision to first production. New supply came online over 2013 and 2014, a period where demand growth softened. This supply growth is expected to mitigate in 2016 as the pipeline of growth projects is exhausted and prices are insufficient to incentivize new production. Corsa expects that over time, the fundamentals of the metallurgical coal market will rebalance as supply growth ends and production cutbacks are implemented.

Weak Chinese demand for imported metallurgical coal, in combination with a strong U.S. dollar and low dry bulk freight rates, have put downward pressure on seaborne metallurgical coal pricing. The first quarter 2016 coking coal benchmark pricing decreased to $81.00 per metric ton, representing a decrease of approximately 9% from the fourth quarter of calendar 2015 and a year-over-year decrease of approximately 31%. The first quarter price is the second time the benchmark settlement was below $90 per metric ton since 2004, on a nominal basis, and represents a point on the cost curve where analysts estimate over half of the global seaborne production is unprofitable.

As metallurgical coal production is rationalized in places like China, Western Canada, Australia and the United States, Corsa expects the seaborne metallurgical coal fundamentals to normalize. Domestically, severe financial distress has caused high profile bankruptcies in 2015 and may lead to additional supply cuts in the near future. This situation has also created an environment where producers are deferring capital expenditures, not reinvesting in reserves or permitting efforts, and are highly vulnerable to supply disruptions. For these reasons, Corsa believes that the domestic market is poised to rebound faster than the international seaborne market. Corsa's geographic proximity to over 50% of domestic coke production capacity and short rail distance and multiple options to access the Baltimore export terminals solidify Corsa's ability to take advantage of any recoveries in coal pricing.

Corsa's metallurgical coal sales in 2016 from its NAPP Division are expected to be in the range of 600,000 to 700,000 tons. Approximately 46% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions. Vessel nominations for export sales are determined by customers and concluded on a month-by-month basis. Corsa has the ability to produce and sell significantly more tons of metallurgical coal in 2016, should market conditions improve.

Corsa's thermal coal sales in 2016 from its NAPP Division are expected to be in the range of 250,000 to 350,000 tons. Approximately 50% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions.

CAPP Division

Current Southeastern U.S. utility market thermal coal spot pricing declined 25% over the course of 2015. As a result, much of the Central Appalachia coal production is uneconomic. Corsa expects utility coal demand for Central Appalachia production to decrease in 2016. Conversely, industrial thermal demand grew 4% year over year for 2015 and Corsa expects industrial demand to grow in 2016.

The CAPP mineral reserve base exclusively consists of high BTU and high carbon content coal. These unique qualities, combined with advantaged logistics, set CAPP apart from other producers and create a niche in the utility and industrial marketplace. As a result, despite thermal supply outpacing demand in 2015, CAPP has been successful in maintaining a high level of contracted sales for the future.

CAPP will continue to target the industrial market segment as it transitions from a utility supplier to an industrial supplier during 2016. The opening of the Cooper Ridge mine will position CAPP to service the industrial specialty coal markets. These specialty markets are well suited for CAPP's coal qualities and relatively protected from natural gas prices and historically reflect higher pricing than the thermal markets.

The CAPP Division coal sales for 2016 are expected to be in the range of 675,000 to 775,000 tons. Approximately 55% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions.

PBS Coals Transaction

On August 19, 2014, Corsa completed the purchase of all of the outstanding shares of PBS Coals Limited ("PBS") from a wholly-owned subsidiary of OAO Severstal. The primary purpose of the acquisition was to continue Corsa's growth strategy focusing on low-volatile metallurgical coal and to secure additional infrastructure, operating capacity and reserves of low-volatile metallurgical coal.

The PBS operations are located adjacent to Corsa's other NAPP operations. Based in Somerset County, Pennsylvania, PBS commenced production in 1963 and was acquired by OAO Severstal in 2008. Its operations at August 19, 2014 included thirteen developed mines (three of which were active) and two preparation plants with access to both the CSX and NS rail lines. PBS is located 60 miles from Pittsburgh and 170 miles from the Port of Baltimore and its coal brands are well recognized by long-standing domestic and international customers.

Corsa has combined the PBS operations into the NAPP operations to take advantage of a newly created, centrally located management team and infrastructure that has resulted in significant cost savings for the combined entity. Given the varying chemical characteristics of the coal assets of the NAPP Division, Corsa will take advantage of coal blending opportunities to further differentiate and tailor its low-volatile metallurgical coal product to customer's specifications. Integration efforts have reduced operating costs, increased utilization of existing infrastructure, upgraded equipment, and improved mine planning for the larger portfolio of mines.

Full details of the PBS Transaction are included in Corsa's Management Discussion and Analysis for the year ended December 31, 2014. Corsa filed a technical report compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") for the acquired operations of PBS on October 14, 2014 and a business acquisition report in respect of the PBS Transaction on November 3, 2014. Both filings are available under Corsa's profile on www.sedar.com.

Financial and Operations Summary

Financial Summary

(in thousands)	For the three months ended December 31, 2015	2014[1]	Variance
Revenue	$ 26,564	$ 51,235	$ (24,671)
Cost of sales	(129,650)	(70,020)	(59,630)
Gross margin	(103,086)	(18,785)	(84,301)
Corporate and administrative expense	(2,999)	(3,307)	308
Loss from operations	(106,085)	(22,092)	(83,993)
Net finance (expense) income	(1,225)	215	(1,440)
Other (expense) income	(154)	(191)	37
Bargain purchase gain	—	—	—
Loss before tax	(107,464)	(22,068)	(85,396)
Income tax expense (recovery)	(1,110)	137	(1,247)
Net and comprehensive (loss) income for the period	$ (106,354)	$ (22,205)	$ (84,149)
EBITDA[2]	$ (92,933)	$ (10,343)	$ (82,590)
Adjusted EBITDA[2]	$ 14	$ (7,453)	$ 7,467
Cash provided by (used in) operating activities	$ (2,517)	$ 9,796	$ (12,313)

(in thousands)	For the year ended December 31, 2015	2014[1]	Variance
Revenue	$ 129,342	$ 140,547	$ (11,205)
Cost of sales	(262,573)	(155,935)	(106,638)
Gross margin	(133,231)	(15,388)	(117,843)
Corporate and administrative expense	(15,514)	(11,092)	(4,422)
Loss from operations	(148,745)	(26,480)	(122,265)
Net finance (expense) income	(6,528)	(16,395)	9,867
Other (expense) income	1,902	(2,082)	3,984
Bargain purchase gain	—	3,459	(3,459)
Loss before tax	(153,371)	(41,498)	(111,873)
Income tax expense (recovery)	(382)	1,654	(2,036)
Net and comprehensive (loss) income for the period	$ (152,989) $	$ (43,152) $	$ (109,837)
EBITDA[2]	$ (114,492)	$ (14,527)	$ (99,965)
Adjusted EBITDA[2]	$ 1,667	$ 5,295	$ (3,628)
Cash provided by (used in) operating activities	$ 8,981	$ (14,194)	$ 23,175

Operations Summary

(in thousands)	For the three months ended December 31, 2015	2014	Variance
Coal sold - tons			
NAPP - metallurgical coal	171	317	(146)
CAPP	149	233	(84)
Total	320	550	(230)
Realized price per ton sold(2)			
NAPP - metallurgical coal	$ 69.15	$ 88.76	$ (19.61)
CAPP	$ 65.18	$ 68.89	$ (3.71)
Cash production cost per ton sold(2)			
NAPP - metallurgical coal	$ 62.11	$ 94.21	$ (32.10)
CAPP	$ 56.19	$ 57.95	$ (1.76)
Cash margin per ton sold(2)			
NAPP - metallurgical coal	$ 7.04	$ (5.45)	$ 12.49
CAPP	$ 8.99	$ 10.94	$ (1.95)
Adjusted EBITDA(2)			
NAPP	$ 222	$ (8,578)	$ 8,800
CAPP	575	2,244	(1,669)
Corporate	(783)	(1,119)	336
Total	$ 14	$ (7,453)	$ 7,467

(in thousands)	For the year ended December 31, 2015	2014[(1)]	Variance
Coal sold - tons			
NAPP - metallurgical coal	740	718	22
CAPP	761	924	(163)
Total	1,501	1,642	(141)
Realized price per ton sold[(2)]			
NAPP - metallurgical coal	$ 77.11	$ 92.39	$ (15.28)
CAPP	$ 66.53	$ 67.95	$ (1.42)
Cash production cost per ton sold[(2)]			
NAPP - metallurgical coal	$ 67.68	$ 84.87	$ (17.19)
CAPP	$ 57.53	$ 57.33	$ 0.20
Cash margin per ton sold[(2)]			
NAPP - metallurgical coal	$ 9.43	$ 7.52	$ 1.91
CAPP	$ 9.00	$ 10.62	$ (1.62)
Adjusted EBITDA[(2)]			
NAPP	$ 2,022	$ 917	$ 1,105
CAPP	4,058	7,746	(3,688)
Corporate	(4,413)	(3,368)	(1,045)
Total	$ 1,667	$ 5,295	$ (3,628)

[(1)] The results of PBS are included from the date of acquisition. See "PBS Transaction" above for additional details.
[(2)] This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Segment Analysis

NAPP Operations

NAPP's core business is producing and selling low volatile metallurgical coal used for the production of coke from its mines in the Northern Appalachia coal region of the United States. The coal mined is sold to international and domestic steel producers, as well as other coal companies for blending, via railroad, trucking and barge. In addition to the mines currently in production, NAPP has a significant pipeline of projects which it anticipates developing pending the recovery of metallurgical coal prices.

NAPP is centrally located in and around Somerset, Pennsylvania, approximately 60 miles from Pittsburgh, Pennsylvania, and operates in Pennsylvania and Maryland. NAPP ships coal to customers by rail, truck and barge. The preparation plants have access to both CSX and NS rail lines and can access the Eastern Seaboard ports such as the Port of Baltimore which is 170 miles away. The location of NAPP is also consistent with Corsa's strategy to provide a competitively lower delivered cost to key customers, including steel mills around Pittsburgh, the Great Lakes regions and Canada.

Mines

NAPP currently operates the Casselman Mine, an underground mine utilizing the room and pillar mining method; the Quecreek Mine, an underground mine utilizing the room and pillar mining method; the Ash Mine, a surface mine utilizing contour and high wall mining methods and the Rhoads Mine, a surface mine utilizing contour mining methods. The Casselman Mine is located in Garrett County, Maryland and all of the other mines are located in Somerset County, Pennsylvania. The Quecreek Mine was temporarily idled on March 12, 2015 in order to manage existing inventory levels and to maximize the future value of the reserve base. Production at the Quecreek Mine resumed on May 19, 2015 after Corsa secured a long-term thermal coal contract. In early

January 2015, both the Kimberly Run Mine, an underground mine, and the Barbara B Project, an underground development project, both located in Somerset County, Pennsylvania were idled. The Kimberly Run Mine was nearing the exhaustion of its economic reserve life and was NAPP's highest cost per ton underground operation in 2014. The Barbara B Project was being developed for future commercial production. Certain personnel and equipment from these mines were transferred to the Casselman and Quecreek Mines, which are NAPP's lowest cost per ton underground operations. The Kimberly Run Mine has been permanently closed and was sealed in June 2015. On September 12, 2015 all NAPP mining operations were temporarily idled to manage inventory levels. The idle period lasted three weeks with production resuming on October 5, 2015. On December 18, 2015 all NAPP mining operations were temporarily idled to manage inventory levels. The idle period lasted two weeks with production resuming on January 3, 2016.

Preparation plants

NAPP currently operates one preparation plant and has two preparation plants that have been temporarily idled in response to market conditions. The raw metallurgical coal produced from the mines is trucked to the preparation plants where it is processed or "washed" using conventional coal processing techniques and stored for shipping. All plants have load out facilities adjacent to a rail line. Coal is usually shipped by rail; however, it can also be shipped by truck. All of the preparation plants are located in Somerset County, Pennsylvania. The Cambria Plant has an operating capacity of 325 tons of raw coal per hour, storage capacity for 120,000 tons of clean coal and 180,000 tons of raw coal and load out facilities adjacent to a CSX rail line. The Shade Creek Plant has an operating capacity of 450 tons of raw coal per hour, storage capacity for 120,000 tons of clean coal and 125,000 tons of raw coal and load out facilities adjacent to a NS line. The Rockwood Plant has an operating capacity of 325 tons of raw coal per hour and load out facilities adjacent to a CSX rail line. The Rockwood Plant was temporarily idled on May 1, 2015 in order to consolidate clean coal production at the Cambria and Shade Creek Plants. The Shade Creek Plant was idled on October 23, 2015 in order to consolidate clean coal production to the Cambria Plant.

Projects

NAPP has several significant projects which are in various stages of permitting and development.

Name	Type of Mine	Status
Rhoads Project	Surface	Permitted
Acosta Deep Project	Underground	Permitted
Horning D Project	Underground	Permitted
A Seam Project	Underground	Permitted
Keyser Project	Underground	Permit in Process
Acosta 4 Project	Surface	Permitted
Barbara B Project	Underground	Permitted

NAPP Operating Results

Quarter

In Fourth Quarter 2015, NAPP operated two underground mines (the Casselman and Quecreek Mines), two surface mines (the Ash and the Rhoads Mines) and two preparation plants (the Cambria and Shade Creek Plants).

In Fourth Quarter 2014, NAPP operated three underground mines (the Casselman, Quecreek and Kimberly Run Mines) and three surface mine (the Ankeny, Ash and Semlesberger Mines).

The metallurgical coal sold decreased by 146,000 tons from Fourth Quarter 2014 due to the timing of export shipments and the idling of the operations to manage inventory levels in response to the general market conditions.

The realized price per ton sold decreased $19.61 in the fourth quarter 2015 as compared to the prior year comparable quarter due to a less favorable domestic and export sales mix, and an overall decrease in sales price as a result of the global oversupply of metallurgical coal. See "Non-GAAP Financial Measures" below.

The cash production cost per ton sold decreased by $32.11 in the fourth quarter 2015 as compared to the prior year comparable quarter due to Corsa's recent investment in mining equipment and continued focus on managing production costs. See "Non-GAAP Financial Measures" below.

Corsa expects ongoing productivity improvements to continue to lower its mining cost structure. As previously announced, Corsa idled two of its higher cost mines in the first quarter 2015, the Rockwood preparation plant in the second quarter 2015, as well as the Shade Creek Plant in the fourth quarter 2015 and shifted resources to the most productive mines and plants. In conjunction with these actions, Corsa also implemented a reduction in workforce in January 2015. On December 18, 2015 all NAPP mining operations were temporarily idled to manage inventory levels. The idle period lasted two weeks with production resuming on January 3, 2016. Corsa plans to continue to review its assets and infrastructure over the course of the coming year to lower operating costs, effectively manage idle mine and plant costs and be in a position to respond to the changing market conditions.

Twelve Months

The metallurgical coal sold increased 22,000 tons in the twelve months ended December 31, 2015 as compared to the prior year comparable period due to additional production from the Casselman Mine and the inclusion of PBS operations from the date of acquisition.

The realized price per ton sold decreased by $15.28 from 2014 to 2015 due to a less favorable domestic and export sales mix and an overall decrease in sales price as a result of the global oversupply of metallurgical coal. See "Non-GAAP Financial Measures" below.

The cash production cost per ton sold decreased by $17.19 from 2014 to 2015 due to Corsa's recent investment in mining equipment and continued focus on managing production costs. See "Non-GAAP Financial Measures" below.

Corsa expects ongoing productivity improvements to continue to lower its mining cost structure. As previously announced, Corsa idled two of its higher cost mines in the first quarter 2015 and shifted resources to the most productive mines as well as idled the Rockwood preparation plant in the second quarter 2015. In conjunction with these actions, Corsa also implemented a reduction in workforce in January. These moves led to higher idle mine costs and severance expenses for 2015 period. On September 12, 2015 all mining operations were temporarily idled to manage inventory levels. The idle period lasted three weeks with production resuming on October 5, 2015. The Shade Creek Plant was idled on October 23, 2015 in order to consolidate clean coal production to the Cambria Plant due to the termination of a toll washing agreement and a cost control measure. On December 18, 2015 all NAPP mining operations were temporarily idled to manage inventory levels. The idle period lasted two weeks with production resuming on January 3, 2016. Corsa plans to continue to review its assets and infrastructure in the coming year to lower operating costs and idle mine costs and be in a position to respond to changing market conditions.

CAPP Operations

CAPP produces and sells high British Thermal Unit ("BTU"), low and mid sulfur thermal coal used in power, industrial and specialty applications from its mines in the Central Appalachia coal region of the United States. The coal mined is sold to domestic electric utilities and industrial customers and transported by rail and truck. In addition to the mines currently in production, CAPP also has a significant pipeline of thermal, specialty and industrial coal development projects which it anticipates developing. CAPP is based in Knoxville, Tennessee and has operations in Tennessee.

Mines

CAPP currently operates the Double Mountain Deep Mine, an underground mine utilizing the room and pillar mining method, the Straight Creek Mine, a surface mine utilizing contour and auger mining methods, and the Cooper Ridge Deep Mine which is currently developing the main line entries. CAPP operated the Clear Fork Mine, a surface mine utilizing contour and highwall mining methods during 2015. All mines are located in Claiborne County, Tennessee.

Preparation Plant

CAPP currently operates one preparation plant. The thermal coal produced from the underground mine is trucked to the preparation plant where it is processed or "washed" using conventional coal processing techniques and stored for shipping. The plant is located in Claiborne County, Tennessee. The plant has an operating capacity of 350 tons of raw coal per hour and load out facilities adjacent to a NS rail line with dual NS and CSX load out capability. Coal is usually shipped by rail; however, it can also be shipped by truck. All CAPP operating mines are within 7 miles of the preparation plant.

Projects

CAPP has several significant projects which are in various stages of permitting and development.

Name	Type of Mine	Status
Cumberland Gap Deep Project	Underground	Not-permitted
Rich Gap Mason Deep Project	Underground	Not-permitted
Cooper Ridge Surface Project	Surface / High Wall	Not-permitted
Cooper Ridge Deep Project	Underground	Development

CAPP Operating Results

Quarter

In Fourth Quarter 2015, CAPP operated one underground mine (the Double Mountain Deep Mine), two surface mines (the Clear Fork and Straight Creek Mines) and the Cooper Ridge Deep Mine was under development. See "CAPP Operations" above.

In Fourth Quarter 2014, CAPP operated one underground mine (the Double Mountain Deep Mine) and two surface mines (the Clear Fork and Back Creek Mines).

The thermal and industrial coal sold decreased 84,000 tons from the Fourth Quarter 2014 due to shipment delays caused by the flooding that occurred in South Carolina which damaged about four miles of rail lines to a customer's plant.

The realized price per ton sold decreased by $3.71 from Fourth Quarter 2014 to Fourth Quarter 2015 due to the declining market pricing for thermal coal. See "Non-GAAP Financial Measures" below.

The cash production cost per ton sold decreased by $1.76 from Fourth Quarter 2014 to Fourth Quarter 2015 due to the impacts of the divisions cost containment initiatives. See "Non-GAAP Financial Measures" below.

Twelve Months

The thermal and industrial coal sold decreased by 163,000 tons from 2014 to 2015 due to reduced production available for sale resulting from adverse weather and mining conditions at the surface operations, reduced coal seam heights at the deep mine and the inability to transport coal over the rail lines as a result of the flooding that occurred in South Carolina.

The realized price per ton sold decreased by $1.42 from 2014 to 2015 due to the declining market pricing for thermal coal. See "Non-GAAP Financial Measures" below.

The cash production cost per ton sold increased by $0.20 from 2014 to 2015 due to the reduced coal seam heights in the areas mined at the Double Mountain Deep Mine, as well as adverse weather conditions negatively impacting company-operated surface operations partially offset by on-going cost containment initiatives. See "Non-GAAP Financial Measures" below.

Quarterly Financial Results

(in thousands)	For the three months ended December 31, 2015			
	NAPP	CAPP	Corporate	Consolidated
Revenue	$ 16,852	$ 9,712	$ —	$ 26,564
Cost of sales	(116,236)	(13,414)	—	(129,650)
Gross margin	(99,384)	(3,702)	—	(103,086)
Corporate and administrative expense	(1,238)	(380)	(1,381)	(2,999)
Loss from operations	(100,622)	(4,082)	(1,381)	(106,085)
Net finance (expense) income	(492)	(153)	(580)	(1,225)
Other (expense) income	(6)	(148)	—	(154)
Bargain purchase gain	—	—	—	—
Loss before tax	(101,120)	(4,383)	(1,961)	(107,464)
Income tax expense (recovery)	—	—	(1,110)	(1,110)
Net and comprehensive (loss) income	$ (101,120)	$ (4,383)	$ (851)	$ (106,354)
Adjusted EBITDA(1)	$ 222	$ 575	$ (783)	$ 14

(in thousands)	For the three months ended December 31, 2014			
	NAPP(2)	CAPP	Corporate	Consolidated
Revenue	$ 35,183	$ 16,052	$ —	$ 51,235
Cost of sales	(55,008)	(15,012)	—	(70,020)
Gross margin	(19,825)	1,040	—	(18,785)
Corporate and administrative expense	(1,200)	(336)	(1,771)	(3,307)
Loss from operations	(21,025)	704	(1,771)	(22,092)
Net finance (expense) income	(147)	66	296	215
Other (expense) income	—	—	(191)	(191)
Bargain purchase gain	—	—	—	—
Loss before tax	(21,172)	770	(1,666)	(22,068)
Income tax expense (recovery)	—	—	137	137
Net and comprehensive (loss) income	$ (21,172)	$ 770	$ (1,803)	$ (22,205)
Adjusted EBITDA(1)	$ (8,578)	$ 2,244	$ (1,119)	$ (7,453)

	Dollar variance for the three months ended December 31, 2015 versus 2014			
(in thousands)	NAPP	CAPP	Corporate	Consolidated
Revenue	$ (18,331)	$ (6,340)	$ —	$ (24,671)
Cost of sales	(61,228)	1,598	—	(59,630)
Gross margin	(79,559)	(4,742)	—	(84,301)
Corporate and administrative expense	(38)	(44)	390	308
Loss from operations	(79,597)	(4,786)	390	(83,993)
Net finance (expense) income	(345)	(219)	(876)	(1,440)
Other (expense) income	(6)	(148)	191	37
Bargain purchase gain	—	—	—	—
Loss before tax	(79,948)	(5,153)	(295)	(85,396)
Income tax expense (recovery)	—	—	(1,247)	(1,247)
Net and comprehensive (loss) income	$ (79,948)	$ (5,153)	$ 952	$ (84,149)
Adjusted EBITDA	$ 8,800	$ (1,669)	$ 336	$ 7,467

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

Operating Segments

Corsa's three distinct operating segments are NAPP, CAPP and Corporate. The financial results of the operating segments are as follows:

NAPP

Revenue

Revenue, consisting of metallurgical coal sales and tolling and other revenue, decreased by $18,331,000 from Fourth Quarter 2014 to Fourth Quarter 2015. Metallurgical coal revenue, net of transportation charges, decreased by $16,313,000 due primarily to the decrease in volume which accounted for a $12,959,000 decrease in revenue and lower sales price per ton sold which reduced revenue by an additional $3,354,000. Tons sold decreased from 317,000 to 171,000 as a result of timing of export shipments and operational idling decisions to manage inventory levels due to market conditions. Thermal coal sales increased $2,354,000 in the period-to-period comparison and was the result of a long-term contract initiated during the second quarter 2015 which resulted in the Quecreek Mine being placed back into service after previously being idled during the first quarter 2015. Tolling revenue decreased $3,361,000 as a result of the Company ceasing toll washing in the Fourth Quarter 2015. Revenue associated with the transportation of coal to the loading terminal decreased $1,011,000 as a result of decreased export sales in the period-to-period comparison.

Cost of sales

Cost of sales consists of the following:

	For the three months ended December 31,		
(in thousands)	**2015**	**2014**	**Variance**
Mining and processing costs	$ 9,681	$ 27,089	$ (17,408)
Purchased coal costs	226	3,956	(3,730)
Royalty expense	883	2,375	(1,492)
Amortization expense	11,529	9,345	2,184
Transportation costs from preparation plant to customer	2,476	3,488	(1,012)
Idle mine expense	581	—	581
Change in estimate of reclamation provision for non-operating properties	(23,796)	4,094	(27,890)
Impairment and write-off of mineral properties	112,647	5,151	107,496
Write-off of advance royalties and other assets	529	—	529
Other costs	—	(490)	490
Thermal coal mining costs at Quecreek Deep Mine	1,480	—	1,480
	$ 116,236	$ 55,008	$ 61,228

Mining and processing costs decreased by $17,408,000 primarily due to the decrease in tons sold from 317,000 to 171,000 and the cost containment initiative that is on-going to reduce mining costs. Purchase coal costs decreased by $3,730,000 as a result requiring less third party coal to be purchased for blending purposes in the three months ended December 31, 2015. Royalty expense decreased by $1,492,000 due to the decrease in tons sold and the decrease in averaged realized prices. Amortization expense increased by $2,184,000 primarily due to additional assets that were placed in service after the 2014 period. Transportation costs from preparation plant to customer decreased by $1,012,000 primarily due to lower volumes of coal sold on the export market in which Corsa is obligated to provide transportation to the vessel loading port. Idle mine expense increased by $581,000 due to operations that were idled after the 2014 period. The change in estimate of the reclamation provision for non-operating properties resulted in a gain of $23,796,000 in Fourth Quarter 2015, compared to a loss of $4,094,000 in Fourth Quarter 2014. The gain in Fourth Quarter 2015 was primarily due to decreases in the cost estimate of reclamation activities. Impairment and write-off of mineral properties increased by $107,496,000 primarily due to a triggering event that was identified as a result of the carrying amount of the net assets of the Company exceeded the market capitalization along with the continued weakness in the coal markets and the value for certain properties property was written off as a result of management's decision to terminate certain leases. Thermal coal mining costs in the Quecreek Deep Mine increased by $1,480,000 due to the long-term thermal coal contract signed in April 2015.

<u>CAPP</u>

Revenue

Revenue, consisting of thermal coal sales, decreased by $6,340,000 from Fourth Quarter 2014 to Fourth Quarter 2015 as a result of the decreases in tons sold and in realized price per ton sold. Sales of thermal coal were 149,000 tons in Fourth Quarter 2015 compared with 233,000 tons in Fourth Quarter 2014. The decrease in tons sold accounted for a $5,787,000 decrease in revenue and the decrease in sales price per ton sold impacted revenue by $553,000.

Cost of sales

Cost of sales consists of the following:

	For the three months ended December 31,		
(in thousands)	2015	2014	Variance
Mining and processing costs	$ 7,272	$ 11,677	$ (4,405)
Purchased coal costs	322	483	(161)
Royalty expense	779	1,769	(990)
Amortization expense	2,061	1,619	442
Idle mine expense	366	—	366
Change in estimate of reclamation provision for non-operating properties	20	(124)	144
Impairment of mineral properties	2,594	—	2,594
Other costs	—	(412)	412
	$ 13,414	$ 15,012	$ (1,598)

Mining and processing costs decreased by $4,405,000 due to the reduction in coal sales and cost containment initiatives being implemented at the CAPP operations. Royalty expense decreased by $990,000 due to lower average sales prices and lower royalty rates in the areas surface mined in 2015. Impairment of mineral properties increased by $2,594,000 primarily due to a triggering event that was identified as a result of the carrying amount of the net assets of the Company exceeding the market capitalization along with the continued weakness in the coal markets.

Corporate

Corporate and administrative expense

Corporate and administrative expense consists of the following:

	For the three months ended December 31,		
(in thousands)	2015	2014	Variance
Salaries and other compensations	$ 862	$ 1,013	$ (151)
Professional fees	294	547	(253)
Office expense	209	162	47
Other	16	49	(33)
	$ 1,381	$ 1,771	$ (390)

The decrease of $390,000 from Fourth Quarter 2014 to Fourth Quarter 2015 was primarily due to a reduction in staffing levels associated with the closure of the Company's previous corporate offices.

Net finance (expense) income

Net finance (expense) income increased $876,000 from Fourth Quarter 2014 to Fourth Quarter 2015. The increase was primarily due to the revaluation of the warrant financial liability due to changes in the underlying assumptions used to value the liability and additional interest expense as a result of capitalizing interest to the principal balance of the loan.

Current income tax expense (recovery)

The current tax expense (recovery) decreased from an expense of $58,000 in Fourth Quarter 2014 to a benefit of $979,000 in Fourth Quarter 2015 due to a reversal of taxes payable on interest charged from Corsa, a Canadian entity, to Wilson Creek Holdings Inc., Corsa's wholly-owned U.S subsidiary. The interest payable was determined to uncollectible during the period.

Deferred income tax expense (recovery)

Deferred income tax expense decreased from $79,000 in Fourth Quarter 2014 to a benefit of $131,000 in Fourth Quarter 2015. The benefit in 2015 resulted from a reversal of certain deferred tax liabilities. The expense in the 2014 period resulting from recognizing a valuation allowance against deferred tax assets.

Annual Financial Results

	For the year ended December 31, 2015			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 78,710	$ 50,632	$ —	$ 129,342
Cost of sales	(198,300)	(64,273)	—	(262,573)
Gross margin	(119,590)	(13,641)	—	(133,231)
Corporate and administrative expense	(6,710)	(1,604)	(7,200)	(15,514)
Loss from operations	(126,300)	(15,245)	(7,200)	(148,745)
Net finance (expense) income	(3,924)	(525)	(2,079)	(6,528)
Other income (expense)	2,066	(164)	—	1,902
Loss before tax	(128,158)	(15,934)	(9,279)	(153,371)
Income tax expense (recovery)	—	—	(382)	(382)
Net and comprehensive loss	$ (128,158)	$ (15,934)	$ (8,897)	$ (152,989)
Adjusted EBITDA[1]	$ 2,022	$ 4,058	$ (4,413)	$ 1,667

	For the year ended December 31, 2014			
(in thousands)	**NAPP[2]**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 77,765	$ 62,782	$ —	$ 140,547
Cost of sales	(96,196)	(59,739)	—	(155,935)
Gross margin	(18,431)	3,043	—	(15,388)
Corporate and administrative expense	(4,462)	(1,522)	(5,108)	(11,092)
Loss from operations	(22,893)	1,521	(5,108)	(26,480)
Net finance (expense) income	(884)	(324)	(15,187)	(16,395)
Other income (expense)	—	—	(2,082)	(2,082)
Bargain purchase gain	—	—	3,459	3,459
Loss before tax	(23,777)	1,197	(18,918)	(41,498)
Income tax expense (recovery)	—	—	1,654	1,654
Net and comprehensive (loss) income	$ (23,777)	$ 1,197	$ (20,572)	$ (43,152)
Adjusted EBITDA[1]	$ 917	$ 7,746	$ (3,368)	$ 5,295

	Dollar variance for the years ended December 31, 2015 versus 2014			
(in thousands)	NAPP	CAPP	Corporate	Consolidated
Revenue	$ 945	$ (12,150)	$ —	$ (11,205)
Cost of sales	(102,104)	(4,534)	—	(106,638)
Gross margin	(101,159)	(16,684)	—	(117,843)
Corporate and administrative expense	(2,248)	(82)	(2,092)	(4,422)
Loss from operations	(103,407)	(16,766)	(2,092)	(122,265)
Net finance (expense) income	(3,040)	(201)	13,108	9,867
Other income	2,066	(164)	2,082	3,984
Bargain purchase gain	—	—	(3,459)	(3,459)
Loss before tax	(104,381)	(17,131)	9,639	(111,873)
Income tax expense (recovery)	—	—	(2,036)	(2,036)
Net and comprehensive loss	$ (104,381)	$ (17,131)	$ 11,675	$ (109,837)
Adjusted EBITDA(2)	$ 1,105	$ (3,688)	$ (1,045)	$ (3,628)

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.
(2) The results of PBS are included from the August 19, 2014 acquisition date. See "PBS Transaction" above for additional details.

Operating Segments

Corsa's three distinct operating segments are NAPP, CAPP and Corporate. The financial results of the operating segments are as follows:

NAPP

Revenue

Revenue, consisting of metallurgical coal sales and tolling and other revenue, increased by $945,000 from 2014 to 2015. Metallurgical coal revenue, net of transportation charges, decreased $9,275,000 as a result of lower sales price per ton sold which decreased revenue by $11,307,000 partially offset by increased sales volumes which increased revenue by $2,032,000. Tons sold increased from 718,000 to 740,000 as a result of increased production from the Casselman Mine and the impact of the PBS acquisition that occurred during the 2014 period. Thermal coal sales increased $5,944,000 and was the result of a long-term contract initiated during the second quarter 2015 which resulted in the Quecreek Mine being place back into service after previously being idled during the first quarter 2015. Tolling revenue increased $1,557,000 and was from the preparation plant included in the PBS Transaction. Revenue associated with the transportation of coal to the loading terminal increased $2,719,000 as a result of increased export sales in the period-to-period comparison.

Cost of sales

Cost of sales consists of the following:

(in thousands)	For the years ended December 31, 2015	2014	Variance
Mining and processing costs	$ 48,077	$ 53,402	$ (5,325)
Purchased coal costs	1,141	5,638	(4,497)
Royalty expense	4,485	5,452	(967)
Amortization expense	27,709	19,536	8,173
Transportation costs from preparation plant to customer	10,592	7,874	2,718
Idle mine expense	2,939	51	2,888
Change in estimate of reclamation provision for non-operating properties	(22,952)	5,266	(28,218)
Impairment and write-off of mineral properties	120,126	5,151	114,975
Write-off of advance royalties and other assets	1,417	—	1,417
Other costs	438	(6,174)	6,612
Thermal coal mining costs at Quecreek Deep Mine	4,328	—	4,328
	$ 198,300	$ 96,196	$ 102,104

Mining and processing costs decreased by $5,325,000 primarily due to the cost containment initiatives that were put in place during the current year resulting in significant reductions in the cost per ton sold. Purchase coal costs decreased by $4,497,000 as a result of purchasing less third party coal for blending purposes during 2015 as a result of changes in quality requirements and the ability to blend Corsa's own coal to meet the customer requirements. Royalty expense decreased by $967,000 due to the decrease in average sales prices of the tons sold. Amortization expense increased by $8,173,000 primarily due to the inclusion of PBS operations in 2015. Transportation costs from preparation plant to customer increased by $2,718,000 primarily due to additional coal sold on the export market in which Corsa is obligated to provide transportation to the vessel loading port. Idle mine expense increased by $2,888,000 as the number of idle mines increased as a result of the PBS Transaction and the idling of two preparation plants as a result of Corsa’s cost containment initiatives. The change in estimate of the reclamation provision for non-operating properties resulted in income of $22,952,000 for 2015 compared to expense of $5,266,000 in 2014 due to various changes in assumptions and discount rates. Impairment and write-off of mineral properties increased by $114,975,000 primarily due to a triggering event that was identified as a result of the carrying amount of the net assets of the Company exceeded the market capitalization along with the continued weakness in the coal markets. Write-off of advance royalties increased by $1,417,000 primarily due to the write-off of the prepaid royalties on terminated mineral leases, none of which were material to current and future mining operations. Other costs increased by $6,612,000 primarily as the result of adjustments required to align the reclamation provision with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* in 2014 and various other adjustments, none of which were individually material. Thermal coal costs increased $4,328,000 as a result of restarting the Quecreek Mine after securing a long-term thermal coal contract, the mine was placed on idle status in the first quarter of 2015.

Corporate and administrative expense

Corporate and administrative expense consists of the following:

(in thousands)	For the years ended December 31, 2015	2014	Variance
Salaries and other compensations	$ 4,106	$ 3,291	$ 815
Professional fees	1,055	241	814
Office expenses	1,021	562	459
Other	528	368	160
	$ 6,710	$ 4,462	$ 2,248

Corporate and administrative expense related to the NAPP Division increased by $2,248,000 primarily due to the inclusion of PBS in 2015.

Net finance expense

Net finance expense primarily consists of bond premium expenses, interest expenses, interest income and reclamation provision accretion expense. From 2014 to 2015, the increase of $3,040,000 was primarily due to the increase in bond premium expenses and accretion on reclamation provision for the PBS operations for the PBS operations in 2015 offset by an increase in interest income from the PBS operations.

Other income

Other income primarily consists of gain on disposal of assets and other income. From 2014 to 2015, the increase of $2,066,000 was primarily as the result of gains from the sale of non-core assets.

CAPP

Revenue

Revenue, consisting of thermal coal sales, decreased by $12,150,000 from 2014 to 2015 as a result of the decreases in tons sold and in realized price per ton sold. Sales of thermal coal were 761,000 tons in 2015 compared with 924,000 tons in 2014. These decreased tons sold resulted in lower revenue of $11,075,000 and the decrease in average sales price impacted revenue by $1,075,000.

Cost of sales

Cost of sales consists of the following:

	For the years ended December 31,		
(in thousands)	**2015**	**2014**	**Variance**
Mining and processing costs	$ 36,948	$ 41,965	$ (5,017)
Purchased coal costs	2,552	3,917	(1,365)
Royalty expense	4,281	7,087	(2,806)
Amortization expense	7,741	5,902	1,839
Idle mine expense	1,138	546	592
Change in estimate of reclamation provision for non-operating properties	(33)	279	(312)
Impairment and write-off of mineral properties	11,646	—	11,646
Other costs	—	43	(43)
	$ 64,273	$ 59,739	$ 4,534

Mining and processing costs decreased by $5,017,000 due to lower tons sold and cost containment initiatives implemented at the CAPP Division. Purchase coal costs decreased by $1,365,000 as fewer tons were purchased in 2015. Royalty expense decreased by $2,806,000 due to the decrease in tons sold and royalty rates in the areas being mined. Amortization expense increased by $1,839,000 primarily due to new equipment acquired in late 2014. Idle mine expense increased by $592,000 due to the highwall miner operation being idled during a portion of 2015. Impairment and write-off of mineral properties was $11,646,000 in 2015, which resulted from an analysis of the recoverable amount of CAPP's assets following a strategic review of CAPP performed by management during 2015.

Corporate

Corporate and administrative expense

Corporate and administrative expense consists of the following:

	For the years ended December 31,		
(in thousands)	**2015**	**2014**	**Variance**
Salaries and other compensations	$ 4,428	$ 3,183	$ 1,245
Professional fees	1,721	1,257	464
Office expense	814	571	243
Other	237	97	140
	$ 7,200	$ 5,108	$ 2,092

The increase of $2,092,000 from 2014 to 2015 was due to the increases in salaries and other compensations expense and professional fees as a result of additional staff that were hired and additional services provided by third parties due to the PBS Transaction. Salaries and compensation expense also increased as a result of employee severance.

Net finance (expense) income

Net finance (expense) income decreased $13,108,000 from 2014 to 2015. The Redeemable Units expense was $16,715,000 in 2014 as the units were converted to equity in the 2014 period. This decrease was partially offset by an $1,836,000 of additional interest expense due to a $25,000,000 loan that was arranged in August 2014 and the subsequent principal increases associated with capitalizing the quarterly interest payment to the principal balance, $1,115,000 related to the warrant financial liability due to changes in the underlying assumptions used to value the liability including the volatility percentage and $656,000 related to other items which include the accretion of the loan discount, foreign exchange losses and interest income.

Other expense

Other expense primarily consists of transaction expense of $2,082,000 that occurred in 2014 in connection with the PBS Transaction.

Bargain purchase gain

The bargain purchase gain of $3,459,000 resulted from the PBS Transaction that occurred during a depressed market environment for coal assets where Corsa was able to capitalize by paying a price which was lower than the fair value of the assets of PBS.

Current income tax expense

The current tax expense decreased from $477,000 in 2014 to a benefit of $486,000 in 2015 due to a reversal of taxes payable on interest charged from Corsa, a Canadian entity, to Wilson Creek Holdings Inc., Corsa's wholly-owned U.S subsidiary. The interest payable was determined to uncollectible during the period.

Deferred income tax expense (recovery)

Deferred income tax expense decreased from $1,177,000 in 2014 to $104,000 in 2015. The expense in the 2014 period resulting from recognizing a valuation allowance against deferred tax assets.

Financial Condition

(in thousands)	December 31, 2015	December 31, 2014	Variance
Current assets	$ 37,229	$ 71,471	$ (34,242)
Non-current assets	165,631	305,913	(140,282)
Total assets	$ 202,860	$ 377,384	$ (174,524)
Current liabilities	$ 32,015	$ 49,044	$ (17,029)
Non-current liabilities	107,087	121,281	(14,194)
Total liabilities	$ 139,102	$ 170,325	$ (31,223)
Total equity	$ 63,758	$ 207,059	$ (143,301)

Current assets decreased by $34,242,000 from December 31, 2014 to December 31, 2015. The decrease was primarily due to a decrease in accounts receivable as a result of the timing of sales in the period-to-period comparison as well as the higher average sales price in the 2014 period. Inventory also decreased as a result of managing inventory levels in response to the continued weakness in the metallurgical coal market.

The decrease in non-current assets of $140,282,000 from December 31, 2014 to December 31, 2015 was due to decreases in property, plant and equipment primarily the result of asset impairments of $131,772,000.

The decrease in current liabilities of $17,029,000 from December 31, 2014 to December 31, 2015 was primarily due to a reduction in accounts payable as a result of changes in operating levels and general timing of payables.

The decrease in non-current liabilities of $14,194,000 from December 31, 2014 to December 31, 2015 was primarily due to the reduction in the reclamation liability due to changes in assumptions.

Total equity decreased by $143,301,000 from December 31, 2014 to December 31, 2015 primarily due to the net loss incurred during the 2015 period.

Liquidity and Capital Resources

(in thousands)	December 31, 2015	December 31, 2014	Variance
Cash	$ 9,493	$ 13,925	$ (4,432)
Working capital	$ 5,214	$ 22,427	$ (17,213)
Line of credit available	$ 3,000	$ 4,390	$ (1,390)
Debt			
Notes payable	$ 6,290	$ 4,418	$ 1,872
Finance lease obligations	8,812	9,240	(428)
Loan payable	24,440	20,793	3,647
	$ 39,542	$ 34,451	$ 5,091

Cash

Cash decreased by $4,432,000 from December 31, 2014 to December 31, 2015. See "Cash Flows" below.

Working capital

The net decrease in working capital of $17,213,000 from December 31, 2014 to December 31, 2015 was primarily the result of decreases in accounts receivable and inventory as a result of the continued weakness in the metallurgical coal market partially offset by decreases in accounts payable as a result changes in operating levels and general timing of payables and decreases in other liabilities as a result of classifying a portion of the liability as long-term as a result of contractual negotiations.

Line of credit available

Corsa's CAPP Division has a credit facility with $2,000,000 drawn on a line of credit. The credit facility allows the Company to borrow the lesser of $5,000,000 or the borrower's borrowing base as defined as (a) fifty percent of the inventory value of borrower's acceptable inventory; plus (b) seventy-five percent of acceptable accounts receivable; plus (c) sixty-five percent of the orderly liquidation value of the borrower's eligible equipment less the outstanding principal balance of the existing term loan. At December 31, 2015, the Company had $3,000,000 of availability on this credit facility.

Debt

On August 19, 2014, the Company entered into a $25,000,000 secured term loan ("Facility") as amended on October 20, 2015 ("Amending Agreement"). The Facility is for a five-year term and bears interest at 10% per annum compounded quarterly until December 31, 2016 and monthly thereafter. For the period up to and including December 31, 2016, the Company will have the option of adding any interest payable under the Facility to the principal amount or, subject to approval of the TSX Venture Exchange, satisfying any interest payment by the issuance of common shares of the Company ("Common Shares") (based on a five day volume weighted average trading price for Common Shares immediately prior to the last business day of the period multiplied by 105%). The Amending Agreement, among other things, provides for: (i) the waiver of the requirement that the proceeds (A) of any equity financings by the Company prior to January 1, 2017 and (B) from the disposal of certain assets of the Company, be used to repay a portion of the Facility; and (ii) the payment of an additional three percent fee for any prepayment that is required in connection with a disposal of assets, change of control or refinancing event where, prior to such disposal, change of control or refinancing event, certain assets have been disposed of by the Company for in excess of $10 million in the aggregate.

Debt increased by $5,091,000 from December 31, 2014 to December 31, 2015 primarily due to capitalizing interest to the principal balance on the loan payable and additional notes payable related to equipment purchases.

Cash flows

Quarter

Operating activities

In Fourth Quarter 2015, the cash used in operating activities was $2,517,000 compared with cash provided by operating activities of $9,796,000 in Fourth Quarter 2014, a decrease of $12,313,000. Adjusting the net and comprehensive loss for Fourth Quarter 2015 and Fourth Quarter 2014 for the items not affecting cash resulted in cash provided of $107,578,000 compared with $21,416,000 in Fourth Quarter 2014. The cash spent on reclamation activities was $1,047,000 in Fourth Quarter 2015 compared with $2,386,000 in Fourth Quarter 2014 due to the increase in properties under reclamation that resulted from the PBS Transaction. The changes in non-cash working capital balances related to operations in Fourth Quarter 2015 was a use cash of $2,694,000 compared with providing cash of $12,971,000 in Fourth Quarter 2014.

Investing activities

The cash used in investing activities in Fourth Quarter 2015 was $3,593,000 compared with $9,091,000 in Fourth Quarter 2014, a change of $5,498,000. Restricted cash used cash of $649,000 as a result of additional restricted cash deposits mainly related to workers' compensation in Fourth Quarter 2015 compared with cash provided of $21,705,000 in Fourth Quarter 2014 as a result of cash collateral releases associated with the PBS Transaction. The Fourth Quarter 2014 included $20,505,000 of additional cash acquisition costs associated with the PBS Transaction. Property, plant and equipment additions were $2,482,000 in Fourth Quarter 2015 compared with $10,344,000 in Fourth Quarter 2014.

Financing activities

In Fourth Quarter 2015, cash provided by financing activities was $6,023,000 compared with cash used of $1,725,000 in Fourth Quarter 2014, an increase of $7,748,000. Net proceeds from the private placement that occurred in October 2015 provided cash of $7,192,000. Proceeds from the revolving credit facility were $1,000,000. Repayment of notes payable in Fourth Quarter 2015 used cash of $1,146,000 compared with $371,000 in Fourth Quarter 2014. Repayment of finance lease obligations in Fourth Quarter 2015 used cash of $880,000 compared with $1,354,000 in Fourth Quarter 2014.

Twelve Months

Operating activities

In 2015, the cash provided by operating activities was $8,981,000 compared with cash used of $14,194,000 in 2014, a change of $23,175,000. Adjusting the net and comprehensive loss for the items not affecting cash resulted in cash provided of $150,709,000 in 2015 compared with cash provided of $45,109,000 in 2014. The cash spent on reclamation activities was $5,877,000 in 2015 compared with $4,292,000 in 2014 due to the increase in properties under reclamation that resulted from the PBS Transaction. The changes in non-cash working capital balances related to operations in 2015 provided cash of $17,138,000 compared with cash used of $11,859,000 in 2014.

Investing activities

The cash used in investing activities in 2015 was $14,939,000 compared with $73,512,000 in 2014, a change of $58,573,000. Restricted cash used cash of $2,188,000 in 2015 compared with cash provided of $15,510,000 in 2014. Advance royalties and other assets used cash of $1,553,000 in 2015 compared with $528,000 in 2014. Proceeds on sale of assets were $1,414,000 in 2015 as a result of sale of excess equipment. Property, plant and equipment additions used cash of $12,612,000 in 2015 compared with $17,350,000 in 2014. The 2014 period also included $71,144,000 of cash used to acquire PBS.

Financing activities

In 2015, cash provided by financing activities was $1,526,000 compared with cash provided of $81,565,000 in 2014, a decrease of $80,039,000. Net proceeds from equity issuances decreased $57,985,000 as a result of the equity issuance in the 2014 period related to the PBS Transaction and the private placement that occurred during the 2015 period. Proceeds from loans payable was $25,000,000 in 2014. Proceeds from the revolving credit facility were $2,000,000 in 2015. Repayment of notes payable in 2015 used cash of $3,012,000 in 2015 compared with $2,521,000 in 2014. Repayment of finance lease obligations in 2015 used cash of $4,511,000 compared with $5,076,000 in 2014.

Capital Expenditures

The equipment and development added to property, plant and equipment for the year ended December 31, 2015 were as follows:

(in thousands)		
Maintenance capital expenditures		
Deep mines	$	5,050
Surface mines		547
Plant		482
		6,079
Growth capital expenditures		
Deep mines		12,674
Surface mines		849
Plant		812
		14,335
	$	20,414

Corsa's future spending on property, plant and equipment at its operations will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability. The timing of development of Corsa's coal properties will be dependent on market conditions.

Debt Covenants

Corsa has certain covenants it is required to meet under its finance lease obligations and certain notes payable. Certain measures included in the covenant calculations are not readily identifiable from Corsa's consolidated income statement or consolidated balance sheet. These measures are considered to be Non-GAAP financial measures and, as such, a further description of the covenant calculations is included below. Corsa was in compliance with all covenants at December 31, 2015.

Corporate loan payable

The covenants required to be met are described below for the noted facilities. Such measurements are made on the consolidated results of Corsa.

- Maintain a minimum cash balance of $2,000,000 (measured monthly)
- Maintain a positive working capital balance (measured monthly)

CAPP note payable

The covenants required to be met are described below for the noted agreement. Such measurements are made on the non-consolidated results of Kopper Glo Mining, LLC.

- Maintain a Minimum Free Cash Flow Coverage Ratio[1] of not less than 1.00 for the calendar quarter ending December 31, 2015; greater than 1.05 for the calendar quarter ended March 31, 2016; and greater than 1.10 for the calendar quarter ending June 30, 2016 and each calendar quarter thereafter (measured quarterly);
- Maintain a Maximum Free Cash Flow Leverage Ratio[2] of not more than 3.50 (measured annually); and
- Maintain a Maximum Balance Sheet Leverage Ratio[3] of not more than 1.50 (measured annually).

The facility will expire on January 10, 2017.

[1] Minimum Free Cash Flow Coverage Ratio is measured as:

$$\frac{\text{EBITDA - Maintenance Capital - Distributions for federal, state and local income taxes}}{\text{Current Maturities of Long Term Debt + Interest Expense}}$$

[2] Free Cash Flow Leverage Ratio is measured as:

$$\frac{\text{Funded External Debt}}{\text{EBITDA - Maintenance Capital - Distributions for federal, state and local income taxes}}$$

[3] Balance Sheet Leverage Ratio is measured as:

$$\frac{\text{Total Liabilities}}{\text{Tangible Net Worth - Mineral Reserves - Mine Development}}$$

NAPP finance lease

The covenants required to be met are described below for the noted agreement. Such measurements are made on the consolidated results of Wilson Creek Energy, LLC.

- Debt service coverage ratio[1] must exceed 1.25 to 1.00 (measured quarterly)
- Debt to tangible net worth[2] must not exceed 2.0 to 1.0 (required to be maintained at all times)

[1] Debt Service Coverage Ratio is measured as:

$$\frac{\text{Adjusted Net Income}^{*}}{\text{Total Payments Made on Financed Debt + Off-balance Sheet Obligations + Interest Expense}}$$

[2] Debt to Tangible Net Worth is measured as:

$$\frac{\text{Outstanding Balance of all Financed Debt + Off-balance Sheet Obligations + Interest Expense}}{\text{Total Assets - Total Liabilities}}$$

[*] Adjusted net income is defined as Net Income + Non-cash Expenditures + Rent Expense + Interest Expense

Financed debt includes notes payable, finance leases and other institutional debt.

Contractual Obligations

Corsa has the following contractual obligations:

(in thousands)	Carrying Value at December 31, 2015	Payments due by period Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accruals	$ 10,833	$ 10,833	$ 10,833	$ —	$ —	$ —
Notes payable	6,290	6,494	3,180	3,314	—	—
Finance lease obligations	8,812	9,338	4,028	4,464	846	—
Loan payable	24,440	28,670	—	—	28,670	
Other liabilities	23,029	23,743	8,027	7,697	3,352	4,667
Water treatment trust funding (a)	—	10,067	200	3,591	6,276	—
Operating leases and other obligations	—	1,749	1,264	485	—	—
Total	$ 73,404	$ 90,894	$ 27,532	$ 19,551	$ 39,144	$ 4,667

a. Reflects the current discussions concerning the amount of the trust contributions with the Pennsylvania Department of Environmental Protection and proposed quarterly payment of $50,000 through December 2017 reverting back to the greater of the original quarterly installment or 2% of gross revenue for the trailing three month period of the NAPP Division in January 2018. The first quarterly installment of $50,000 was made on January 15, 2016.

Non-GAAP Financial Measures

This MD&A reports certain financial measures, not recognized under International Financial Reporting Standards ("IFRS" or "GAAP"), as used by management and readers of this MD&A to evaluate the historical performance of Corsa. Since certain non-GAAP financial measures may not have a standardized meaning and may not be comparable to similar measures presented by other companies, the non-GAAP financial measures are clearly defined, quantified and reconciled with their nearest GAAP measure. Certain financial measures referred to in this MD&A, namely EBITDA (earnings before deductions for interest, taxes, depreciation and amortization); Adjusted EBITDA (EBITDA adjusted for change in estimate of reclamation provisions for non-operating properties, impairment and write-off of mineral properties and advance royalties, gain (loss) on sale of assets and other costs, stock-based compensation, non-cash finance expenses and other non-cash adjustments); realized price per ton sold (net coal sales divided by tons of coal sold); cash production cost per ton sold (cash production costs of sales divided by tons of coal sold) and cash margin per ton sold (difference between realized price per ton sold and cash production cost per ton sold), are not measures recognized by GAAP.

Management uses EBITDA; Adjusted EBITDA; realized price per ton sold, cash production cost per ton sold and cash margin per ton sold as internal measurements of operating performance for Corsa's mining and processing operations. Management believes these non-GAAP measures provide useful information for investors as they provide information in addition to the GAAP measures to assist in their evaluation of the operating performance of Corsa.

EBITDA and Adjusted EBITDA

The calculation and reconciliation of non-GAAP EBITDA and non-GAAP Adjusted EBITDA to Net and comprehensive loss, the nearest GAAP measure, is as follows:

Consolidated

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Net and comprehensive loss	$ (106,354)	$ (22,205)	$ (152,989)	$ (43,152)
Add (Deduct):				
Amortization expense	13,590	10,965	35,450	25,439
Interest expense	941	760	3,429	1,532
Income tax expense (recovery)	(1,110)	137	(382)	1,654
EBITDA	(92,933)	(10,343)	(114,492)	(14,527)
Add (Deduct):				
Change in estimate of reclamation provision for non-operating properties	(23,776)	3,970	(22,985)	5,545
Impairment and write-off of mineral properties	115,241	5,151	131,772	5,151
Write-off of advance royalties and other assets	529	—	1,417	—
Stock-based compensation	573	686	2,496	1,772
Net finance (income) expense, excluding interest expense	284	(947)	3,099	14,863
Transaction expense	—	192	—	2,083
Bargain purchase gain	—	—	—	(3,459)
Gain on disposal of assets	(279)	—	(1,328)	—
Other costs	375	(6,162)	1,688	(6,133)
Adjusted EBITDA	$ 14	$ (7,453)	$ 1,667	$ 5,295

NAPP

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Net and comprehensive loss	$ (101,120)	$ (21,172)	$ (128,158)	$ (23,777)
Add (Deduct):				
Amortization expense	11,529	9,346	27,709	19,537
Interest expense	119	110	495	412
EBITDA	(89,472)	(11,716)	(99,954)	(3,828)
Add (Deduct):				
Change in estimate of reclamation provision for non-operating properties	(23,796)	4,094	(22,952)	5,266
Impairment and write-off of mineral properties	112,647	5,151	120,126	5,151
Write-off of advance royalties and other assets	529	—	1,417	—
Net finance (income) expense, excluding interest expense	372	70	3,428	505
Gain on disposal of assets	(408)	—	(1,440)	—
Other costs	350	(6,177)	1,397	(6,177)
Adjusted EBITDA	$ 222	$ (8,578)	$ 2,022	$ 917

CAPP

(in thousands)	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the years ended December 31, 2015	For the years ended December 31, 2014
Net and comprehensive loss	$ (4,383)	$ 770	$ (15,934)	$ 1,197
Add (Deduct):				
Amortization expense	2,061	1,619	7,741	5,902
Interest expense	70	37	181	204
EBITDA	(2,252)	2,426	(8,012)	7,303
Add (Deduct):				
Change in estimate of reclamation provision for non-operating properties	20	(124)	(33)	279
Impairment and write-off of mineral properties	2,594	—	11,646	—
Net finance (income) expense, excluding interest expense	84	(73)	345	120
Gain on disposal of assets	129	—	112	—
Other costs	—	15	—	44
Adjusted EBITDA	$ 575	$ 2,244	$ 4,058	$ 7,746

Corporate

(in thousands)	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the years ended December 31, 2015	For the years ended December 31, 2014
Net and comprehensive loss	$ (851)	$ (1,803)	$ (8,897)	$ (20,572)
Add (Deduct):				
Interest expense	752	613	2,753	916
Income tax expense (recovery)	(1,110)	137	(382)	1,654
EBITDA	(1,209)	(1,053)	(6,526)	(18,002)
Add (Deduct):				
Stock-based compensation	573	686	2,496	1,772
Net finance (income) expense, excluding interest expense	(172)	(944)	(674)	14,238
Transaction expense	—	192	—	2,083
Bargain purchase gain	—	—	—	(3,459)
Other costs	25	—	291	—
Adjusted EBITDA	$ (783)	$ (1,119)	$ (4,413)	$ (3,368)

Realized price per ton sold

The calculation and reconciliation of net coal sales to revenue, the nearest GAAP measure, and the calculation of realized price per ton sold (net coal sales divided by tons sold) is as follows:

Consolidated

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Revenue	$ 26,564	$ 51,235	$ 129,342	$ 140,547
Add (Deduct):				
Tolling Revenue	(197)	(3,558)	(5,115)	(3,558)
Thermal coal sales - Quecreek Deep Mine	(2,354)	—	(5,944)	—
Transportation costs from preparation plant to customer	(2,477)	(3,488)	(10,593)	(7,874)
Net coal sales (at preparation plant)	$ 21,536	$ 44,189	$ 107,690	$ 129,115
Coal sold - tons	320	550	1,501	1,642
Realized price per ton sold (at preparation plant)	$ 67.30	$ 80.34	$ 71.75	$ 78.63

NAPP

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Revenue	$ 16,852	$ 35,183	$ 78,710	$ 77,765
Add (Deduct):				
Tolling Revenue	(197)	(3,558)	(5,115)	(3,558)
Thermal coal sales - Quecreek Deep Mine	(2,354)	—	(5,944)	—
Transportation costs from preparation plant to customer	(2,477)	(3,488)	(10,593)	(7,874)
Net coal sales (at preparation plant)	$ 11,824	$ 28,137	$ 57,058	$ 66,333
Metallurgical coal sold - tons	171	317	740	718
Realized price per ton sold (at preparation plant)	$ 69.15	$ 88.76	$ 77.11	$ 92.39

CAPP

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Net thermal and industrial coal sales (at preparation plant)	$ 9,712	$ 16,052	$ 50,632	$ 62,782
Thermal and industrial coal sold - tons	149	233	761	924
Realized price per ton sold (at preparation plant)	$ 65.18	$ 68.89	$ 66.53	$ 67.95

Cash production cost per ton sold

The calculation and reconciliation of cash production cost of sales to cost of sales, the nearest GAAP measure, and the calculation of cash production cost per ton sold (cash production cost of sales divided by the tons sold) is as follows:

Consolidated

	For the three months ended December 31,		For the years ended December 31,	
(in thousands)	**2015**	**2014**	**2015**	**2014**
Cost of sales	$ 129,650	$ 70,020	$ 262,573	$ 155,935
Add (Deduct):				
Amortization expense	(13,590)	(10,965)	(35,450)	(25,439)
Transportation costs from preparation plant to customer	(2,476)	(3,488)	(10,592)	(7,874)
Change in estimate of reclamation provision for non-operating properties	23,776	(3,969)	22,985	(5,545)
Impairment and write-off of mineral properties	(115,241)	—	(131,772)	—
Write-off of advance royalties and other assets	(529)	(5,151)	(1,417)	(5,151)
Idle mine expense	(947)	—	(4,077)	(597)
Thermal mining cost - Quecreek Deep Mine	(1,480)	—	(4,328)	—
Tolling costs	(170)	(3,558)	(3,618)	(3,558)
Other costs	—	478	(438)	6,133
Cash production cost of sales (at preparation plant)	$ 18,993	$ 43,367	$ 93,866	$ 113,904
Coal sold - tons	320	550	1,501	1,642
Cash production cost per ton sold (at preparation plant)	$ 59.35	$ 78.85	$ 62.54	$ 69.37

NAPP

(in thousands)	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the years ended December 31, 2015	For the years ended December 31, 2014
Cost of sales	$ 116,236	$ 55,008	$ 198,300	$ 96,196
Add (Deduct):				
Amortization expense	(11,529)	(9,346)	(27,709)	(19,537)
Transportation costs from preparation plant to customer	(2,476)	(3,488)	(10,592)	(7,874)
Change in estimate of reclamation provision for non-operating properties	23,796	(4,093)	22,952	(5,266)
Impairment and write-off of mineral properties	(112,647)	—	(120,126)	—
Write-off of advance royalties and other assets	(529)	(5,151)	(1,417)	(5,151)
Idle mine expense	(581)	—	(2,939)	(51)
Thermal mining cost - Quecreek Deep Mine	(1,480)	—	(4,328)	—
Tolling costs	(170)	(3,558)	(3,618)	(3,558)
Other costs	—	492	(438)	6,176
Cash production cost of sales (at preparation plant)	$ 10,620	$ 29,864	$ 50,085	$ 60,935
Metallurgical coal sold - tons	171	317	740	718
Cash production cost per ton sold (at preparation plant)	$ 62.11	$ 94.21	$ 67.68	$ 84.87

CAPP

(in thousands)	For the three months ended December 31, 2015	For the three months ended December 31, 2014	For the years ended December 31, 2015	For the years ended December 31, 2014
Cost of sales	$ 13,414	$ 15,012	$ 64,273	$ 59,739
Add (Deduct):				
Amortization expense	(2,061)	(1,619)	(7,741)	(5,902)
Change in estimate of reclamation provision for non-operating properties	(20)	124	33	(279)
Impairment and write-off of mineral properties	(2,594)	—	(11,646)	—
Idle mine expense	(366)	—	(1,138)	(546)
Other costs	—	(14)	—	(43)
Cash production cost of sales (at preparation plant)	$ 8,373	$ 13,503	$ 43,781	$ 52,969
Thermal and industrial coal sold - tons	149	233	761	924
Cash production cost per ton sold (at preparation plant)	$ 56.19	$ 57.95	$ 57.53	$ 57.33

Outstanding Share Data

The following table sets forth the particulars of Corsa's fully diluted share capital as of the date of this Management's Discussion and Analysis.

	Number of Common Shares
Common Shares issued and outstanding	1,594,775,762
Common Shares issuable upon exercise of stock options	130,892,500
Common Shares issuable upon redemption of Redeemable Units	170,316,639
Common Shares issuable upon exercise of stock purchase warrants	36,100,000
Total	1,932,084,901

As of the date of this MD&A, QKGI Legacy Holdings LP, holds 170,316,639 common membership units ("Redeemable Units") of Wilson Creek Energy, LLC, a wholly-owned subsidiary of Corsa. Redeemable Units are redeemable, at the option of the holder, for cash on a per unit basis equivalent to the fair market value of a common share of Corsa subject to the option of Corsa to exchange such units for common shares of Corsa on a one for one basis once tendered for redemption by the holder.

Summary of Quarterly Results

The following table sets out certain information derived from Corsa's consolidated financial statements or condensed interim consolidated financial statements for each of the eight most recently completed quarters.

(in thousands except per share amounts)	Quarter Ended December 31, 2015	Quarter Ended September 30, 2015	Quarter Ended June 30, 2015	Quarter Ended March 31, 2015[3]
Revenue	$ 26,564	$ 31,742	$ 39,669	$ 31,366
Net and comprehensive loss	$ (106,354)	$ (9,288)	$ (11,720)	$ (25,626)
Loss per share:				
Basic	$ (0.07)	$ (0.01)	$ (0.01)	$ (0.02)
Diluted	$ (0.07)	$ (0.01)	$ (0.01)	$ (0.02)

(in thousands except per share amounts)	Quarter Ended December 31, 2014[3]	Quarter Ended September 30, 2014[1][3]	Quarter Ended June 30, 2014[2]	Quarter Ended March 31, 2014[2]
Revenue	$ 51,235	$ 45,150	$ 24,319	$ 19,843
Net and comprehensive loss	$ (22,241)	$ (21,029)	$ 692	$ (573)
Loss per share:				
Basic	$ (0.03)	$ (0.02)	$ —	$ —
Diluted	$ (0.03)	$ (0.02)	$ —	$ —

(1) The results of PBS are only included from the period from August 19, 2014 through September 30, 2014 as PBS was acquired on August 19, 2014. See "PBS Transaction" above for further details.

(2) The results of PBS are not included as it was acquired on August 19, 2014. See "PBS Transaction" above for further details.

(3) As a result of retrospective adjustments made to the fair value of the PBS net assets at August 19, 2014, the quarterly results were restated.

Related Party Transactions

Related party transactions include any transactions with employees, other than amounts earned as a result of their employment, transactions with companies that employees or directors either control or have significant influence over, transactions with companies who are under common control with Corsa's controlling shareholder, Quintana Energy Partners L.P. ("QEP") and transactions with companies who are affiliated with the Company's minority shareholder, Sprott Resource Corp.

Transactions with related parties included in the consolidated statement of operations and comprehensive loss of Corsa are summarized below:

	For the three months ended December 31,		For the years ended December 31,	
	2015	2014	2015	2014
Royalties (i)	$ 523	$ 637	$ 2,865	$ 4,047
Mining equipment lease (ii)	181	186	733	911
Supplies purchase (iii)	(65)	247	283	247
	$ 639	$ 1,070	$ 3,881	$ 5,205

i. During the three and twelve months ended December 31, 2015, Corsa paid royalties to related parties who are commonly controlled by QEP in the amount of $523,000 and $2,865,000, respectively (2014 - $637,000 and $4,047,000) for coal extracted from mineral properties where the surface or mineral rights of the specific property are leased by Corsa and owned by the related party. These amounts were included in cost of sales in the consolidated statement of operations and comprehensive loss.

ii. During the three and twelve months ended December 31, 2015, Corsa also made lease payments to related parties controlled by an officer of Corsa for use of mining equipment owned by the related party amounting to $181,000 and $733,000, respectively (2014 - $186,000 and $911,000). These amounts were included in cost of sales in the consolidated statement of operations and comprehensive loss.

iii. During the three and twelve months ended December 31, 2015, Corsa purchased from related parties, who are significantly influenced by a key management personnel of QEP, supplies used in the coal separation process amounting to $(65,000) and $283,000, respectively (2014 - $247,000 and $247,000). These amounts were included in cost of sales in the consolidated statement of operations and comprehensive loss.

At December 31, 2015, Corsa had a note receivable of $120,000 (December 31, 2014 - $120,000) from an employee of Corsa.

Included in accounts payable and accrued liabilities at December 31, 2015 is $415,000 (December 31, 2014 - $655,000) due to related parties, as a result of the transactions noted above, who are employees, directors and companies either controlled or significantly influenced by QEP. These amounts are unsecured and non-interest bearing.

At December 31, 2015 and 2014, The Company had a loan payable to Sprott Resource Lending Corp. of $24,440,000 and $20,793,000, respectively. Sprott Resource Lending Corp. is affiliated with the Company's minority shareholder, Sprott Resource Corp. For additional details related to this loan payable see note 12 of the consolidated financial statements.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual outcomes may differ from those estimates should different assumptions or conditions arise. Significant areas of estimation uncertainty that could cause a material adjustment to the carrying amounts of assets and liabilities within one year are presented below.

Property, plant and equipment

The useful life of property, plant and equipment is based on management's best estimate of the useful life at the time of acquisition. The useful lives are reviewed at least annually or when other changes or circumstances warrant this review. The useful lives impact the amortization expense recorded in the statement of operations and the carrying value of the items of property, plant and equipment. Accordingly, a significant departure from management's expectation, including the impact of any changes in economic, technological or regulatory circumstances beyond management's control, may impact the carrying value of items of property, plant and equipment.

Reserve and resource estimates

Coal reserve and resource estimates indicate the amount of coal that can be feasibly extracted from Corsa's mineral properties. The estimates involve the inclusion of various complex inputs requiring interpretation by qualified geological personnel such as the size, shape and depth of the mineral deposit and other geological assumptions. Other estimates include commodity prices, production costs and capital expenditure requirements. Significant departures from the estimates utilized in management's calculations may impact the carrying value of the mineral properties, reclamation provisions and amortization expense.

Reclamation provision estimates

Reclamation provisions are recognized by Corsa for the estimated costs to reclaim the site at the end of mine life. The carrying amount of the reclamation provision in the consolidated financial statements is subject to various estimates including mine life, undiscounted cash flows to reclaim mineral properties, inflation and discount rates. The provision at the balance sheet date represents management's best estimate but significant departures from management's expectation, including the impact of any changes in economic, technological or regulatory circumstances, may impact the carrying value of the reclamation provision and associated reclamation cost asset included in property, plant and equipment.

Impairment of long-term assets

Corsa reviews and tests the carrying amounts of long-term assets when an indicator of impairment is considered to exist. Corsa considers both external and internal sources of information in assessing whether there are any indications that long-term assets are impaired. External sources of information that Corsa considers include changes in the market, economic and legal environment in which Corsa operates that are not within its control and affect the recoverable amounts of long-term assets. Internal sources of information that Corsa considers include the manner in which long-term assets are being used or are expected to be used and indications of economic performance of the assets.

For the purposes of determining whether an impairment of an asset has occurred, and the amount of any impairment or its reversal, management uses key assumptions in estimating the recoverable value of a cash generating unit ("CGU") which is calculated as the higher of the CGU's value in-use and fair value less costs of disposal.

Changes in these estimates which decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

Evaluation of exploration and evaluation costs

Management makes estimates as to when a known mineral deposit would provide future benefit sufficient enough to begin capitalization of exploration and evaluation costs. Actual results as to when a project provides future benefit may vary from management's estimate.

Deferred income tax assets

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. There is no certainty that income tax rates will be consistent with current estimates. Changes in tax rates increase the volatility of Corsa's earnings.

Purchase price accounting

Management uses judgment in applying the acquisition method of accounting for business combinations and in determining fair values of the identifiable assets and liabilities acquired. The value placed on the acquired assets and liabilities are determined on a preliminary basis and, as such, upon finalization, may differ materially from the amounts previously recorded.

Changes in Accounting Policies including Initial Adoption

Future accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after January 1, 2014. Updates that are not applied or are not consequential to the Company have been excluded.

(a) IFRS 9 – Financial Instruments

In July 2014, the IASB issued the complete IFRS 9 – *Financial Instruments* ("IFRS 9"), which introduced new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. IFRS 9 is effective for annual periods beginning January 1, 2018. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning on January 1, 2018. The impact to the presentation of the Company's consolidated financial statements upon adoption of this standard has not yet been determined.

(b) IFRS 15 – Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 – *Revenue from contracts with customers* ("IFRS 15"). IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. Management believes that adoption of this new guidance will not have a material impact on the Company's financial statements.

(c) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019 and early adoption is permitted if the company also applies IFRS 15. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) deprecation of the lease assets separately from interest on the lease liabilities in the statement of operations. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The impact to the presentation of the Company's consolidated financial statements upon adoption of this standard has not yet been determined.

Financial Instruments and Other Instruments

Corsa's financial instruments consist of cash, restricted cash, warrant financial liability, amounts receivable, accounts payable and accrued liabilities, notes payable, finance lease payable, loan payable and other liabilities.

(a) Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks as described below.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. These bank accounts are held with high credit quality institutions in Canada and the United States. Restricted cash consists of certificates of deposit and interest bearing securities invested with highly rated financial institutions.

Accounts receivable consist of trade receivables, indemnification asset receivable and other receivables. The Company assesses the quality of its customers, taking into account their creditworthiness and reputation, past experience and other factors. The Company has not recorded any allowance for credit losses for the years ended December 31, 2015 and 2014.

Commodity Risk

The value of the Company's mineral properties is related to the price of metallurgical and thermal coal and the outlook for these commodities, which is beyond the control of the Company.

Liquidity risk

Liquidity risk is the risk that Corsa will not be able to meet its financial obligations as they become due. At December 31, 2015 Corsa had a consolidated cash balance of $9,493,000 and consolidated working capital of $5,214,000. However, the future operations of the Company are dependent on the continued generation of positive cash flows from operations which is dependent on stability of metallurgical and thermal coal prices and a reduction in the cost of production on a per ton basis. To the extent that demand and metallurgical and thermal coal prices do not stabilize, or additional liquidity enhancing measures are not successful, the Company will have to obtain additional debt or equity financing. Although debt and equity financings have been successful in the past, and the Company has lowered its fixed and variable cost structure, there is no assurance it will be able to successfully complete such financings in the future. At December 31, 2015 and 2014, Corsa had available committed undrawn credit facilities amounting to $3,000,000 and $4,390,000, respectively, expiring on January 10, 2017.

(b) Fair value

The estimated fair values of all financial instruments approximate their respective carrying values except for the loan payable. The loan payable is carried at amortized cost and the carrying amount and fair value is presented below (in thousands):

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan Payable	$ 24,440	$ 14,764	$ 20,793	$ 20,343

The fair value of the loan payable was determined by discounting the future contractual cash flows at a discount rate that represents an approximation of the borrowing rates presently available to the Company which was 20% and 15.5% at December 31, 2015 and 2014, respectively.

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The fair value hierarchy categorizes into three levels the inputs in valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are those other than quoted market prices in active markets, which are observable for the asset or liability, either directly or indirectly such as derived from prices.

Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of Corsa's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on a degree to which the inputs used to determine the fair value are observable.

	December 31, 2015		**December 31, 2014**	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Financial assets				
Cash	$ 9,493	$ —	$ 13,925	$ —
Restricted cash	34,226	—	32,141	—
	$ 43,719	$ —	$ 46,066	$ —
Financial liabilities				
Warrant financial liability	$ —	$ 220	$ —	$ 1,967

The inputs used to measure the warrant financial liability are based on observable unadjusted market prices for identical assets and are therefore classified as Level 2 inputs under the financial instruments hierarchy.

At December 31, 2015 and 2014, the Company had no financial instruments which used Level 3 fair value measurements.

Risk Factors Relating to Corsa and the Coal Mining Industry

Corsa is subject to a number of risks and uncertainties as a result of its operations. In addition to the other information contained in this MD&A and Corsa's other publicly filed disclosure documents, readers should give careful consideration to the following risks, each of which could have a material adverse effect on Corsa's business prospects or financial condition.

Risk Factors Relating to Operations and Production

Production

Corsa's revenues depend on its level of coal mining production and the sales price for the coal it has mined. Production targets include Corsa's current operating mines and those that are in the permitting stage, under development or under option. As the estimation of resources in the current properties of Corsa will be upgraded to reserves. As a result, Corsa may not achieve its production projections. Corsa may then need to lease and/or option additional properties which may take time and may be subject to the same uncertainties inherent in mining. In addition, Corsa's production levels are no guarantee that Corsa will be able to obtain sales contracts or orders for the coal it produces and as a result sales may be below its production capabilities and Corsa may reduce actual production to reflect actual customer demand and sales orders received. Also, there is no guarantee as to the price for the coal sales.

Resource Exploration, Development and Production Risks

Corsa is engaged in the business of exploring, acquiring and developing coal resource properties. Coal exploration is speculative in nature and there can be no assurance that any coal discovered or acquired will result in an increase in Corsa's resource base. Such exploration and development as well as acquisitions involves a high degree of financial and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Substantial expenses will be required to expand its resource base and to design and construct mining and processing facilities. Whether a resource deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e., coal quality, size, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to environmental protection).

A future increase in Corsa's reserves will depend on its ability to select and acquire suitable properties. No assurance can be given that Corsa will be able to locate or acquire control over satisfactory properties for acquisition that will be economically viable in the current market.

Resource and Reserves

To achieve its projected level of production, a significant portion of Corsa's resources will need to be upgraded to reserves. Such upgrade in classification will require additional data and establishing the economic feasibility of mineralization currently classified as resources. There can be no assurance that Corsa will be able to successfully upgrade its resources to reserves.

Reserve Estimates and Replacement of Reserves

Estimating reserves and resources involves a determination of economic recovery of minerals that are in the ground, which in turn requires that assumptions be made regarding its future price and the cost of recovery. There are numerous uncertainties inherent in estimating the quantities and qualities of, and costs to mine, recoverable reserves, including many factors beyond Corsa's control. Such factors include: improvements to mining technology; changes to government regulation; geologic and mining conditions, which may not be fully identified by available exploration data or may differ from Corsa's experience in current operations; historical production from the area compared with production from other producing areas; future coal prices; operating costs; capital expenditures; taxes; royalties and development and reclamation costs; preparation plant recovery levels and mine recovery levels; all of which may vary considerably from actual results.

Corsa's actual production experience may require the revision of production estimates because actual mineral tonnage recovered from an identified reserve or property may vary materially from estimates. Coal reserves disclosed by Corsa should not be interpreted as assurance of mine life or of the profitability of current or future operations. In addition, revenues and expenditures with respect to Corsa's reserves may vary materially from estimates. The estimates of reserves may not accurately reflect Corsa's actual reserves and may need to be restated in the future. Any inaccuracy in Corsa's estimates could result in lower than expected revenues or higher than expected costs. Corsa's recoverable reserves will decline as it produces coal and Corsa may not be able to mine all of its reserves. Corsa's future success may depend on conducting successful exploration and development activities or acquiring properties containing economically recoverable reserves. There can be no assurance that Corsa will succeed in developing additional mines in the future.

Permitting Matters

Mining companies must obtain numerous permits, licenses and approvals that strictly regulate access, environmental and health and safety and other matters in connection with coal mining. Permitting rules are complex and may change over time, which may make securing additional permits or modification to existing permits and compliance difficult.

Regulatory agencies have considerable discretion in whether or not to issue permits or grant consents and they may choose not to issue permits or grant consents to Corsa or renew existing permits, licenses or consents as they come due. There can be no assurance that Corsa will be able to acquire, maintain, amend or renew all necessary licenses, permits, mining rights or surface rights for its anticipated exploration and development. If Corsa is to be granted a permit, it may be some time before those new permits are issued. Accordingly, new permits, licenses and approvals required by Corsa to operate the mines may not be issued at all, or if issued, may not be issued in a timely fashion, or may contain requirements which restrict its ability to conduct its mining operations or subject it to additional constraints or costs.

Government Regulation

Government authorities regulate the coal mining industry to a significant degree, in connection with, among other things, exploration and development activities, employee health and safety, labour standards, air quality standards, toxic substances, water pollution, groundwater quality and availability, plant and wildlife protection, the reclamation and restoration of mining properties and the discharge of materials into the environment. Corsa is subject to extensive U.S. federal and state laws and regulations controlling not only the mining of and exploration of mineral properties, but also the possible effects of such activities upon the environment. For example, government regulatory agencies may order certain of Corsa's mines to be closed temporarily or permanently. Future legislation and regulations or amendments could cause additional expense, capital expenditures, reclamation obligations, revocation of licenses, restrictions and delays in the development of Corsa's properties, the extent of which cannot be predicted. Government regulations including regulations relating to the environment, prices, taxes, royalties, land tenure, land use and importing and exporting of coal also impact on the marketability of the coal owned by Corsa.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions against Corsa, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Operating Risks

Corsa's coal mining operations are and will continue to be subject to operating risks that could result in decreased coal production. Such operating risks may increase Corsa's cost of mining and delay or halt production at particular mines, either permanently or for varying lengths of time. These conditions and events include but are not limited to:

- the lack of availability of qualified labor;
- inability to acquire, maintain, amend or renew necessary permits or mining or surface rights in a timely manner, if at all;
- failure of resource and reserve estimates to prove correct;
- interruptions due to transportation delays or unavailability;
- changes in governmental regulation of the coal industry, including the imposition of additional taxes, fees or actions to suspend or revoke its permits or changes in the manner of enforcement of existing regulations;
- limited availability of mining and processing equipment and parts from suppliers;
- the lack of availability of the necessary equipment of the type and size required to meet production expectations;
- mining and processing equipment failures and unexpected maintenance problems;
- unfavorable changes or variations in geologic conditions, such as the thickness of the coal deposits, irregularity in coal seams and the amount of rock embedded in or overlying the coal deposit and other conditions that can make underground or open pit mining difficult or impossible;
- severe and adverse weather and natural disasters, such as heavy rains and flooding;
- increased or unexpected reclamation costs;
- unfavorable fluctuations in the cost or availability of necessary commodities or commodities-based products such as diesel fuel, lubricants, explosives, electric cables and steel;
- unexpected mine safety accidents, including fires and explosions from methane; and
- failure of coal mined to meet expected quality specifications.

These conditions and events may increase Corsa's cost of mining and delay or halt production at particular mines either permanently or for varying lengths of time. Corsa's planned exploration and development projects and acquisition activities may not result in the acquisition of significant additional coal deposits and Corsa may not have continuing success developing its current or additional mines.

Mining Operations and Insurance

Mining operations generally involve a high degree of risk. Corsa's operations will be subject to all of the hazards and risks normally encountered in resource exploration, development and exploitation that are beyond the control of Corsa. Such risks include pit wall slides, pit flooding, unusual and unexpected geological formations, seismic activity, rock bursts, ground failure and other conditions involved in the drilling or cutting and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest, threats of war, terrorist threats and theft of production. The occurrence of any of the foregoing could result in damage to, or destruction of, resource properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Although Corsa maintains liability insurance in an amount that it considers consistent with industry practice, liabilities could exceed policy limits resulting in Corsa incurring significant costs. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

The climatic conditions of Corsa's activities will have an impact on operations and, in particular, severe weather such as heavy precipitation and flooding could disrupt the delivery of supplies, equipment and fuel. Exploration and mining activity levels could fluctuate. Unscheduled interruptions in Corsa's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the performance of those operations. Other operating risks include unfavourable changes or variations in geological conditions such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit and other conditions that can make underground mining difficult or impossible; mining and processing equipment failures and unexpected maintenance problems; increased water entering mining areas and increased or accidental mine water discharges; unfavourable fluctuations in commodities-based products such as diesel fuel, reagents for processing, lubricants, electric cables, rubber, explosives, steel, copper, and other raw materials; and unexpected mine safety accidents, including fires and explosions from methane. There can be no assurance that Corsa will be able to manage effectively the expansion of its operations or that its current personnel, systems, procedures and controls will be adequate to support operations.

Fatality or Severe Injury to Employees or Contractors

The business of coal mining is inherently risky. During construction of the mine or during mining operations, employees and contractors may be subject to risks and hazards, including environmental hazards, industrial accidents, human error, weather events, light vehicle incidents or other events. The occurrence of any of the foregoing could result in personal injury, permanent disabilities or fatalities to one or more employees or contractors. These incidents could lead to investigation delays, criminal or civil proceedings, investigation costs, monetary damages and reputation damage to Corsa.

Uninsured Risks

Corsa may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, Corsa may incur liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Coal Transportation and Costs

Coal producers depend upon rail, barge, trucking, overland conveyor and other systems to deliver coal to customers and transportation costs are a significant component of the total cost of supplying coal. While coal customers typically arrange and pay for transportation of coal from the mine to the point of use, disruption of these transportation services because of weather-related problems, insurgency, strikes, lock-outs, transportation delays, excessive demand for their services or other events could temporarily impair Corsa's ability to supply coal to customers and thus could adversely affect Corsa's revenue and results of operations.

Disruption in capacity of, or increased costs of, transportation services could make coal a less competitive source of energy or could make Corsa's coal less competitive than other sources of coal. In addition, increases in the cost of fuel, or changes in other costs relative to transportation costs for coal produced by competitors, could adversely affect Corsa's operations. To the extent such increases are sustained, Corsa could experience losses and may decide to discontinue certain operations forcing Corsa to incur closure or care and maintenance costs, as the case may be.

Dependence on Third Party Suppliers and Loss of Customer Base

Corsa may enter into coal supply agreements which may require the delivery of coal on a regular basis to its customers. If Corsa's own mining production does not reach capacity, Corsa may have to enter into coal supply agreements with third party suppliers in order to meet its customers' demands. There can be no assurance that the third parties will, from time to time, be able to supply the requisite quantities of coal on the schedule negotiated with Corsa. Such third party suppliers may be subject to the same risks relating to engineering, weather, labor, materials and equipment as Corsa.

Changes in purchasing patterns in the coal industry may make it difficult for Corsa to enter into long term supply agreements with new customers. The execution of a satisfactory coal supply agreement may be the basis on which Corsa will undertake the development of coal reserves required to be supplied under the agreement. When Corsa's current agreements with customers expire or are otherwise renegotiated, Corsa's customers may decide to purchase fewer tons of coal than in the past or on different terms, including pricing terms less favourable to Corsa, or may choose to purchase from other suppliers. Coal contracts may also contain force majeure provisions which may allow for the temporary suspension of performance by Corsa or its customers during the duration of specified events beyond the control of the affected party.

Quality Specifications

Most of Corsa's coal supply agreements will contain provisions requiring the delivery of coal meeting quality specifications for certain characteristics such as BTU, sulfur content, ash content, hardness, ash fusion temperature, FSI, volatile matter and reflectance and other matters such as phosphorous. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or, in the extreme, termination of the contracts.

Title to Assets

Corsa has leased or optioned mineral rights in order to conduct a number of its mining operations. If defects in title or boundaries are found to exist after Corsa commences mining, its right to mine may be limited or prohibited. No assurance can be given that there are no title defects affecting Corsa's coal properties or those which it proposes to acquire or those upon which it has operations. The coal or operations properties may be subject to prior unregistered liens, agreements or transfers or other undetected title defects. There can be no assurance that title to Corsa's coal properties or those on which it has operations will not be challenged or impugned or defeated by a holder of superior title or registered liens or adverse claims. Third parties may have valid claims underlying portions of Corsa's interests and the permits or tenures may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If a title defect exists, it is possible that Corsa may lose all or part of its interest in the properties to which such defects relate. If there are title defects with respect to any properties, Corsa might be required to compensate other persons or perhaps reduce its interest in the property. Also, in any such case, the investigation and resolution of title issues may divert management's time from on-going exploration and development programs.

Acquisition Risks

Corsa's future success may depend upon it conducting successful exploration and development activities and acquiring properties containing additional economic coal reserves. Corsa may also be required to generate capital, either through its operations or through outside financing, to mine these additional reserves. Corsa may increase its coal reserve base through acquisitions of other mineral rights, leases, or producing properties or continuing to use its existing leased properties.

Acquisitions involve a number of inherent risks, any of which could cause Corsa to not realize the anticipated benefits. Corsa may be unable to successfully integrate the companies, businesses or properties it acquires. Acquisition transactions involve various inherent risks, including:

- uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental or mine safety liabilities) of, acquisition candidates;
- the potential loss of key customers, management and employees of an acquired business;
- the ability to achieve identified operating and financial synergies anticipated to result from an acquisition;
- problems that could arise from the integration of the acquired business; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying Corsa's rationale for pursuing the acquisition.

Any one or more of these factors could cause Corsa not to realize the benefits anticipated to result from an acquisition. Any acquisition opportunities Corsa may pursue could materially affect its liquidity and capital resources and may require Corsa to incur indebtedness, seek equity capital or both. In addition, future acquisitions could result in Corsa assuming more long-term liabilities relative to the value of the acquired assets.

Surety Bonds

U.S. federal and state laws require Corsa to obtain surety bonds to secure payment of certain long-term obligations such as mine closure or reclamation costs, federal and state workers' compensation costs, coal leases and other obligations. These bonds are typically renewable annually. Surety bond issuers and holders may not continue to renew the bonds or may demand additional collateral or other less favorable terms upon those renewals. The ability of surety bond issuers and holders to demand additional collateral or other less favorable terms has increased as the number of companies willing to issue these bonds has decreased over time. Failure to obtain or renew surety bonds on acceptable terms could affect Corsa's ability to secure reclamation and coal lease obligations in the United States and its ability to mine or lease coal properties. That failure could result from a variety of factors, including, without limitation: (i) lack of availability, higher expense or unfavorable market terms of new bonds; (ii) restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of Corsa's current debt instruments; and (iii) the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

Risk Factors Relating to Capital Resources

Additional Funding Requirements

Capital expenditures for the exploration, development, production, and acquisition of coal reserves in the future may depend in part on funds not entirely raised by internally generated cash flow. As a result, Corsa may need external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost and under reasonable conditions, if at all.

Additional equity financing could be dilutive to shareholders and could substantially decrease the trading price of Corsa's securities. Corsa may issue Common Shares or other equity securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of Corsa's operations or anticipated expansion, or involve forfeiting its interest in some or all of its properties and licenses, incurring financial penalties, or reducing or terminating its operations.

Taxation in Canada and the United States

Corsa, a Canadian corporation, is subject to income tax under Canadian tax rules. The principal business operations of Corsa in the United States are conducted through its wholly owned direct U.S. subsidiary, Wilson Creek Holdings, Inc. ("WCH"), which owns approximately 81.0% of WCE, a U.S. limited liability company and 100% of Mincorp Acquisition Corp. ("MAC"), a U.S. corporation. WCE owns Kopper Glo Mining, LLC ("KGM") and Maryland Energy ('MER"), two U.S. limited liability companies. MAC owns Mincorp, Inc., PBS Coals, Inc., Rox Coal, Inc., Norwich Services, Inc. Quecreek Mining, Inc., Croner, Inc. and Elk Lick Energy, Inc., all of which are U.S. Corporations. Corsa's subsidiary is a U.S. company and subject to taxation under U.S. tax rules. WCE, KGM and Maryland Energy are treated as disregarded entities for U.S. tax purposes, and as such, their income and losses will be treated as incurred directly by WCH (on a pro rata basis based on its ownership interest in WCE), their parent company, which is subject to U.S. tax laws. WCH will file a consolidated tax return which will include MAC and all of its subsidiaries. The payment of dividends from Corsa's subsidiaries to Corsa will be subject to U.S. withholding tax in certain circumstances.

Risk Factors Relating to Equipment and Labor

Availability of Equipment and Access Restrictions

Natural resource exploration, development and exploitation activities are dependent on the availability of particular types of drilling, cutting, conveying and other excavating equipment and related supplies and equipment in the particular areas where such activities will be conducted as well as their parts in the case that maintenance is needed on such equipment. Demand for or restrictions on access to such limited equipment and supplies may affect the availability of such equipment and may delay exploration, development and exploitation activities. Future operations could be adversely affected if Corsa encounters difficulty obtaining equipment, tires and other supplies on a timely basis, or such equipment and supplies are available only at significantly increased prices.

Labor

If either the rail, truck or barge carrier or port facilities upon which Corsa will be dependent to deliver coal to its customers are or will become unionized, there is potential for strikes, lockouts or other work stoppages or slow-downs involving the unionized employees of its key service suppliers which could have a material adverse effect on Corsa. There is competition for qualified personnel in the Appalachian coal mining industry and there can be no assurance that Corsa will be able to continue to attract and retain all personnel necessary for the development and operations of its business. Coal mining is a labor-intensive industry. From time to time, Corsa may encounter a shortage of experienced mine workers. In addition, the employees of Corsa may choose to unionize, which may disrupt operations on account of contract negotiations, grievances, arbitrations, strikes, lockouts or other work stoppages or actions. As a result, Corsa may be forced to substantially increase labor costs to remain competitive in terms of attracting and retaining skilled laborers. Furthermore, it is possible that a decreased supply of skilled labor may cause a delay in Corsa's operations and negatively affect its ability to expand production.

Equipment Breakdown

Breakdowns of equipment, difficulties or delays in obtaining replacement shovels and other equipment, natural disasters, industrial accidents or other causes could temporarily disrupt Corsa's operations, which in turn may also materially and adversely affect its business, prospects, financial condition and results of operations.

Risk Factors Relating to Market Conditions

Competition

The resource exploration and coal mining business is competitive in all of its phases. Competitive factors in the distribution and marketing of coal include price and methods and reliability of delivery. Corsa will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive resource properties. The principal factors that determine the price for which Corsa's coal can be sold are demand, competition, coal quality, efficiency in extracting and transporting coal, and proximity to customers. Increases in transportation costs could make Corsa's coal less competitive as a source of energy or could make some of Corsa's operations less competitive than other sources of coal. An oversupply of coal will also likely adversely affect the price of coal on the market. There can be no assurance that Corsa will be able to compete successfully with other coal producers and suppliers and its failure to compete effectively could adversely affect its operations and performance.

In recent years, the competitive environment for coal was impacted by sustained growth in a number of the largest markets in the world, including the U.S., China, Japan and India, where demand for both electricity and steel have supported pricing for steam and metallurgical coal. In the most recent year, there has been a significant weakening in the market for coal, and in particular metallurgical coal, and a corresponding drop in demand and prices. The economic stability of these markets has a significant effect on the demand for coal and the level of competition in supplying these markets. The cost of ocean transportation and the value of the U.S. dollar in relation to foreign currencies significantly impact the relative attractiveness of Corsa's coal as it competes on price with other foreign coal producing sources. During the last several years, the U.S. coal industry has experienced increased consolidation, which has contributed to the industry becoming more competitive. Increased competition by competing coal producers or producers of alternate fuels in the markets in which Corsa serves could cause a decrease in demand and/or pricing for Corsa's coal.

Foreign Currency Exchange

Corsa reports its financial results in U.S. dollars; however, it incurs certain costs and expenses in Canadian dollars. As a result Corsa's operating results and cash flows could be negatively affected by currency exchange rates between the Canadian and U.S. dollars. Exchange rates with European markets may also adversely affect the results of Corsa.

Foreign Currency Fluctuations

Corsa may compete in international markets against coal produced in other countries. Coal is sold internationally in U.S. dollars. As a result, mining costs in competing producing countries may be reduced in U.S. dollar terms based on currency exchange rates, providing an advantage to coal producers in other countries. Currency fluctuations among countries purchasing and selling coal could adversely affect the competitiveness of Corsa's coal in international markets.

Commodity Prices

Commodity prices, including coal prices, fluctuate widely and may be affected by numerous factors beyond the control of Corsa such as the sale or purchase by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of resources, environmental protection and international political and economic trends, conditions and events. The price of commodities, including coal, has fluctuated widely in recent years, and future serious price declines could cause continued development of Corsa's properties to be impracticable. Further, reserve calculations and life-of-mine plans using significantly lower commodity prices could result in material write downs of Corsa's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices could impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Coal Price and Volume Volatility

Coal demand and price are determined by numerous factors beyond the control of Corsa including the domestic and international demand for steel and steel products; coal consumption by the domestic utility industry; the demand for electricity; the availability of competitive coal supplies; the supply and demand for domestic and foreign coal; seasonal changes in the demand for Corsa's coal; interruptions due to transportation delays; proximity to, and capacity and cost of, transportation facilities; air emission standards for coal fired power plants; inflation; political and economic conditions; global or regional political events and trends; international events and trends; international exchange rates; the cost implications to Corsa in response to regulatory changes, administrative and judicial decisions; production costs in major coal producing regions; 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 under climate change initiatives; and various other market forces.

An increase in demand for coal could attract new investors to the coal industry, which could result in the development of new mines and increased production capacity throughout the industry. An oversupply in world markets could occur. The general downturn in the economies of Corsa's significant markets occurred in 2012 and continued throughout 2013, 2014 and 2015. A significant reduction in the demand for steel products has reduced and could continue to reduce the demand for metallurgical coal. Similarly, if less expensive ingredients could be used in substitution for metallurgical coal in the integrated steel mill process, the demand for metallurgical coal would materially decrease. The combined effects of any or all of these factors on coal price or volume cannot be predicted.

Reduced coal consumption by North American electric power generators has resulted and could result in lower prices for Corsa's thermal coal. The amount of coal consumed for electric power generation is affected primarily by the overall demand for electricity; the location, availability, quality and price of competing fuels for power such as natural gas, nuclear, fuel oil and alternative energy sources such as hydroelectric power; technological developments, and environmental and other governmental regulations. Weather patterns also can greatly affect electricity generation.

Extreme temperatures, both hot and cold, cause increased power usage. Mild temperatures result in lower electrical demand. Accordingly, significant changes in weather patterns could reduce the demand for Corsa's thermal coal.

Corsa's results of operations may also be dependent upon the prices it charges for its coal as well as its ability to improve productivity and control costs. Decreased demand would cause spot prices to decline and require an increase in productivity and lower costs in order to maintain margins. Corsa may not be able to maintain its margins. Declining prices may adversely affect operating results for future periods and Corsa's ability to generate cash flows necessary to improve productivity and invest in operations.

Financial Market Fluctuations

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for Corsa's securities will be subject to such market trends and that the value of such securities may be affected accordingly. The continuing credit crisis and related turmoil in the global financial markets has had and may continue to have an impact on Corsa. Numerous factors, including many over which Corsa has no control, may have a significant impact on the market price of its securities.

In addition, the current economic environment has reduced the availability of credit in the marketplace. Volatility and disruption of financial markets could limit Corsa's customers' ability to obtain adequate financing to maintain operations and result in a decrease in sales volumes that could have a negative impact on operational results.

Volatility in Market Price

The market price of the Common Shares has experienced and may experience significant volatility. Numerous factors, including many over which Corsa has no control, may have a significant impact on the market price of the Common Shares.

Raw Material Costs

Unexpected increases in raw material costs could greatly impair Corsa's operations. The coal mining operations of Corsa use significant amounts of steel, petroleum products and other raw materials for mining equipment, supplies and materials. If the price of steel, petroleum products and other commodities such as rubber products and liquid fuels increase, Corsa's operational expenses will increase.

Coal Hedging Risk

Corsa may, in the future, hedge its projected future coal production by entering into customer contracts that require it to deliver coal with established pricing over a period of time. If the price of coal increases, Corsa may be materially adversely affected by having hedged its future production pursuant to these contracts. Alternatively, should coal prices decrease below the levels stated in the contracts, Corsa could be materially adversely affected should these contracts not be honored.

Terrorist Attacks and Threats, Escalation of Military Activity in Response to Such Attacks or Acts of War

Corsa's business will be affected by general economic conditions, fluctuations in consumer confidence and spending, and market liquidity, which may decline as a result of numerous factors outside of Corsa's control, such as terrorist attacks and acts of war. Future terrorist attacks against U.S. targets, rumours or threats of war, actual conflicts involving the U.S. or its allies, or military or trade disruptions affecting customers may materially adversely affect operations. As a result, there could be delays or losses in transportation and deliveries of coal to customers, decreased sales of coal and extension of time for payment of accounts receivable from customers. Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the U.S. In addition, such disruption may lead to significant increases in energy prices that could result in government-imposed price controls. It is possible that any, or a combination, of these occurrences could have a material impact on cash flows, results of operations or financial condition.

Foreign currency risk

Corsa's foreign exchange risk arises primarily with respect to the US dollar as a result of its activities evaluating potential opportunities and the development and operation of its assets in the United States. Corsa has elected not to actively manage its foreign exchange exposure at this time.

Price risk

Corsa is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on Corsa's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Corsa closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by Corsa.

Risk Factors Relating to Legal Matters

Litigation

Due to the nature of mining operations, it is possible for legal proceedings to arise from time to time in the course of Corsa's business and operations. There is always the potential that an individual matter or the aggregation of many matters could adversely affect Corsa.

A subsidiary of Corsa is a party to a claim filed by Italian steel company Lucchini S.p.A. ("Lucchini Claim") for $52 million against PBS Coals in the Livorno (Italy) Tribunal. The Lucchini Claim arises from coal purchase and sale transactions between PBS Coals, as seller, and Lucchini, as purchaser. The transactions all occurred between November 2010 and January 2012, before Corsa Coal acquired PBS. The Lucchini Claim alleges that during the relevant time period, both PBS and Lucchini were owned and/or controlled by OAO Severstal and Alexey Mordashov. According to the Lucchini Claim, among other things, (i) PBS Coals sold Lucchini $52 million of coal between February 2011 and January 2012, (ii) insolvent companies, such as Lucchini, may claw back payments from a group of companies without regard to value given, (iii) Lucchini was insolvent at all relevant times, (iv) PBS was part of the OAO Severstal/ Mordashov Group at all relevant times, (v) PBS' knowledge of the insolvency can be imputed and (vi) PBS had actual knowledge of the insolvency. Defending this action can be costly and can distract management. There is the potential that the costs of defending litigation could have an adverse effect on our cash flows, results of operations or financial position.

Environmental Risks, Hazards and Liabilities

Corsa's operations may inadvertently substantially impact the environment or cause exposure to hazardous materials, either of which could result in material liabilities to Corsa. Corsa may be subject to claims under U.S. federal and state statutes, and/or common law doctrines, for toxic torts, natural resource damages, and other damages as well as the investigation and clean-up of soil, surface water and groundwater. Such claims may arise, for example, out of current, former or future activities at sites that Corsa owns or operates, as well as at sites that Corsa or its predecessor entities owned or operated in the past, or at contaminated sites that have always been owned or operated by third parties. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimize such impacts. Many of Corsa's mining operations take place in the vicinity of streams, and similar impacts could be asserted or identified at other streams in the future. Corsa's liability for such claims may be joint and several, so that it may be held responsible for more than its share of the remediation costs or other damages, or even for the entire share.

Corsa has reclamation and may have mine closure obligations. It is difficult to determine the exact amounts which may be required to complete all land reclamation activities in connection with their properties. Estimates of total reclamation and mine-closure liabilities are based upon permit requirements and its experience. The amounts recorded are dependent upon a number of variables, including the estimated future retirement costs, estimated proven reserves, assumptions involving profit margins and inflation rates. If these accruals are insufficient or liability in a particular year becomes greater than may be anticipated, Corsa's operating results could be adversely affected.

Environmental Regulation

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and Canadian and U.S. laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emission of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, and in some cases, enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or permits revoked and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Corsa's total compliance with the full spectrum of U.S. environmental regulation may not always be possible, and significant penalties may be incurred as a result of violations of environmental laws.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The environmental issues affecting Corsa's mining operations include permitting and reclamation requirements, air pollution laws and regulations, regulations relating to climate change, water pollution laws and regulations, including the United States Clean Water Act, hazardous waste regulation, Comprehensive Environmental Response, Compensation, and Liability Act, and similar state superfund statutes, Endangered Species Act, U.S. mine safety regulations and restrictions against greenhouse gas emissions. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Corsa to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Corsa's financial condition, results of operations or prospects. Corsa may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances that may exist on or under any of its properties or that may be produced as a result of its operations.

Black Lung Laws (pneumoconiosis)

Under U.S. federal black lung benefits laws, businesses that conduct current mining operations must make payments of black lung benefits to coal miners disabled with black lung disease and to certain survivors of a miner who dies from the disease. To fund these benefits, a tax is levied on coal production per ton for underground-mined and surface-mined coal to compensate miners who are totally disabled due to black lung disease and certain survivors of miners who died from the disease, who worked after 1970, but no responsible coal mine operators were identified for the claims. In addition, some claims for which coal operators had previously been responsible will be obligations of the government trust funded by the tax. The Revenue Act of 1987 extended the termination date of this tax from January 1, 1996, to January 1, 2014, or the date on which the government trust becomes solvent. The majority of benefits are paid by coal mine operators to miners and survivors through self-insurance or commercial insurance policies.

The U.S. Patient Protection and Affordable Care Act of 2010 includes significant changes to the federal black lung program. These changes include provisions, retroactive to 2005, which (1) provide an automatic survivor benefit paid upon the death of a miner with an awarded black lung claim, without requiring proof that the death was due to pneumoconiosis and (2) establish a rebuttable presumption that miners with 15 or more years of coal mine employment and proof they are totally disabled by a respiratory condition are disabled due to pneumoconiosis. These legislative changes could have a material impact on Corsa's costs expended in association with the federal black lung program.

Corsa may be liable under state statutes for black lung payments and is covered through insurance policies, self-insurance or state programs. U.S. Congress and state legislatures regularly consider various items of black lung legislation, which, if enacted, could adversely affect Corsa's business, results of operations and financial position.

Land Use Regulation and Conflicting Land Uses

Land use regulation on the U.S. federal, state and local level may negatively impact the ability to begin or carry out mining operations in particular locations. Zoning laws control land use and often prohibit mining entirely. New land use restrictions may be enacted in areas of current or planned mining operations by new legislation or regulation. Existing U.S. federal and state surface mining statutes also allow citizens to file petitions deeming certain land unsuitable for surface mining for a variety of reasons. It is difficult to predict when a "lands unsuitable" petition will be filed, and even more difficult to determine in advance whether the petition will be granted.

Corsa's properties may be affected by oil and gas development that may impact coal development by increasing the cost of coal recovery and decreasing the amount of coal recoverable. As determinations that lands are unsuitable are awarded more frequently, the amount of land available for mining declines and the risk that mining in planned areas will be prohibited increases. There is a risk that certain lands will not be open for mining, decreasing the number of operations Corsa can maintain or acquire in the future. Even in areas where mining may not be prohibited outright, the presence of other land uses restricts the ability of mining companies to operate efficiently. Residential structures, other buildings, gas wells, pipelines, roads, electric transmission lines, and numerous land uses other than mining are commonly located in areas where Corsa operates. These land uses may inhibit Corsa's operations, and negative impacts on these land uses that may result from Corsa's operations could create liability exposure. Additionally, the need to accommodate other land uses may result in a less efficient use of the mining property.

U.S. Mine Safety Regulation

Employee safety and health regulation in the U.S. mining industry is comprehensive and pervasive. The cost of complying with numerous state and federal safety and health laws applicable to the mining industry is substantial. Negative publicity surrounding a series of tragic accidents in the U.S. mining industry over the past decade has resulted in expensive new safety requirements and substantially increased penalties for failure to comply with these regulations. Given the complexity of the mine safety and health regulations, there is a risk that Corsa's business operations will be affected by these regulations.
Restriction against Greenhouse Gas Emissions

U.S. federal and state laws restricting the emissions of greenhouse gases in areas where Corsa will conduct its business or sell its coal could adversely affect its operations and demand for coal. Corsa may be subject to regulation of greenhouse gas emissions from stationary sources as well as mobile sources such as cars and trucks. Current and proposed laws, regulations and trends, electricity generators may influence the switch to other fuels that generate less greenhouse gas emissions, possibly further reducing demand for coal.

Anti-Corruption Legislation

Corsa is subject to anti-corruption legislation including the Corruption of Foreign Public Officials Act (Canada) and other similar acts (collectively "Anti-Corruption Legislation"), which prohibit Corsa or any of its officers, directors, employees or agents acting on its behalf from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an office capacity. The Anti-Corruption Legislation also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. Corsa's international activities create the risk of unauthorized payments or offers of payments by its employees, consultants or agents, even though they may not always be subject to its control. Corsa strictly prohibits these practices by its employees and agents. However, Corsa's existing safeguards and any future improvements may provide to be less than effective, and its employees, consultants and agents may engage in conduct for which Corsa may be held responsible. Any failure by Corsa to adopt appropriate compliance procedures and to ensure that its employees and agents comply with Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on its ability to conduct its business, which may have a material adverse impact on Corsa or its share price.

Risk Factors Relating to Corporate Governance

Potential Conflicts of Interest

Certain directors and officers of Corsa are, and may continue to be, involved in the mining and resource exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of members of Corsa. As a result, situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of members of Corsa. Directors and officers of Corsa with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

Corsa has no dividend record and is unlikely to pay any dividends in the foreseeable future as it may employ available funds for resource exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on Corsa's financial condition, results of operations, capital requirements and such other factors as the board of directors then deems relevant.

Reliance on Key Employees and Experience of Management

Corsa will be dependent on the experience of key executives and a small number of highly skilled and experienced executive officers, consultants and personnel, whose contributions to the immediate and future operations of Corsa and the implementation of Corsa's business plan are of great importance. Locating resource deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Given the competition for qualified management personnel in the coal industry, the loss of the services of any key management personnel may have an adverse effect on Corsa's business and prospects. Corsa may not be able to retain some or all of its key management personnel, and even if replaceable, it may be time consuming and costly to recruit qualified replacements. Corsa does not currently have any key man insurance policies on key employees and therefore there is a risk that the death or departure of any member of management or any key employee could have an adverse effect on Corsa.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

The Interests of Corsa's Principal Shareholder May Differ From Those of Other Shareholders

As of date of this MD&A, assuming the tender for redemption of all WCE Units and exchange for Common Shares, Quintana would exercise control or direction over an aggregate of 885,615,077 Common Shares, representing approximately 57.2% of Corsa's then issued and outstanding Common Shares. The interests of Quintana may conflict with the interests of other shareholders and there is no assurance that Quintana would vote its Common Shares in a way that benefits minority shareholders. Accordingly, unless applicable laws or regulations would require approval by the minority shareholders, Quintana is in a position to: (i) control Corsa's policies, management and affairs; (ii) subject to applicable laws, regulations and Corsa's articles and by-laws, adopt amendments to certain provisions of Corsa's articles; and (iii) otherwise determine the outcome of most corporate actions, including a change in control, merger or sale of all or substantially all of Corsa's assets.

Forward-Looking Statements

Certain information set forth in this MD&A contains “forward-looking statements” and “forward-looking information” under applicable securities laws. Except for statements of historical fact, certain information contained herein relating to projected sales, coal prices, coal production, mine development, the capacity and recovery of Corsa’s preparation plants, expected cash production costs, geological conditions, future capital expenditures and expectations of market demand for coal, constitutes forward-looking statements which include management’s assessment of future plans and operations and are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as “estimates”, “expects” “anticipates”, “believes”, “projects”, “plans”, “capacity”, “hope”, “forecast”, “anticipate”, “could” and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Corsa’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks that the actual production or sales for the 2016 fiscal year will be less than projected production or sales for this period; risks that the prices for coal sales will be less than projected; liabilities inherent in coal mine development and production; geological, mining and processing technical problems; inability to obtain required mine licenses, mine permits and regulatory approvals or renewals required in connection with the mining and processing of coal; risks that Corsa’s preparation plants will not operate at production capacity during the relevant period, unexpected changes in coal quality and specification; variations in the coal mine or preparation plant recovery rates; dependence on third party coal transportation systems; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; changes in the regulations in respect to the use, mining and processing of coal; changes in regulations on refuse disposal; the effects of competition and pricing pressures in the coal market; the oversupply of, or lack of demand for, coal; inability of management to secure coal sales or third party purchase contracts; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of coal products, including labor stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to purchase third party coal for processing and delivery under purchase agreements; and management’s ability to anticipate and manage the foregoing factors and risks. The forward-looking statements and information contained in this MD&A are based on certain assumptions regarding, among other things, coal sales being consistent with expectations; future prices for coal; future currency and exchange rates; Corsa’s ability to generate sufficient cash flow from operations and access capital markets to meet its future obligations; the regulatory framework representing royalties, taxes and environmental matters in the countries in which Corsa conducts business; coal production levels; Corsa’s ability to retain qualified staff and equipment in a cost-efficient manner to meet its demand; and Corsa being able to execute its program of operational improvement and initiatives. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking statements. Corsa does not undertake to update any of the forward-looking statements contained in this MD&A unless required by law. The statements as to Corsa’s capacity to produce coal are no assurance that it will achieve these levels of production or that it will be able to achieve these sales levels.

Additional Information

Additional information regarding Corsa is available under Corsa's profile at www.sedar.com.