Corsa Coal Corp.

Annual Information Form
For the Year Ended December 31, 2016

Dated March 7, 2017

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1. INTRODUCTION

In this Annual Information Form (the "AIF"), Corsa Coal Corp. is referred to as "Corsa" or the "Company". This AIF is dated March 7, 2017, and the information contained herein is current as of such date, unless otherwise stated.

Corsa's coal operations are conducted through the Northern Appalachia Division ("NAPP Division" or "NAPP") and the Central Appalachia Division ("CAPP Division" or "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. CAPP is based in Knoxville, Tennessee, U.S.A. and is focused on thermal, industrial and metallurgical coal production in the Central Appalachia coal region and sales in the southeastern region of the United States as well as export markets.

1.1 *Currency and Measurement*

All references to "dollars", "$" or "US$" are to United States dollars, unless otherwise indicated, and references to "CDN$" are to Canadian dollars. All references to tons are to short tons (2,000 pounds per ton), unless otherwise indicated.

1.2 *Financial Statements*

This AIF should be read in conjunction with the Company's audited consolidated financial statements and management's discussion and analysis for the years ended December 31, 2016 and 2015. The financial statements and management's discussion and analysis are available under Corsa's profile on the SEDAR website at www.sedar.com.

1.3 *Forward Looking Statements*

Certain information set forth in this AIF 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 2017 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 AIF 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 AIF 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.

1.4 *Technical Disclosures*

NAPP Division Properties

The scientific and technical information contained in this AIF relating to the NAPP Division properties (as defined below), which are effective as of December 31, 2016, have been prepared by Marshall Miller & Associates, Inc. ("MM&A") under the supervision of Justin S. Douthat, P.E., M.B.A., Michael G. McClure, C.P.G., Kirt Suehs, C.P.G., and Gerard J. Enigk, P.E. each a qualified person, as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). MM&A is independent of Corsa and its subsidiaries. For a complete description of the mines and projects relating to the NAPP Division Properties, see the report prepared pursuant to NI 43-101 by MM&A under Corsa's profile at www.sedar.com entitled "*Technical Report on the Coal Resource and Coal Reserve Controlled by Corsa Coal Corp., Pennsylvania, USA - Prepared in Accordance with National Instrument 43-101 Standards for Disclosure for Mineral Projects Effective December 31, 2016*."

Kopper Glo Properties of the CAPP Division

The scientific and technical information contained in this AIF relating to the Kopper Glo properties of the CAPP Division (as defined below), which are effective as of December 31, 2016, have been prepared by Marshall Miller & Associates, Inc. ("MM&A") under the supervision of Justin S. Douthat, P.E., M.B.A. and John W. Eckman, C.P.G., each a qualified person, as such term is defined in NI 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). MM&A is independent of Corsa and its subsidiaries. For a complete description of the mines and projects relating to the Kopper Glo Properties, see the report prepared pursuant to NI 43-101 by MM&A under Corsa's profile at www.sedar.com entitled "*Technical Report on the Coal Reserve and Coal Resource Controlled by Kopper Glo Mining, LLC, Tennessee, USA - Prepared in Accordance with National Instrument 43-101 Standards for Disclosure for Mineral Projects Effective December 31, 2016*."

1.5 *Cautionary Note to U.S. Investors Concerning Reserve and Resource Estimates*

This AIF sets forth certain estimates of "reserves" and "resources". While Corsa believes that the estimates were based on methodologies acceptable in Canada pursuant to NI 43-101 such estimates are not synonymous with the United States Securities and Exchange Commission ("SEC") Industry Guide 7 as discussed below. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes in Canada of scientific and technical information concerning mineral projects. Of note to U.S. investors, these standards differ significantly from the requirements of the SEC (including under its Industry Guide 7).

Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of historical estimates of "resources" in this AIF will ever be converted into reserves, or if converted, what actual tonnage and grade they may have. Accordingly, information concerning descriptions or mineralization, "resources" and "reserves" contained in this AIF are not comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

1.6 *Glossary*

The following is a glossary of selected mining terms used in this AIF. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Ash**" means impurities consisting of silica, iron, alumina and other incombustible matter that are contained in coal. Since ash increases the weight of coal, it adds to the cost of handling and can affect the burning characteristics of coal.

"**Bituminous coal**" means a common type of coal with moisture content less than 20% by weight. It is dense and black and often has well-defined bands of bright and dull material.

"**British thermal unit**" or "**BTU**" means a measure of the thermal energy required to raise the temperature of one pound of pure liquid water one degree Fahrenheit at the temperature at which water has its greatest density (39 degrees Fahrenheit).

"**Coal seam**" means a layer of a coal deposit.

"**Coke**" means a hard, dry carbon substance produced by heating coal to a very high temperature in the absence of air and used in the manufacturing of iron and steel.

"**Common Shares**" means the common shares of the Company.

"**Continuous miner**" means a machine used in underground mining to cut coal from the seam and load onto conveyers or shuttle cars in a continuous operation. In contrast, a conventional mining unit must stop extracting in order to begin loading.

"**Continuous mining**" means a form of underground mining that cuts the coal from the seam and loads the coal on to a conveyor system continuously, thus eliminating the separate cycles of cutting, drilling, shooting and loading.

"**Hard coking coal**" or "**HCC**" means a type of metallurgical coal that is a necessary ingredient in the production of strong coke. It is evaluated based on the strength, yield and size distribution of coke produced from such coal which is dependent on rank and plastic properties of the coal. Hard coking coals trade at a premium to other coals due to their importance in producing strong coke and as they are a limited resource.

"**Indicated Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resources has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

"**Industrial coal**" means a coal generally used as a heat source in the production of lime, cement, or for other industrial uses and is not considered thermal coal or metallurgical coal.

"**Inferred Mineral Resource**" means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

"**Measured Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

"**Metallurgical coal**" means the various grades of coal with suitable carbonization properties to make coke or be used as a pulverized injection ingredient for steel manufacture, including hard coking coal (see definition above), semi-soft coking coal ("SSCC") and PCI Coal (see definition below). Also known as "met" coal, its quality depends on four important criteria: (1) volatility, which affects coke yield; (2) the level of impurities including sulfur and ash, which affect coke quality; (3) composition, which affects coke strength; and (4) other basic characteristics that affect coke oven safety. Met coal typically has particularly high Btu characteristics but low ash and sulfur content.

"**Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that, at the time of reporting, could reasonably be justified.

"**Mineral Resource**" means a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

"**Modifying Factors**" means the considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

"**Overburden**" means layers of earth and rock covering a coal seam. In surface mining operations, overburden must be removed prior to coal extraction.

"**PCI Coal**" means a coal used by steel makers for pulverized coal injection (PCI) into blast furnaces to use in combination with the coke used to produce steel. The use of PCI allows a steel maker to reduce the amount of coke needed in the steel making process.

"**Preparation plant**" means a facility for crushing, sizing and washing coal to remove impurities and prepare it for use by a particular customer. The washing process has the added benefit of removing some of the coal's sulfur content.

"**Probable Mineral Reserve**" means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

"**Proven Mineral Reserve**" means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

"**Reclamation**" means the process of restoring land and the environment to their original or otherwise rehabilitated state following mining activities. The process commonly includes "recontouring" or reshaping the land to its approximate original appearance, restoring topsoil and planting native grass and ground covers. Reclamation operations are usually underway before the mining of a particular site is completed. Reclamation is closely regulated by both state and federal law.

"**Roof**" means the stratum of rock or other mineral above a coal seam; the overhead surface of a coal working place.

"**Sulfur**" means one of the elements present in varying quantities in coal that could contribute to environmental degradation when coal is burned. Sulfur dioxide is produced as a gaseous by-product of coal combustion.

"**Surface mine**" means a mine where the coal lies at or near the surface and can be extracted by removing the covering layer of soil (see "Overburden") without tunneling underground.

"**Thermal coal**" means a coal used by power plants and industrial steam boilers to produce electricity, steam or both.

"**Ton**" means a "short" ton equal to 2,000 pounds. A "metric" ton is approximately 2,205 pounds; a "long" or British ton is equal to 2, 240 pounds.

"**Underground mine**" means a mine where the coal lays at a sufficient depth below the earth's surface that is not practical for a surface mine. Also known as a "deep" or "drift" mine. An underground mine's coal is typically removed mechanically and transferred by shuttle car and/or conveyor to a surface location.

2. CORPORATE STRUCTURE

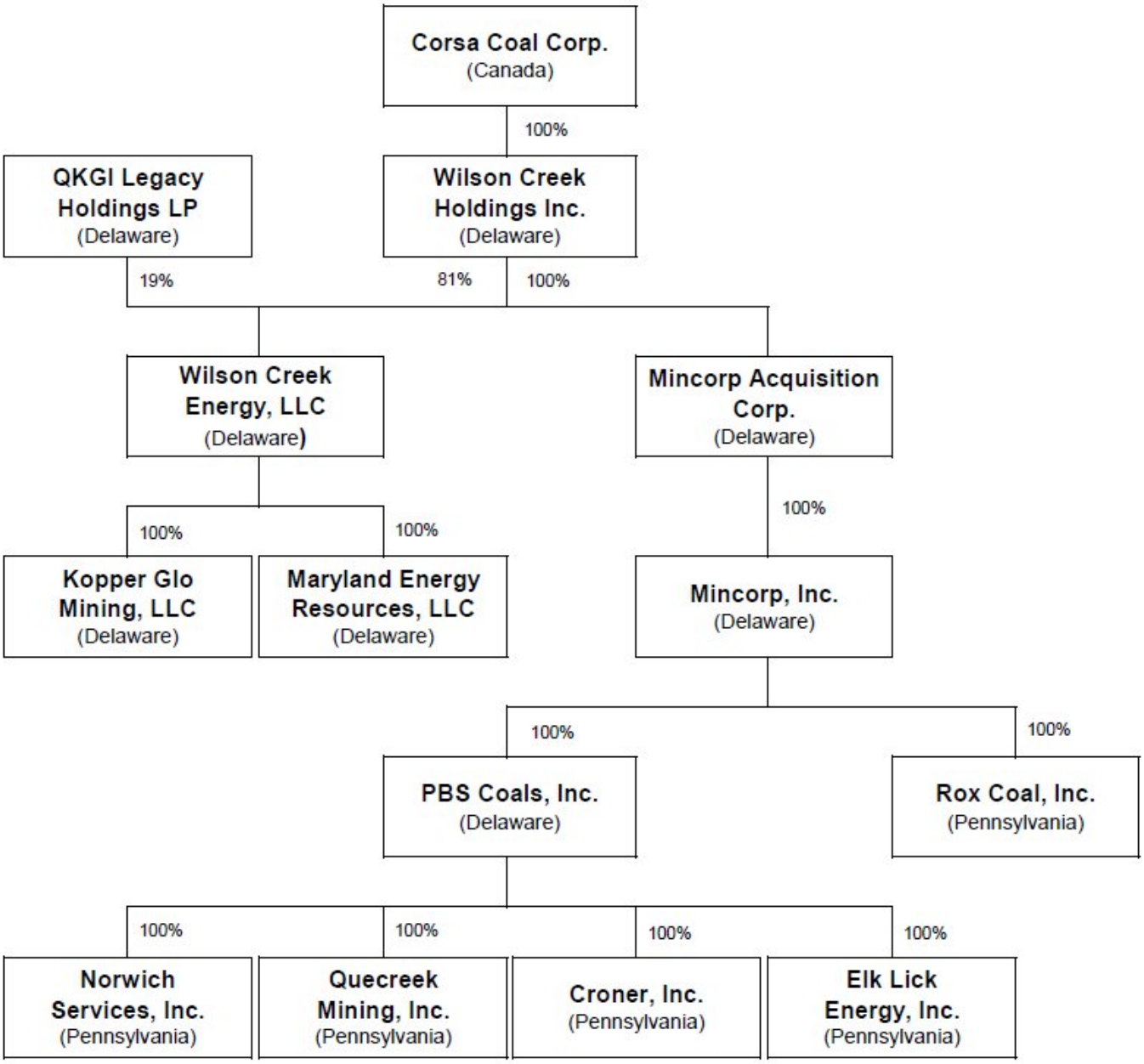
2.1 *Name, Address and Incorporation*

The Company was incorporated on June 14, 2007 under the name of 0794168 B.C. Ltd. pursuant to the *Business Corporations Act* (British Columbia). On July 18, 2007, Articles of Amendment were filed to change its name to "Corsa Capital Ltd.". On April 27, 2011, Articles of Amendment were filed to change its name to "Corsa Coal Corp." and on June 27, 2011, the Company was continued under the *Canada Business Corporations Act* ("CBCA"). On April 17, 2008, Corsa was listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO". Corsa is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

The Company is domiciled in Canada and the registered office of Corsa is located at 199 Bay Street, Suite 5300, Commerce Court West, Toronto, Ontario M5L 1B9 and the head office of Corsa is located at 125 Technology Drive, Suite 100, Canonsburg, Pennsylvania 15317.

2.2 *Intercorporate Relationships*

The following diagram illustrates the corporate structure of Corsa.



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Overview

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 premium quality metallurgical coal to domestic and international steel and coke producers.

3.2 Three Year History

2014

PBS Transaction

On August 19, 2014, the Company completed the acquisition of all of the outstanding shares of PBS Coals Limited ("PBS"), a wholly-owned subsidiary of OAO Severstal for $53.6 million in cash and a requirement to fund $20 million of cash into an escrow account (collectively, the "PBS Transaction"). The primary purpose of the acquisition was to continue Corsa's growth strategy focusing on metallurgical coal and to secure additional infrastructure, operating capacity and reserves of metallurgical coal.

The Company funded the escrow account on December 17, 2014. Subject to the terms of the purchase agreement governing the PBS Transaction, the Company would be indemnified by OAO Severstal for, among other things, certain liabilities incurred by PBS prior to the PBS Transaction, and certain deficiencies arising from post-closing working capital and other customary purchase price adjustments. If such claims are, or were, determined to be eligible by the parties, funds to cover such liabilities are to be released from escrow to Corsa. Any amounts remaining in escrow, subject to certain conditions, are to be released to OAO Severstal as additional consideration. On July 21, 2015, $6,000,000 was released to Corsa from the escrow account as settlement for post-closing working capital adjustments and $4,000,000 was released to OAO Severstal. In September 2016, PBS reached a settlement of the complaint for civil penalty and injunctive relief with the Environmental Protection Agency ("EPA") and the Pennsylvania Department of Environmental Protection ("PA DEP") in which PBS paid $6.5 million as a civil penalty. As a result of this settlement, $6.7 million was released from the escrow account to fund the civil penalty and to reimburse the Company for legal fees incurred in connection with the settlement. Thereafter, the escrow account has been dissolved with the remaining funds distributed to OAO Severstal.

The consideration for the PBS Transaction was paid using equity financing and a new credit facility:

- Corsa completed a non-brokered private placement of 23,191,098 Common Shares for gross proceeds of CDN$69,573,295 at CDN$3.00 per Common Share (US$65,425,329); and

- $25,000,000 was raised through a non-revolving term credit facility underwritten by Sprott Resource Lending Corporation ("SRLC").

Pursuant to the private placement, Sprott Resource Partnership ("SRP") acquired 11,848,165 Common Shares for an aggregate price of approximately $33.4 million (post-consolidation). As of the date of this AIF, SRP holds approximately 17.2% of the outstanding Common Shares. SRP has certain ongoing rights including the right to nominate one member of the Corsa board of directors, subject to certain conditions. The right to nominate one member of the Corsa board of directors will terminate if SRP, together with its affiliates, ceases to hold at least 10% or more of the outstanding Common Shares for a continuous period of at least 30 days. Quintana Energy Partners II, L.P. ("Quintana") has provided an undertaking to vote in favor of the election of the SRP board nominee at any shareholder meeting, for so long as Quintana controlled entities own at least 20% of the outstanding Common Shares. SRP also entered into a Registration Rights Agreement with Corsa which provides SRP with rights to twice demand registration in Canada for as long as it holds at least 10% of the outstanding Common Shares.

In connection with the PBS Transaction, the Company entered into a the five year senior secured non-revolving term credit facility in the amount of $25 million (the "Facility") pursuant to a credit agreement ("the Credit Agreement") between Corsa and SRLC. The interest rate under the Facility is ten (10%) per annum. The Facility may be prepaid without penalty, in whole or in part, at any time after three months of interest has been paid. In consideration for the facility, SRLC was issued 1.8 million Common Share purchase warrants of Corsa ("Bonus Warrants"). Each Bonus Warrant has a term of five years and is exercisable for one Common Share of Corsa at an exercise price of CDN$3.90 (post-consolidation). Subsequently, the rights and obligations of Corsa under the Credit Agreement have been respectively assigned to an assumed by Wilson Creek Holdings, Inc. ("WCH"), a wholly-owned subsidiary of Corsa, pursuant to an assignment and assumption agreement.

In June 2014, Legacy QKGI redeemed approximately 59.8 million WCE Units in exchange for Common Shares of Corsa on a twenty for one basis. As of the date of this AIF, Quintana entities control approximately 170.3 million WCE units, which can be converted into Common Shares on a twenty for one basis, and 38.4 million common shares.

During the year ended December 31, 2014, the Company sold 718,000 tons of metallurgical coal at an average realized price of $92.39 per ton from the NAPP Division and 924,000 tons of thermal and industrial coal at an average realized price of $67.95 per ton from the CAPP Division. The Company incurred a net loss of $43.2 million for the year ended December 31, 2014 primarily due to the decline in the coal market as well as acquisition and integration expenses related to the PBS transaction.

2015

In 2015, the average realized price for metallurgical coal declined by $15.28 per ton sold compared to 2014 due to unprecedented challenges across the coal industry where supply outpaced demand which resulted in significantly lower sales prices. To support the Company's liquidity and cash balance, in October 2015, Corsa completed a non-brokered private placement for gross proceeds of $7.25 million at CDN$1.00 per Common Share (the "October 2015 Private Placement"). In connection with the October 2015 Private Placement, WCH entered into a first amending agreement (the "Amending Agreement") to waive and amend certain terms of the Credit Agreement governing the Facility. As commodity prices continued to decline, Corsa continued to implement a cost reduction program where NAPP productivity improvements and cost reduction efforts have been successful in outpacing the decline in average realized prices. As a result of the low commodity prices, a non-cash impairment charge of $132 million was recognized in the year ended December 31, 2015. The Company incurred a net loss of $153 million for the year.

During the year ended December 31, 2015, the Company sold 740,000 tons of metallurgical coal at an average realized price of $77.11 per ton from the NAPP Division and 761,000 tons of thermal and industrial coal at an average realized price of $66.53 per ton from the CAPP Division.

2016

In 2016, the average realized price for metallurgical coal increased by $2.55 per ton sold compared to 2015. Spot prices for metallurgical coal rose by approximately 200% over the course of 2016. Chinese policy initiatives to reduce production of coal, in addition to supply disruptions in Australia, created a deficit of metallurgical coal on the seaborne market in the second half of 2016. The rebound in pricing caused a supply response to occur in coal exporting countries such as Australia, the United States, and Mongolia. It is believed that a large scale metallurgical supply response will be slow, as major Australian and Canadian mines are already running near maximum capacity. Incremental production from greenfield and brownfield projects may take up to two years or longer to come online as permits need to be acquired, equipment needs to be ordered, mines need to be staffed, and coal producers need to raise capital to fund the projects. Additionally, historically low metallurgical coal prices during the period of time from 2014 through mid-2016, led to a lack of investment in reserves, infrastructure, new mining permits, and equipment, all of which will slow the supply response to higher prices.

During the year ended December 31, 2016, Corsa completed three private placements, all of which are described below on a post-consolidation basis:

- In March 2016, Corsa completed a non-brokered private placement of 10,387,200 Common Shares for gross proceeds of $8,000,000 at CDN$1.00 per Common Share (the "March 2016 Private Placement"). The proceeds of the March 2016 Private Placement were used to fund working capital and for general corporate purposes. In connection with the March 2016 Private Placement, WCH entered into a second amending agreement (the "Second Amending Agreement") to amend certain terms of the Credit Agreement governing the Facility, SRLC received 389,520 Common Shares in connection with entering into the Second Amending Agreement, which represents consideration equivalent of US$300,000.

- In June 2016, Corsa completed a private placement of 3,150,000 Common Shares, 2,800,000 of which were closed on a brokered basis and 350,000 of which were closed on a non-brokered basis, for gross proceeds of CDN$3,150,000 at CDN $1.00 per Common Share (US$2,410,000) (the "June 2016 Private Placement"). Paradigm Capital Inc. ("Paradigm") acted as lead agent for the brokered portion of the June 2016 Private Placement. The Company paid Paradigm aggregate cash commissions of CDN$168,000 (U.S.$129,000) and issued a total of 168,000 compensation warrants ("Compensation Warrants") in connection with the June 2016 Private Placement. Each Compensation Warrant entitles Paradigm to purchase one Common Share at CDN$1.00, exercisable for a period of 24 months. The proceeds of the June 2016 Private Placement are being used to fund working capital and for general corporate purposes.

- In October 2016, Corsa completed a private placement of 11,500,000 Common Shares, 10,694,000 of which were closed on a brokered basis and 806,000 of which were closed on a non-brokered basis, for gross proceeds of CDN$23,000,000 at CDN$2.00 per Common Share (US$17,191,000) (the "October 2016 Private Placement"). Paradigm Capital Inc., GMP Securities Inc., and Pareto Securities Limited (collective, the "Agents") acted as agents for the brokered portion of the October 2016 Private Placement. The Company paid the Agents aggregate cash commissions of CDN$923,000 (US $690,000) in connection with the October 2016 Private Placement. The proceeds of the October 2016 Private Placement will be primarily used for mine development, general corporate and working capital purposes.

In December 2016, the Company gave effect to the consolidation of the issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for each 20 pre-consolidation Common Shares (the "Consolidation") and an amendment to the Company's articles authorizing the issuance of an unlimited number of preferred shares, issuable in series, with such rights, privileges, restrictions and conditions as the board of directors of the Company may determine from time to time.

Corsa commenced development work at the Acosta Deep Mine in Somerset County, Pennsylvania, which is forecasted to produce 400,000 tons per year of low volatile metallurgical coal once fully operational. Coal production at the mine is anticipated to begin in the second quarter of 2017 and ramp up over the course of the year.

During the year ended December 31, 2016, the Company sold 669,000 tons of metallurgical coal at an average realized price of $79.66 per ton from the NAPP Division and 499,000 tons of thermal and industrial coal at an average realized price of $59.95 per ton from the CAPP Division. The Company incurred a net loss of $34.1 million for the year ended December 31, 2016.

3.3 Significant Acquisitions

The PBS Transaction which closed on August 19, 2014 represented a significant acquisition for Corsa for the purposes of Part 8 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102"). For further information with respect to the PBS Transaction, see "*Three Year History - 2014 - PBS Transaction*". The Company filed on its SEDAR profile a business acquisition report with the information prescribed by Form 51-102F4 under NI 51-102 in connection with the PBS Transaction on November 3, 2014.

4. DESCRIPTION OF THE BUSINESS

4.1 General

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 premium quality metallurgical coal to domestic and international steel and coke producers.

Coal Characteristics

Coal is a combustible, sedimentary, organic rock, which is composed mainly of carbon, hydrogen and oxygen. It is formed from vegetation, which has been consolidated between other rock strata and altered by the combined effects of pressure and heat over millions of years to form coal seams. Coal is generally classified as either metallurgical coal or thermal coal (also known as steam and industrial coal). Sulfur, ash and moisture content as well as coking characteristics are key attributes in grading metallurgical coal while heat value, ash and sulfur content are important variables in rating thermal coal.

Heat Value: The heating value of coal is supplied by its carbon content and volatile matter and commonly measured in BTUs. Coal deposits are generally classified into four categories, ranging from lignite, sub-bituminous, bituminous and anthracite, reflecting their response to increasing heat and pressure.

Sulfur Content: Sulfur content can differ from coal seam to coal seam. Low sulfur coals have a sulfur content of 1.5% or less. Coal produces undesirable sulfur dioxide when it burns, the amount of which depends on the concentration of sulfur in the coal as well as the chemical composition of the coal itself.

Ash and Moisture Content: Ash is the residue that remains after the combustion of coal. Low ash is desirable because businesses must dispose of ash after the coal is used. High moisture content decreases the heat value of the coal and increases the coal's weight, both of which are undesirable.

Coking Characteristics (metallurgical coal only): Two important coking characteristics are coke strength and volatility. Coke strength is an indicator of physical strength of a coke made from a particular coal. Coke needs to be strong to support the iron ore and coke mix above it in the blast furnace. Volatility of coking coal is used to determine the percentage of coke that a given type of coal would produce. This measure is known as coke yield. A low volatility results in a higher coke yield.

Types of Coal

Metallurgical coal is classified into three major categories: HCC; semi-soft coking coal; and PCI. Coking coals are the basic ingredients for manufacture of metallurgical coke. PCI coal is not used in coke making but is rather injected directly into the lower

region of blast furnaces to supply both energy and carbon for iron reduction. The use of PCI can be a substitute for some of the metallurgical coke that would otherwise have been used.

Thermal and industrial coal is the most abundant form of coal and is commonly referred to as steam coal. Such coal has a relatively high heat value and has long been used for steam generation in electric power and industrial boiler plants.

Coal Mining Methods

Coal is mined using both underground and surface mining methods. The mining methods to be employed are determined by the geological characteristics of coal reserves.

Underground Mining: Underground mining methods are employed when coal reserves cannot be mined using surface mining methods. The two different underground mining techniques are "long-wall" mining and "room-and-pillar" mining.

In long-wall mining, mechanized shearers are used to cut and remove the coal from long rectangular blocks of medium to thick coal seams called panels. Continuous miners are used to develop access to these coal blocks. After the coal is removed, it drops onto a conveyor system that takes the coal to production shafts or slopes where it is hoisted to the surface. In long-wall mining, mobile hydraulic powered roof supports, called shields, hold up the roof throughout the extraction process.

In room-and-pillar mining, a network of rooms is cut into the coal seam by continuous miners, while also leaving a series of coal pillars to support the mine roof. Shuttle cars and continuous haulage systems transport the coal to the surface.

Surface Mining: Surface mining methods are employed when coal reserves are located close to the surface.

Strip mining involves removing the topsoil followed by a process of drilling and blasting the overburden covering the coal seam with explosives. The overburden is then removed with earth-moving equipment such as draglines, power shovels, excavators and loaders exposing the coal seam. Once exposed, the coal seam is extracted and loaded into haul trucks for transportation to preparation plants or load-out facilities. After the coal is removed, reclamation activities use the topsoil and overburden removed at the beginning of the process to backfill the excavated coal pits and disturbed areas. After the overburden and topsoil are replaced, vegetation is re-established into the reclaimed area. Ultimate seam recovery for surface mining typically exceeds 80% and is dependent on overburden, coal thickness, geological factors, and equipment used.

Highwall surface mining involves using a highwall mining machine to mine coal seams that are exposed, at the outcrops or at the limit of economic depth in a pit for a strip mine, during the surface mining process, but which cannot be accessed by the earth moving equipment used for surface strip mining.

Coal Markets

Coal prices differ substantially by region and are impacted by many factors including the overall economy, demand for steel, demand for electricity, location, market, quality and type of coal, mine operation costs and the cost of customer alternatives.

Metallurgical Coal

Spot prices for metallurgical coal rose by approximately 200% over the course of 2016. Chinese policy initiatives to reduce production of coal, in addition to supply disruptions in Australia, created a deficit of metallurgical coal on the seaborne market in the second half of 2016. The rebound in pricing caused a supply response to occur in coal exporting countries such as Australia, the United States, and Mongolia. A large scale metallurgical supply response is expected to be slow, as major Australian and Canadian mines are already running near maximum capacity. Incremental production from greenfield and brownfield projects may take up to two years or longer to come online as permits are acquired, equipment is ordered, mines are staffed, and coal producers raise capital to fund the projects. Additionally, historically low metallurgical coal prices from 2014 through mid-2016 led to a lack of investment in reserves, infrastructure, new mining permits, and equipment, all of which will slow the supply response to higher prices.

The first quarter 2017's benchmark price of $285 per metric ton is another significant uptick from the fourth quarter 2016's benchmark price of $200 per metric ton. Spot prices declined during December 2016 to February 2017 as Australian mines that were disrupted in the fall of 2016 returned to production and inventory destocking occurred in China and India, as a result of China's workday policy relaxing from 276 to 330 days for the winter months. Spot prices for premium quality low volatile metallurgical coal in the United States and Asia are currently in the $150 to $165 per metric ton range. Steel prices have risen globally over the past several months and blast furnace restarts in North America could lead to additional demand for metallurgical

coal in 2017. Policy initiatives to increase infrastructure spending in the United States and China and a recovery in domestic oil and gas drilling activity, are two catalysts that could lead to additional demand for metallurgical coal in the 2017 quarters ahead.

Thermal Coal

Southeastern U.S. utility market thermal coal spot pricing improved 20% over the course of 2016. Spot pricing today is approximately $57 per ton for 12,500 BTU thermal coal. General supply reductions in Central Appalachia, in addition to increased natural gas prices in 2016, led to an improvement in pricing. Additionally, the increased price of metallurgical coal caused some crossover thermal coal to enter the metallurgical market, further reducing supply of thermal coal regionally.

Principal Markets

The principal market for the Company's metallurgical coal is domestic and international steel producers and the principal market for the Company's thermal and industrial coals is domestic electric utilities and industries.

Distribution

The primary distribution method for the Company's coals is by rail from a preparation plant to the customer; however, distribution by truck or by truck and barge to the customer is also utilized.

Revenues

For the years ended December 31, 2016 and 2015, the revenues from the sale of metallurgical coal were $56,602,000 and $67,651,000, respectively, and the revenues from the sale of thermal and industrial coal were $40,301,000 and $56,577,000, respectively.

Coal Operations

Corsa's coal operations are conducted through (i) the NAPP Division, which is based in Friedens, Pennsylvania, U.S.A. and focused on metallurgical coal production and sales in the Northern Appalachia coal region of the United States and (ii) the CAPP Division, which is based in Knoxville, Tennessee, U.S.A. and focused on thermal and industrial coal production and sales in the Southern Appalachia coal region of the United States.

NAPP Division

NAPP produces and sells 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, and is shipped by rail, truck and barge. In addition to the mines currently in production, NAPP has a significant pipeline of projects which the Company anticipates developing pending the recovery of metallurgical coal prices.

NAPP is centrally located in and around Somerset County, Pennsylvania, located approximately 70 miles from Pittsburgh, Pennsylvania, and operates in Pennsylvania and Maryland. NAPP usually ships by rail, although shipping can be done by truck or barge. The preparation plants have access to both the 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 delivery cost to key customers, including steel mills around Pittsburgh, the Great Lakes region and Canada.

Mines

NAPP currently operates two underground mines and has one mine under development. The information disclosed below is based on the information contained in the technical reports related to such properties. Please refer to "*Introduction - Technical Disclosures*" above for more information.

Mine	Type of mine	Annual production capacity in clean tons[1]
Casselman Mine	Underground	565,000
Quecreek Mine	Underground	280,000
Acosta Deep Mine - under development	Underground	400,000 [2]

[1] Annual production capacity is based on the operations as they are currently configured at the date of this AIF.
[2] Annual production capacity is based on the annual production rate once fully operational.

Preparation Plants

NAPP currently operates one preparation plant, utilizes the rail loadout at a second plant and has one preparation plant that has 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 loadout 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 loadout 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 loadout 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.

Projects

NAPP has several projects which are in various stages of permitting and development. The information disclosed below is based on the information contained in the technical reports related to such properties. Please refer to "*Introduction - Technical Disclosures*" above for more information.

Project	Type of mine	Status
Acosta Deep Project	Underground	Development
A Seam Project	Underground	Permitted
Schrock Run Extension	Surface	Permit in Process
Keyser Project	Underground	Permit in Process
Horning D Project	Underground	Permitted

CAPP Division

CAPP produces and sells high 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 one surface mine and two underground mines. The information disclosed below is based on the information contained in the technical reports related to such properties. Please refer to "*Introduction - Technical Disclosures*" above for more information.

Mine	Type of mine	Annual production capacity in clean tons[1]
Straight Creek / Valley Creek Mine	Surface	150,000
Double Mountain Deep Mine	Underground	250,000
Cooper Ridge	Underground	200,000

[1] Annual production capacity is based on the operations as they are currently configured at the date of this AIF.

Environmental and Other Regulatory Matters

The Company's business is subject to numerous federal, state and local laws and regulations with respect to matters such as permitting and licensing, employee health and safety, reclamation and restoration of property and protection of the environment. In the United States, environmental laws and regulations include, but are not limited to, the federal Clean Air Act ("CAA") and its state and local counterparts with respect to air emissions; the federal Clean Water Act ("CWA") and its state counterparts with respect to water discharges; the Resource Conservation and Recovery Act ("RCRA") and its state counterparts with respect to solid and hazardous waste generation, treatment, storage and disposal, as well as the regulation of underground storage tanks; and the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and its state counterparts with respect to releases, threatened releases, and remediation of hazardous substances. Other environmental laws and regulations require reporting, even though the impact of that reporting is unknown. The Company's compliance with these laws and regulations may be costly and time-consuming and may delay commencement, continuation or expansion of exploration or production at our operations. These laws are constantly evolving and have become increasingly stringent, however, with the recent change in the U.S. Administration, there has been repeal of some over-reaching regulation and an indication that additional over-stringent regulations will be modified. The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that certain implementing regulations for these environmental laws have not yet been promulgated and in certain instances are undergoing revision. These laws and regulations, particularly new legislative or administrative proposals (or judicial interpretations of existing laws and regulations) related to the protection of the environment, could result in substantially increased capital, operating and compliance costs and could have a material adverse effect on our operations and/or our customers' ability to use our products.

The Company strives to conduct its mining operations in compliance with all applicable federal, state and local laws and regulations. However, due in part to the extensive and comprehensive regulatory requirements, along with changing interpretations of these requirements, violations occur from time to time in our industry and at our operations.

Employees

As of the date of this AIF, the Company had a total of 365 employees consisting of total of 258 employees at the NAPP Division, 103 employees at the CAPP Division and 4 employees at the corporate office.

4.2 Risk Factors

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 AIF 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 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, labor 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, labor 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 unfavorable 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; unfavorable 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 favorable 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 MER 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 thermal and metallurgical coal. During the last several years, 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, 2015 and part of 2016. 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 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, rumors 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 U.S. 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 has evolved in a manner that resulted in stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, however, with the recent change in the U.S. Administration, there may be a change in the promulgation of stricter regulation. 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 AIF, assuming the tender for redemption of all WCE Units and exchange for Common Shares, Quintana would exercise control or direction over an aggregate of 46,877,551 Common Shares, representing approximately 45.6% 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.

Historical Resource Estimates and U.S. Disclosure Standards

This AIF sets forth certain historical estimates of "reserves" (the "Reserves Presentation") based on methodologies acceptable in Canada pursuant to NI 43-101, which are not compliant with the SEC Industry Guide 7 as discussed below.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes in Canada of scientific and technical information concerning mineral projects. Of note to U.S. investors, these standards differ significantly from the requirements of the SEC (including under its Industry Guide 7).

Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of historical estimates of "reserves" in the Reserves Presentation will ever be converted into reserves, or if converted, what actual poundage and grade they may have. Accordingly, information concerning descriptions or mineralization, "resources" and "reserves" contained in the Reserves Presentation are not comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

5. COAL PROPERTIES

5.1 NAPP Division Properties

Introduction

The NAPP Division Properties consist of the Wilson Creek properties, which were acquired by the Company on December 7, 2010 through the purchase of WCE, on April 5, 2011 through the purchase of the Alumbaugh Property and on May 18, 2011 through the purchase of Maryland Energy, and the PBS properties, which were acquired by the Company on August 19, 2014 through the purchase of PBS (see "*General Development of the Business - 2014 - PBS Transaction*"). The NAPP Division is based in Friedens, Pennsylvania, U.S.A. and focused on metallurgical coal production and sales in the Northern Appalachia coal region of the United States.

The following information in this section is based on or reproduced from the technical report entitled "Technical Report on the Coal Resource and Coal Reserve Controlled by Corsa Coal Corp., Pennsylvania and Maryland, USA - Prepared in Accordance with National Instrument 43-101 Standards for Disclosure for Mineral Projects Effective December 31, 2016" (the "NAPP Division Report"), which was prepared by Marshall Miller & Associates, Inc. ("MM&A") under the supervision of Justin S. Douthat, P.E., M.B.A., Michael G. McClure, C.P.G., Kirt Suehs, C.P.G., and Gerard J. Enigk, P.E. (the "NAPP Division Qualified Persons"), each a qualified person, as such term is defined NI 43-101. MM&A is independent of Corsa and its subsidiaries. For a complete description of the assumptions, qualifications and procedures associated with this information, reference should be made to the full text of the NAPP Division Report, which is available on Corsa's profile at www.sedar.com.

Property Description and Location

The NAPP Division Properties are located in Pennsylvania and Maryland, approximately 60 miles southeast of Pittsburgh and 120 miles west of Pennsylvania's capital city of Harrisburg, within the Northern Appalachian coal-producing region of the eastern USA.

An active underground and surface mine are in Somerset County, Pennsylvania and another active underground mine is in Garrett County, Maryland. The division office is in Friedens, Pennsylvania. The coal resource properties consist of approximately 39,100 acres of mineral and/or surface control located in Somerset County Pennsylvania and Garrett County, Maryland. The properties consist of a complex assemblage of owned and/or leased tracts that range from a few acres to several hundred acres in size. Segregation of mineral and surface ownership is common to the properties, with Corsa acquiring the necessary rights to support development through purchase or lease agreements with predominately private owners or entities. The properties are readily accessible via a well-developed network of primary, secondary and unimproved roads.

Corsa operations currently consists of three active mines (see table below). Two of which are underground (Quecreek and Casselman) and one active surface mine (Rhoads). Corsa operates one preparation plant and rail loadout facility (Cambria Preparation Plant) which is serviced by CSX rail. In addition to the Cambria plant, Corsa has two other preparation plants; the Shade plant and the Rockwood plant, both on care-and-maintenance status. In addition to the three active mines, Corsa maintains an idled underground mine (Horning) considered "hot idle", meaning it is temporarily idled and maintained in anticipation of returning to operation in the near future.

Active and "Hot Idle" Mines

Mine	Status	Coal Seam
Casselman (UG)	Active	Upper Freeport
Quecreek (UG)	Active	Upper Kittanning
Rhoads (SUR)	Active	Upper Kittanning Middle Kittanning Lower Kittanning
Horning (UG)	Hot Idle	Lower Freeport

Typical royalty rates range from 6% to 15% of the gross sales price. All surface facilities for accessing the coal seams and processing, storing and shipping the production are controlled by Corsa.

Permits

The NAPP Division Properties are the subject of numerous permits for surface and underground mining, for coal preparation and related facilities, and for haul roads and other incidental permits necessary for mining to occur. A listing of all current Pennsylvania Department of Environmental Protection ("PaDEP") permits is provided in the table below. Permits generally require that the permittee post a performance bond in an amount established by the regulatory program to provide assurance that any disturbance or liability created during the course of mining operations is properly restored to an approved post-mining land use and that all regulations and requirements of the permits are fully satisfied before the bond is returned to the permittee. Significant penalties exist for any permittee who fails to meet the obligations of the permits including cessation of mining operations, which can lead to potential forfeiture of the bond. Any company, and its directors, owners and officers, which are subject to bond forfeiture, can be denied future permits under the program. Monitored under the Applicant Violator System (AVS) by the Federal Office of Surface Mining.

New permits or permit revisions will be necessary from time to time to facilitate the expansion or addition of new mining areas on the properties. New or modified mining permits are subject to a public advertisement process and comment period, and the public is provided an opportunity to raise an objection to any proposed mining operation. While there is some public opposition to mining in the USA, it is rare for objections to cause issuance of a permit to be denied. However, recent United States Environmental Protection Agency ("EPA") intervention in the surface mine permitting process in Pennsylvania and other states has resulted in lengthy delays in issuance of Section 401, 402 and 404 permits required under the Clean Water Act. Unless specific prohibitions against surface mining impacts were identified, other delays in obtaining necessary mining permits and authorizations for mining to occur are not reflected herein. MM&A is not aware of any prohibition of mining on the properties and, given sufficient time and planning, Corsa should be able to secure new permits to maintain its planned mining operations within the context of the current regulations. Necessary permits are in place to support current production on the properties.

The NAPP Division Properties and adjacent properties have supported surface and underground mining operations for more than 70 years. Consequently, numerous abandoned mines and related facilities exist within and adjacent to the properties. Each of the known abandoned mines and facilities within or adjacent to the properties has been identified to assess their potential impact on the remaining coal reserves. To the extent past mining impacts classification of coal reserves, all relevant factors were taken into consideration. The extent of these abandoned mines is shown in the figures accompanying the technical report or on the detailed maps included in MM&A's files. MM&A largely depended on data provided by Corsa and obtained from state agencies to identify the presence of previous mining.

Portions of the properties are located near local communities. Regulations prohibit mining activities within 300 feet of a residential dwelling, school, church or similar structure unless written consent is first obtained from the owner of the structure. Where required, such consents have been obtained where mining is proposed beyond the regulatory limits. All known mining restrictions have been considered for estimation of reserves herein.

Summary of NAPP Division Permits

SMCRA Permit No.	Facility Name	Type	Current Permit Status	Permitted Acres
56110106	Hamer	Surface	Active	107.7
08-30	Casselman	Underground	Active	3,040.0
56111302	Acosta MK Mine	Underground	Active	2,776.4
Pending	Keyser	Underground	Pending	6,942.1
56951301	Augustus Mine	Underground	Active	1,341.0
56101301	A-Seam Mine	Underground	Active	163.0
56101302	A-Seam Mine	Underground	Active	3,174.4
56851303	Barbara B	Underground	Water Treatment[(1)]	2,668.8
56971301	Geronimo Mine	Underground	Reclaimed	3,009.7
56071301	Horning Mine	Underground	Active	2,545.4
56061301	Kimberly Run Mine	Underground	Active	2,318.5
56911302	Longview Mine	Underground - Water Loss	Water Loss	—
56961302	Miller Mine	Underground	—	—
32981301	North Branch Mine	Underground	Not Active	2,670.0
56981301	Quecreek Mine	Underground	Active	3,449.0
56021301	Roytown Mine	Underground	Active	1,104.8
56961301	Sarah Mine	Underground	Active	895.7
56841608	Cambria Preparation Plant	Plant	Active	56.0
56841603	Shade Preparation Plant	Plant	Active	103.3
56950702	Cambria Refuse Area (Job 93)	Refuse	Water Treatment[(1)]	67.1
56910701	Job 10 Refuse Area	Refuse	Water Treatment[(1)]	68.1
56900701	Job 12 Expansion	Refuse	Active	296.8
32980701	North Branch Rock Refuse Area	Refuse	Not Active	24.0
56773707	Cambria Fuels Refuse Area	Refuse	Water Treatment[(1)]	38.7
56090701	Schrock Run Refuse Area	Refuse	Active	263.0
56960107	Acosta Mine	Surface	Water Treatment[(1)]	135.0
56090102	Barta Mine	Surface	Active	83.5
56120106	Bassett Mine	Surface	Active	150.4
56823033	Bluelick #2 Strip	Surface	Active	126.6
56880109	Bluelick #3 Strip	Surface	Active	154.2
56880108	Bluelick #4 Strip	Surface	Active	377.7
56030105	Buffalo Operation	Surface	Active	317.2
56000104	Camper Mine	Surface	Reclaimed	147.2
56090111	Friedens Mine	Surface	Active	233.6
56823143	Fritz No. 2 Mine	Surface	Inactive	202.0
56120111	GAZ Mine	Surface	Not Active	91.1
56100102	Hart Mine	Surface	Active	448.0
56960110	Hartman Mine	Surface	Reclaimed	312.2
56823008	Hauger Mine	Surface	Reclaimed	176.0
40A77AM12	Job 21 Surface	Surface	Water Treatment[(1)]	1,128.0
56100101	Berwind-Lohr Mine	Surface	Active	238.9
3366BSM2	Magnetto	Surface	Water Treatment[(1)]	299.6
56020102	Merrill III Strip	Surface	Active	170.8

56900109	Mostoller	Surface	Active	48.2
56890115	Paxton	Surface	Active	299.2
56890101	Pine Hill Strip	Surface	Reclaimed	226.6
56120113	Rhoads #2 Strip	Surface	Active	228.7
56753119	Rhoads Strip	Surface	Active	485.9
56813104	Roberts Mine	Surface	Water Treatment[(1)]	344.7
56070110	Schrock Run Mine	Surface	Active	249
56080109	Sheep Ridge Mine	Surface	Reclamation Only	320.7
56050109	Spoerlein Mine	Surface	Active	43
56090113	Tipple Mine	Surface	Active	204.9
56070103	Trent Mine	Surface	Active	338.3
56950106	Walker II Mine	Surface	Active	62.8
56823123	Walker Mine	Surface	Active	231
56663135	Walker-Zubek	Surface	Reclaimed	27.5
56060111	Weaver Mine	Surface	Reclaimed	111.3
56120105	Yachere Mine	Surface	Active	44.3
56920112	Clear Run	Surface	Water Treatment[(1)]	285.9
4074AM28	Garrett	Surface	Water Treatment[(1)]	377.2
—	Jolin Strip	Surface	Water Treatment[(1)]	—
56841605	Goodtown Prep Plant	Plant	Water Treatment[(1)]	13.5

(1) Water Treatment refers to perpetual water treatment sites covered under the Consent Order & Agreement ("COA") dated March 22, 2012 with the Commonwealth of Pennsylvania Department of Environmental Protection.

Liabilities against the Property

The United States Department of Labor Mine Safety and Health Administration (MSHA) conducts regular inspections of the mines and related facilities. Notices of violations, often accompanied by fines, are issued as a result of the inspections if the inspector determines that regulatory requirements are not fulfilled. It is Corsa's practice to attempt to rectify the violations promptly to secure the termination of the violation. The fines are typically considered to not be material.

Certain environmental liabilities have been created from previous mining operations under the approved permits. An assessment of the reclamation liabilities for the properties is updated on an annual basis. Corsa is aware of the liabilities created under its permits. The timing to satisfy all liabilities under the permits will vary based on the extent to which the permits support current or planned mining operations. As such, these liabilities are expected to be satisfied on an ongoing basis as part of the execution of Corsa's business plan.

Long-term water treatment liabilities exist for 13 of the PBS properties. These liabilities are covered under the Consent Order & Agreement (COA) dated March 22, 2012 between PBS and the PaDEP. Under this COA, two trust funds were established in order for PBS to pay the DEP $33 million to address the water treatment liability for the 13 sites.

Two trust funds designed to cover operating and capital expenses associated with the treatment of the 13 perpetual water treatment sites. The first, for the Clear Run Permit (#56813006) is now fully funded at $3.8 million as of December 31, 2016.
The second fund, The Global Treatment Trust covers 12 properties:

Permits Included in Global Treatment Trust

Property	Permit #
Acosta Mine	56960107
Cambria Fuels Refuse Area	56773707
Garrett	4074AM28
Goodtown Prep Plant	56841605
Job 21	40A77AM12
Job 10 Refuse Area	56910701
Jolin Strip	no longer exists
Magnetto	3366BSM2
Roberts	56813104
Job 12 Expansion	56900701
Cambria Refuse (Job 93)	56950702
Barbara B	56851303

The Global Trust was established on March 30, 2012 with a $1.00 million payment, and PBS has continued to deposit funds into the account each year. The trust agreement was renegotiated in 2016 to include two additional surface mines: Trent Mine and Acosta 2 Mine. As of the effective date of this report, the fund balance amounted to $15.3 million. Under the amended agreement, PBS is required to deposit a total of approximately $4.5 million through 2019.

MM&A visited each of these properties in July 2014, and observed them to be well-maintained.

Reclamation activities at the active operations are an ongoing process completed contemporaneously with production activities in keeping with industry standards and regulations of federal law.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The NAPP Division Properties are situated within the northern portion of the Appalachian Plateau physiographic province, where terrain is typically characterized by gently undulating hills with narrow to relatively shallow dendritic patterned erosional valleys. Ground surface elevations are typically between 1,400 and 2,000 feet above-mean sea level (MSL) along the major drainages to greater than 2,500 feet on the higher hilltop areas. Normal topography relief between areas of higher elevation on the property and the adjacent drainages are 300 to 600 feet. The properties are moderately vegetated, with a mixture of mature hardwood and conifer forest and pasture land typical of rural farmland. The properties are not situated close to any major urban centers

General access to the properties is via a well-developed network of primary, secondary and unimproved roads. Primary highways include Interstate 76 (Pennsylvania Turnpike) and Interstate 68 in Maryland both of which travel east-west, passing through Somerset County, Pennsylvania and Garrett County, Maryland respectively. Numerous secondary and unimproved roads maintained by state and local governments provide direct access to the properties, although it is common for municipalities to require a surety bond from mining companies for possible damages incurred during use or to maintain/upgrade roadways for heavy truck usage. These roads are typically open throughout the year.

There is currently railroad service and a unit train load-out at the active Cambria preparation plant operated by Corsa.

The general location of the Pennsylvania properties lies 60 miles southeast of Pittsburgh, near the town of Somerset. The western Maryland property is located near the town of Grantsville in Garrett County approximately 30 miles southeast of the Pennsylvania properties. As of the 2010 census, the population of Somerset County was approximately 77,742 and Garrett County was 30,097.

Transportation of coal from Corsa's mines and processing facility to market is predominately by rail, which is serviced by CSX (Cambria and Rockwood Preparation Plants) and NS (Shade Preparation Plant). Coal transportation within the properties and between mine and processing facility is typically performed by third-party trucking contractors.

The climate in the northern portion of the Appalachian Plateau physiographic province is humid continental, with four distinct seasons: cold winters, warm summers, and moderate fall and spring seasons. Average annual rainfall is approximately 43 inches per year in most of the region, with a greater percentage occurring during winter and spring months. Winters (mid-November to early-March) are typically cold with temperatures generally in the low-10s to lower-30 degrees Fahrenheit. Primary precipitation

during winter months is in the form of snow, with the occasional severe snowstorm. Summer (late-May to mid-September) temperatures range from high-40s to lower-80s degrees Fahrenheit.

Seasonal variations in the weather seldom limit the ability to conduct mining operations in Pennsylvania; however, efficiency may be negatively impacted at surface and preparation plant operations.

As is common in the mining industry, it is necessary to acquire surface rights to conduct and support surface mining operations. Corsa reports it controls adequate surface rights to sustain current mining operations in the near future, however, typical of mines producing in the northern Appalachian region, additional surface rights will be required to support future mine plans. While these rights cannot be guaranteed, operating companies typically are able to secure those rights under favorable economic terms. For the purposes of the technical report, only resources for which Corsa controls both surface and mineral rights have been considered as surface-mineable reserves. Proposed surface mining requiring acquisition of surface rights after the effective date of this report have been excluded from reserve estimates provided herein.

Sources of power, water, supplies, and materials are readily available to the properties. Power service is provided to mines and facilities by regional utility companies Penelec (subsidiary of First Energy) or Somerset Rural Electric Cooperative. Water is supplied to some of the mines and facilities by public water services. Water is also supplied from surface impoundments, or water wells installed and operated by Corsa.

The three Corsa coal preparation plants have permitted areas for disposal of coal refuse.

History

Prior to acquisition by Corsa, extensive surface and underground mining has occurred by previous owners and operators. The extent of previous mining shown in the technical report is a result of MM&A's interpretation of information provided by Corsa. MM&A did not perform an independent verification of previous mining, as it was beyond the scope of this report.

The extent of previous mining and its effects on Corsa's ability to exploit the reserves on the NAPP Division Property has been examined carefully. Records of previous mining were provided by Corsa, or in the case of past surface mining, were projected from USGS topographic or flown maps or taken from maps generated by prior owners of the Property. Other sources of previous mining include USGS (1997) and National Agricultural Imagery Program (NAIP) aerial photography.

The properties have been extensively developed by mining activities for more than 50 years. Drilling has been carried out by numerous entities during that period. A significant amount of exploration was carried out by the previous entities, prior to acquisition by Corsa. Upon acquisition of the property, Corsa obtained copies of drilling records within or adjacent to its mineral leases. All exploration data that has been made available to MM&A has been incorporated into the technical report, where appropriate.

Coal mining has occurred within the region for well over 100 years. Rapid growth in the coal industry was led by extensive operations within the large, easily accessible coal deposits throughout the Appalachian coal fields. Over the years, with the depletion of the larger, thicker coal deposits, and the introduction of mechanization, traditional labor was replaced by more economical means of extracting coal. With the introduction of mechanization came the ability to mine thinner seams through both surface and underground mining methods. The development of improved technology and increased demand for high quality coal products has resulted in the feasibility of extracting previously uneconomical and unmineable coal deposits.

Primary seams found on the properties have been extensively mined throughout the history of coal mining in the region. The remaining coal deposits within the properties are typically characterized by thinner coal horizons that were generally passed over in favor for thicker, more easily accessible coal in the past. Mining on the property typically consists of single seam mining by underground methods. In areas lying close to the surface, surface mining methods typically mine multiple seams through area removal, contour mining, and highwall mining, which allow for the recovery of thin coal seams, which may or may not exhibit continuity across the entire mining area, and do not exhibit adequate thickness and continuity for mining by underground mining methods.

A summary of raw coal production for years for the Corsa properties is provided in the table below.

Location	2013 Raw Tons	2014 Raw Tons	2015 Raw Tons	2016 Raw Tons
Casselman	248,522	291,947	471,111	518,982
Hart	11,394	—	—	—
Schrock Run	111,158	5,180	—	—
Berwind Lohr	20,806	15,382	—	—
Barbara B	161,412	33,792	—	—
Quecreek	546,531	313,959	273,017	239,333
Kimberly Run	1,510,224	406,037	—	—
Ash	—	50,520	146,233	70,329
Ankeny	57,547	150,898	—	—
Roytown	89,516	—	—	—
Sarah	57,228	—	—	—
Total	2,814,338	1,267,715	890,361	828,644

Geological Setting, Deposit Types and Mineralization

The coal deposits in the eastern USA are the oldest and most extensively developed coal deposits in the country. The coal-bearing formations on the properties are Carboniferous in age, being in the Pennsylvanian system, which includes the Monongahela, Conemaugh, Alleghany, and Upper Pottsville groups. These coal-bearing formations contain two-fifths of the nation's bituminous coal deposits, extend over 900 miles from northern Alabama to Pennsylvania, and are part of what is known as the Appalachian Basin. The Appalachian Basin is more than 250 miles wide and in some portions, contains over 60 coal seams of varying economic significance. Seams are typically between 1 foot and 6 feet in thickness, with relatively little structural deformation. Coal in the region is classified as high- to low-volatile bituminous with rank increasing to the east. Coals are typically characterized as low to medium sulfur and high heat content.

Seams in which reserves and/or resources are reported by Corsa include the following (in descending stratigraphic order). Within each seam, there may be multiple benches consisting of riders (overlying the main seam), leaders (underlying the main seam), and splits (where main seam separates into two or more benches).

List of Coal Seams in which NAPP Division Reserves/Resources Are Located

Seam	Alternate Name 1	Alternate Name 2
Sewickley	—	—
Redstone	—	—
Upper Freeport	E	Kelly
Lower Freeport	D	—
Upper Kittanning	C'	—
Middle Kittanning	C	—
Lower Kittanning	B	—
Brookville	A	Gordon

NAPP Division Properties reserves and resources are found primarily within four Pennsylvanian-age coal-bearing formations: Pittsburgh, Glenshaw, Allegheny, and Pottsville. Generalized lithologic composition of each formation in which the major coal beds are enclosed includes: claystone, shale, sandy shale, sandstone, limestone, and various marine zones. The majority of the NAPP Division reserves occur within the Allegheny formation.

Stratigraphy

Monongahela Group: The Monongahela Group is named after the Monongahela River in West Virginia and southwestern Pennsylvania. The formations in this group are the Pittsburgh and Uniontown, of which the majority of coal-bearing unit strata are located in the Pittsburgh formation. The formations are comprised of sequences of limestone, calcareous mudstone, shale, siltstone, and coal. The only significant sandstone occurrences lie directly above the Pittsburgh coal seam. The formations extend from the top of the Conemaugh Group, or base of the Pittsburgh coal seam, upward to the top of the Waynesburg coal seam and include the Sewickley, Redstone, and Pittsburgh coal seams, which are of economic importance on the properties.

Conemaugh Group: The Conemaugh Group is named after Conemaugh River in western Pennsylvania and includes the Glenshaw and Casselman formations. These formations are comprised of sequences of limestone, mudstone, shale, siltstone, sandstone, and coal. The formations extend form the Mahoning Limestone near the base of the Glenshaw Formation to the Pittsburgh Limestone, occurring at the top of the Casselman Formation and base of the Monongahela Group. The Bakerstown coal seam, which is of economic importance on portions of the properties, lies within the Glenshaw Formation.

Allegheny Group: The Allegheny Group is named after the Allegheny River in Pennsylvania and contains the majority of economically mineable coal in Pennsylvania. The formations in this group are comprised of sequences of sandstone, siltstone, shale, thin limestone, clay, and coal. The Allegheny Formation includes the following coal seams of economic importance in stratigraphically descending order: Upper Freeport, Lower Freeport, Upper Kittanning, Middle Kittanning, Lower Kittanning, and Brookville.

Pottsville Group: The Pottsville Group is named after the locality of which it was first described near Pottsville, Pennsylvania and contains major coal-bearing formation from Pennsylvania to Alabama. The Pottsville Group contains the majority of economically mineable coal within the Appalachian Basin outside of Pennsylvania and includes more than 10 formations, depending on the state in which it occurs. The formations are comprised of sequences of sandstone, siltstone, clay, and coal.

Structure: The counties in which the properties are located are situated along the eastern edge of the Alleghany Plateau, bordering the Alleghany Front, the major southeast facing escarpment of the Alleghany Mountains. Regional structure is typically characterized as gently dipping with a series of north-northeast trending folds (anticlinal and synclinal) including the Youghiogheny, New Lexington/Johnstown, Somerset, Berlin, and Wellersburg synclines and Laurel Hill, Centerville Dome, Boswell Dome, and Negro Mountain anticlines. Within the major structural trends, there are typically minor undulations and local flexures. No major structural faulting or tectonic features are known to occur on the properties.

Geology of the NAPP Division Properties

The geology of the properties is consistent with regional trends. Coal seams of economic importance on the properties typically range from 1 foot to 6 feet in thickness and are primarily low-volatile in rank. There are 11 coal seams on the properties that demonstrate reserve or resource potential including (not all of which are included within this report), in descending stratigraphic order: Sewickley, Redstone, Pittsburgh, Bakerstown, Upper Freeport, Lower Freeport, Upper Kittanning, Middle Kittanning, Lower Kittanning, Brookville, and Mercer.

Mineralization

Mineable coal seams within the properties are typically low-ash, low to high-sulfur, and high-thermal content bituminous coals. Regionally, the coals are typically low-volatile in rank, with rank increasing from west to east. The maximum seam thickness may reach over 6.0 feet where multiple coal benches occur in proximity to one another; however, the average mineable thickness of the seams in this evaluation generally ranges from 1 foot to 4 feet. Seams are generally continuous, but may be locally absent. Secondary discontinuity due to erosional features is present in most areas, resulting in seam outcropping, or visible exposure of the seam at the surface. Other than oxidation of the coal exposed at the surface, erosion of the seams has no significant impact on the mineralized deposits. Mineable seams associated with the properties are generally outcrop-accessible. Coal seams are characterized by both single-bench and multiple-bench coal horizons with parting (non-coal) material varying by seam and area. Seam parting is common within the coal seams on the properties with intra-seam parting material increasing drastically in some areas. Roof strata are typically shale or sandy shale with zones of sandstone roof being common. Floor strata are typically sandstone, shale, sandy shale, fireclay, or in the case of the Upper Kittanning, limestone.

Limestone beds occur within the various stratigraphic groups of the region. Some of these limestone beds are extracted in conjunction with surface mining of the Sewickley coal in particular.

Coal Seams of Interest

Surface-mineable Seams: There are seven primary coal seams (and associated splits) identified on the properties exhibiting surface-mineable potential. Surface-mineable coal seams are contained within the upper and middle portions of the stratigraphic section and include coal seams from the Sewickley through the Lower Kittanning coal seam. There are 10 areas within the properties where coal seams exhibit surface-mineable potential including: Bassett, Berwind Lohr, Bluelick 4, GAZ, Downey, Hart, Rhoads II, Schrock Run, Hamer and Shaffer.

Underground-mineable Seams: There are six coal seams identified on the properties exhibiting underground-mineable potential. These coal seams are contained within the middle to lower portions of the stratigraphic section and include the Upper Freeport (E), Lower Freeport (D), Upper Kittanning (C'), Middle Kittanning (C), Lower Kittanning (B), and Brookville (A) coal seams.

Exploration

The properties have been extensively explored through exploratory drilling by Corsa and predecessors. Records from exploration drilling comprise the primary data used in the evaluation of resources on the properties. Drill records, in most cases, have been compiled by Corsa into geologic databases which include drill hole location, coal thickness, and detailed lithologic data (thickness, description, and elevation). Details such as drill dates, drilling company, and other header information are generally excluded from the database, but are contained on hard or digital copies of drill logs in Corsa's records. Additional supplemental exploration data is available on the properties in the form of coal outcrop or surface exposure measurements, or in-mine measurements from ongoing or previous underground mining. This data is utilized to a lesser extent, but is incorporated into the geologic database in the absence of drill data or to aid in delineation of geologic conditions not evident from exploration drilling.

The extent of exploration varies by property and is largely dependent on the intended development and geologic conformity. Exploration is typically extensive for areas of proposed surface and/or underground mining (which total approximately 39,100 acres), unless adverse mining or geologic conditions are encountered or expected; at which time additional, and often more closely-spaced drilling will then be carried out in order to identify such conditions. Drilling on the properties is generally sufficient for delineation and estimation of surface and underground mineable reserves such as those on the property, which are of low geologic complexity. However, available exploration data limits the ability to map future underground mineable conditions, specifically related to the roof and floor rock. Data is typically in the form of simplified drillers' logs that are general in nature and do not describe with sufficient detail, the roof and floor rock of each coal seam. Data typically consists of coal thickness and seam interval information and does not contain detailed lithologic or geotechnical descriptions. Thus, definitive mapping for the prediction of future mining conditions is not possible.

A total of more than 3,000 individual exploration data points, including drill holes, in-mine measurements, pit measurements, and outcrop measurements were incorporated into the digital geologic database, and were used for modeling the geology of the properties. This data is used to delineate the resources on the property and to determine geologic reliability of coal resource and coal reserve estimates. The drill hole data density is sufficient enough to adequately support the geological trends and projected reserves on the properties. MM&A has reviewed all new exploration data provided by Corsa for this report and checked it against previously completed MM&A work for consistency.

MM&A reviewed and verified exploration data through the generation of stratigraphic columnar sections using cross-sectional analysis to confirm coal seam correlations. After establishing that correlations were consistent, or determining that edits to coal seam correlations were needed, coal seams were identified in the geologic database. During the course of the investigation, some of the data from a relatively small number of holes were deemed to be questionable (e.g., unlikely or uncharacteristic elevations, thicknesses or intervals) and were not honored for the purposes of geologic mapping. The locations of drill holes and outcrop measurements have not been independently verified by MM&A.

Drilling

The properties have been extensively explored, primarily through continuous (diamond) core and air-rotary drilling methods, which are standard industry practice. Drilling is conducted by Corsa on an on-going basis, and performed by a third-party contractor, to identify and delineate coal reserves, identify mine and geologic conditions in advance of mining, and collect core for quality sampling and analysis. Drilling on the properties typically requires drilling to depths typically within the range of 50 feet to 1,000 feet depending on the target coal seam(s). In the past, Corsa typically employed air-rotary (6-inch diameter) methods due to lower cost and shorter drilling duration. Air-rotary drilling provides general geologic information such as depth and approximate thickness, but does not provide details of coal seam or strata unless used in conjunction with "spot coring" and/or downhole geophysical logging. Spot coring utilizes the advantages of the air-rotary method to drill to within proximity of the coal seam,

then employs coring for an interval that typically includes the coal seam and immediate roof and floor. The air-rotary method is typically used to economically explore for coal seams in areas of sparse data to identify target coal seams for "twin" drilling of an offset continuous core or spot core drill hole to obtain detailed geologic data and/or obtain core samples for analysis. The air-rotary method is also used to obtain general geologic data between existing exploration drill holes where only general geologic data is needed to confirm the presence of coal seams or to locate coal seam subcrop for surface mineable areas. Air- rotary drilling does not provide sufficient geologic data alone to allow for classification of reserves, but is a useful method of economical exploration.

Corsa utilizes continuous core drilling to a lesser extent, typically employing when greater geologic detail is needed or for recovery of core for sampling and analysis. Core drilling provides continuous recovery of typically NX-size (2.16 inch or 5.4 centimeter) core. Recovery of core, specifically coal core, is supervised by a geologist or representative of Corsa prior to delivery to an in-house laboratory for examination by a staff geologist and sampling for analysis. Core recovery for coal seams on the properties is reported by Corsa to generally be greater than 90 percent, however the coal seams are typically soft in nature and core recoveries of less than 90 percent are not uncommon. In order to ensure adequate recovery of core prior to sampling and analysis, downhole geophysical logging is performed, typically consisting of natural gamma and density logs and allowing for differentiation of lithology and determination of thickness. Although utilized in recent exploration efforts, downhole geophysical logging has been performed on relatively few of the total holes drilled on the properties.

Although MM&A has not had direct involvement with implementing and supervising the drilling on the properties, drilling information has been reviewed in detail and deemed reliable and sufficient for delineation and estimation of resources and reserves. Drill records were provided by Corsa in digital format in the form of electronic databases, driller logs, and geophysical logs. Additional data was obtained from previous geologic evaluations conducted by MM&A and others on the properties.

The strata encountered during drilling are generally horizontal to gently dipping and therefore considered perpendicular to drilling. As such, thicknesses recorded on drill hole records represent the true thickness and do not demonstrate vertical exaggeration.

Sampling

Sample Preparation Methods

Application tests are laboratory procedures that measure some characteristic of coal that has been empirically related to some application or handling or processing step. Typically, these procedures attempt to duplicate some aspect of the commercial application at laboratory scale and may produce information in the form of an index. Application procedures do not measure a single component of the coal but infer the combined effect of multiple components.

The American Society for Testing and Materials (ASTM) publishes the most inclusive reference to analytical procedures. This publication, which is revised annually, provides extensive information concerning generally accepted methods of laboratory analysis. ASTM also provides standards for sampling and some information concerning sample handling.

Ultimate analysis is a process typically used which gives the composition of coal in terms of carbon, hydrogen, nitrogen, oxygen, ash, and sulfur without regard to origin. The ash determination can be found by ASTM D-3174. Sulfur is determined either by wet chemistry methods (ASTM D-3177) or by measuring the sulfur content of the gas released through high temperature combustion of the coal sample (ASTM D-4239). Carbon and hydrogen are also determined through a combustion process (ASTM D-3178) and nitrogen by a wet chemistry method (D-3179). Oxygen is not determined directly. The sum of the carbon, hydrogen, nitrogen, sulfur, and ash are subtracted from 100 to calculate oxygen percent (ASTM D-3176).

Heating value or calorific value is a measure of the heat produced from a unit weight of coal. In the United States, it is commonly expressed in British thermal units per pound (Btu/lb.). Other units are calories per gram (cal/g) and joules per gram (J/g). Heating value is generally determined by burning a weighed coal sample, in oxygen, in a calorimeter.

The ASTM method used by the laboratories to determine calorific value (in Btu/lb.), was D-5865. These labs determined sulfur content with ASTM Method D-4239, Method B. Ash content was calculated from ASTM method D-3174.

The extent of sampling for geological data is generally sufficient to define characteristics of the mineable coal horizons based on the qualified professionals examination of the data. The sampling of quality data from drill holes is less than the total drill holes; however, available data appears to be representative of the coal seams based on historical knowledge and regional trends.

Integrity of Sampling Process

Corsa has an in-house laboratory staffed by experienced laboratory personal, which conduct coal analysis using ASTM testing procedures (except for minimum sample sizes too small to meet ASTM weight specifications). Corsa's laboratory performs proximate, screen sizing, washability, and other basic coal analyses. Procedures such as sulfur forms, ultimate analysis, ash fusion and mineral, trace element, and metallurgical analyses are outsourced to independent commercial laboratories including: Geochemical Testing in Somerset, Pennsylvania; Summit Technical Laboratories in Meyersdale, Pennsylvania; CoalTech Petrographic Associates, Inc. in Murrysville, Pennsylvania; and Clark Coal and Coke Laboratory, Jefferson Hills, Pennsylvania. All of the independent commercial laboratories utilized by Corsa strictly conform and adhere to ASTM and ISO practices and procedures. These laboratories have varied accreditations and certifications, and all routinely submit to audits of their laboratory quality control/quality assurance systems. The commercial laboratory used most often by Corsa is Geochemical Testing. Geochemical Testing holds accreditation under the NELAC Institute (TNI) 2009 standard. The purpose of the National Environmental Laboratory Accreditation Program (NELAP) is to establish and implement a program for the accreditation of environmental laboratories. The TNI standard for laboratories is modeled after ISO/IEC 17025:2005 "General Requirements for the Competence of Testing and Calibration Laboratories." The Laboratory Accreditation Program of PaDEP has accredited Geochemical Testing (Pennsylvania DEP Lab # 56-00306) for coal testing methods in the Solid and Chemical Materials (SCM) category.

Independent laboratories contracted for outsourced analyses are privately-owned companies that are paid a fee for analytical work performed and to MM&A's knowledge hold no equity or material interest in any of its client's operations or businesses.

Security Methods

For coal exploration practice in the United States, it is unusual to employ security methods (other than those described in the chain-of-custody procedures) for the shipping and storage of samples, because coal is a low value bulk commodity and good security conditions prevail domestically. MM&A is aware Corsa's procedures for handling and shipping coal samples and for sample security was essentially the same as that of other operators in the region. Since only a minority of the drill holes have coal seam thickness verification by downhole geophysical logging, most of the available sample analyses do not have qualitative assurance of complete and representative coal core sample recovery. However, efforts have been made by both mining company and MM&A geologists to disqualify coal samples which clearly have material core loss problems. While many of the samples do not meet current best practice standards for recovery assurance, the lab data verification procedures and sample preparation methods (as described above) do meet typical industry standards. It is the QP's opinion that the sample preparation, security measures, and analytical procedures, as reported to Corsa by the laboratories, are adequate.

The following procedures summarize the major aspects of chain of custody.

- Sample Labels - include the following information: a unique sample number, sample type, name of collector, date and time of collection, place of collection, and sample preservative.
- Sample Seals - to detect unauthorized tampering with samples up to the time of analysis.
- Field Log Book or approved electronic data collector - to record all information pertinent to a field survey.
- Chain of Custody Record - including the sample number, name of collector, date and time of collection, signatures of persons involved in the chain of possession, and inclusive dates and times of possession.
- Sample analysis request sheet - including pertinent information from driller's log book, and information completed by company engineer or technician regarding sample number, date of receipt and condition of sample.
- Delivery to the laboratory - as soon as practicable after collection, typically within one week.
- Receipt and logging of sample - general core description is completed by the driller (contractor). Detailed core description is performed by Corsa. Geophysical logging is performed by a contractor.
- Assignment of sample for analysis - sample is delivered to laboratory by Corsa.
- Disposal, after the data has been reviewed and accepted, in accordance with local, state and U.S. EPA-approved standards.

It is MM&A's opinion that there are no known factors that may materially impact the accuracy or reliability of the results of the samples.

Data Verification

MM&A has relied upon geologic information and mapping provided by Corsa and examined carefully prior to use in the technical report. Any data deemed anomalous or unreliable has been excluded from the technical report.

MM&A reviewed and verified drill hole exploration data through the generation of stratigraphic columnar sections for cross-sectional analysis to identify and confirm coal seam correlations. After establishing that stratigraphic correlations were consistent,

coal seams were identified in the geologic database, which was used to generate individual coal seam thickness and elevation data maps. During the course of the investigation, some of the data from a relatively small number of holes were deemed to be questionable (e.g., unlikely or uncharacteristic elevations, thicknesses or intervals) and were not honored for the purposes of geologic mapping.

For the coal and limestone resource estimates in the technical report, MM&A conducted a detailed independent geological evaluation. This included: the review of exploration drill holes and detailed seam correlation; the coordination, assembly and analysis of data into a digital resource database; and mapping and estimation of coal resources and coal reserves and associated coal quality. Furthermore, an independent evaluation consists of delineating and/or verifying seam thickness trends, defining intra-seam splitting, characterizing seam quality, estimating projected surface mining ratios and overburden volumes. Coal quality analyses were performed to ASTM standards by a qualified laboratory. The exploration data evaluated and processed in preparation of the technical report are considered adequate for estimation of coal resources and provide reliable and reasonable prospects for development and extraction of such coal resources.

MM&A did not conduct an independent verification of property-control surveys or other property-control instruments, but relied upon representations supplied by Corsa. MM&A has not independently surveyed the mining locations, but has relied on information compiled from maps prepared by current or previous owners, and does not warrant or otherwise certify the location of such mining or associated features, nor have the location of data points been independently verified. Most of the mining activity represented on the maps occurred in the past and the mines are now abandoned, sealed, and are inaccessible. Final maps prepared by previous mine operators are filed with state and federal agencies. Overall, the available data, used for reporting the mineral resource and mineral reserve, was sufficient for the low geologic complexity deposit.

Mineral Resource and Mineral Reserve Estimates

Coal Resources

The coal resource estimates were prepared in accordance with CIMDS (as adopted May 10, 2014). The tonnage estimates provided herein report in-situ resources as measured and indicated, and those resources are reported inclusive of the reported reserve tons, since they include the in-situ tons from which the recoverable coal reserve is derived. Inferred coal resources are also reported. No coal reserve tons have been estimated from inferred coal resources.

As is customary in the USA, the categories for Measured, Indicated, and Inferred coal resources are based on the distances from valid points of measurement as prescribed in USGS Circular 891. Measured coal resources are those lying within ¼-mile radius of a valid point of measurement. Indicated coal resources are those lying between ¼-mile and ¾-mile radius from such an observation point. Inferred coal resources lie more than a ¾-mile radius from a valid point of measurement, but less than 3 miles from one. These classifications connote the degree of resource estimation reliability based on distance from known points of measurements.

Methodology Used to Estimate Coal Resources

After establishing that correlations were consistent, or determining that edits to coal seam correlations were needed, coal seams were identified in the geologic database, which was used to generate coal seam data control maps. These maps form the basis for coal seam mapping and coal resource estimations. During the course of the investigation, some of the data from a relatively small number of holes were deemed to be questionable (e.g., unlikely or uncharacteristic elevations, thicknesses or intervals) and were not honored for the purposes of geologic mapping. The locations of drill holes and outcrop measurements have not been independently verified.

A model of the deposit was created to estimate coal resources. Seam grids, including seam thickness roof and floor grids, plus the topographic surfaces were generated for individual coal seams using Carlson Software® for Mining (Carlson). The grids were then used in conjunction with coal resource criteria to delineate resource boundaries used for the generation of coal resource estimates. Base-of-coal-seam structure and topographic surface grids were generated in order to determine the intersection between projected coal horizons and topography of the properties. Coal seam outcrop boundaries were generated at the intersection points of these grid files, defining the limits of coal deposits where eroded by dendritic patterned erosional valleys. Once delineated, resource area acreage, average seam thickness, and coal tonnages were generated in Carlson, Vulcan™, and MM&A proprietary software and tabulated in Microsoft® Excel (Excel) computer spreadsheets. After processing, independent estimate of coal resources was prepared using guidelines outlined in CIMDS.

Summary of Coal Resource Estimates

The results of the technical report define an estimated 168.92 million tons of measured and indicated coal resources. Coal resource tons are presented on a dry, in-situ basis and provide reasonable prospects for economic extraction. The following table summarizes the coal resource controlled by the NAPP Division.

	Total Resource (in situ) Tons			
Type/Seam	**Measured**	**Indicated**	**Total**	**Inferred**
Surface-mineable				
Sewickley	141,600	—	141,600	—
Redstone	216,400	—	216,400	—
Upper Freeport	220,000	—	220,000	—
Lower Freeport	831,000	—	831,000	—
Upper Kittanning	2,615,400	—	2,615,400	—
Middle Kittanning	495,400	—	495,400	—
Lower Kittanning	168,200	—	168,200	—
Total	4,688,000	—	4,688,000	—
Highwall-mineable				
Upper Kittanning	979,600	—	979,600	—
Middle Kittanning	156,500	—	156,500	—
Lower Kittanning	143,300	—	143,300	—
Total	1,279,400	—	1,279,400	—
Underground-mineable				
Upper Freeport	14,092,200	6,432,800	20,525,000	—
Lower Freeport	5,256,800	39,000	5,295,800	—
Upper Kittanning	40,647,000	8,911,500	49,558,500	—
Middle Kittanning	19,855,600	5,047,900	24,903,500	—
Lower Kittanning	25,914,700	8,975,800	34,890,500	—
Brookville	23,772,500	4,006,400	27,778,900	—
Total	129,538,800	33,413,400	162,952,200	—
Grand Total				
Sewickley	141,600	—	141,600	—
Redstone	216,400	—	216,400	—
Upper Freeport	14,312,200	6,432,800	20,745,000	—
Lower Freeport	6,087,800	39,000	6,126,800	—
Upper Kittanning	44,242,000	8,911,500	53,153,500	—
Middle Kittanning	20,507,500	5,047,900	25,555,400	—
Lower Kittanning	26,226,200	8,975,800	35,202,000	—
Brookville	23,772,500	4,006,400	27,778,900	—
Grand Total	135,506,200	33,413,400	168,919,600	—

Note: Resource tons are inclusive of reserve tons since they include the in-situ tons from which recoverable coal reserves are derived. Totals may not agree to 43-101 reserve report due to rounding.

Because the coal resources are reported inclusive of the coal reserves, the extent to which the coal resources may be affected by any known environmental, permitting, legal, title, variation, socio-economic, marketing, political, or other relevant issues is less rigorously tested than the coal reserves. Similarly, the extent to which the coal resource estimate may be materially affected by

mining, metallurgical, infrastructure, and other relevant factors has also not been rigorously reviewed for estimation of coal resources.

Limestone Resources

Corsa controls limestone resources that will be extracted as part of the Bluelick surface mine operations. MM&A has reviewed the testing results for the limestone; it appears that this formation has potential for use as coarse aggregate. As a result, it is MM&A's opinion that the limestone at Bluelick has reasonable prospects for economic extraction.

MM&A estimates the in-situ resource for the Fishpot limestone at Bluelick 4 to be 1.28 million tons. Due to the limited testing data, and absence of a market study or sales history, no reserve estimate has been made for the limestone.

Bluelick 4 Fishpot Limestone Resource Summary

	Total Resource (in situ) Tons			
Type/Seam	**Measured**	**Indicated**	**Total**	**Inferred**
Limestone	1,280,900	—	1,280,900	—

Coal Reserves

The coal reserve estimates were prepared in accordance with CIMDS (as adopted May 10, 2014). Proven and probable coal reserves were derived from the defined coal resource considering relevant processing, economic (including independent estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented on a moist, recoverable basis.

As is customary in the USA, the categories for Proven and Probable coal reserves are based on the distances from valid points of measurement used for Measured and Indicated coal resources prescribed in USGS Circular 891. The Mineral Reserves are subdivided into classes of: Proven Mineral Reserves, those lying within ¼-mile radius of a valid point of measurement; Probable Mineral Reserves are those lying between ¼-mile and ¾-mile of a valid point of measurement.

Methodology Used to Estimate Coal Reserves

Coal reserve estimates were derived from the defined coal resource considering relevant processing, economic (including independent estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented herein on a moist, recoverable basis.

Upon completion of delineation and calculation of coal resources, MM&A generated life of mine plans for each mining complex. Mine plans were generated based on forecasted mine plans and permit plans provided by Corsa with modifications by MM&A in certain areas. Previous reserve evaluations defined general locations for the primary coal reserve areas. Additional drilling, detailed topography maps, aerial photography, and updated reserve criteria refined these earlier selected locations. MM&A used property development plans established by Corsa, and modified plans where necessary due to current property control limits, modifications to geologic mapping due to additional exploration, etc.

Carlson - (or other software) generated grid files were used to build geologic elevation models for coal seams demonstrating mineable potential. Coal seam thickness and base-of-coal-seam structure grid files were used to define the top and bottom of each coal horizon. The developed grid models were used to develop LOM and timing sequence plans for underground-mineable coal seams, based on volume productivity schedules provided by Corsa for active mining operations. Average underground mining heights of 42 inches, based on current mining practices and/or equipment capabilities, were used to determine OSD and project raw production tons. In the case of the active Casselman Mine, MM&A applied a minimum OSD of 6 inches in addition to the minimum 42-inch mining height after inspection of the extraction heights posted on the mine map. The same 6-inch minimum OSD and 42-inch minimum mining height assumptions were also applied to the proposed Acosta deep mines.

For surface-mineable coal seams, surface topography grids were generated using USGS digital elevation models or more detailed digital flown topography provided by Corsa, where available. Surface LOM and timing sequence plans were sequenced using Carlson based on surface equipment productivity and equipment expansion plans determined to be reasonable by MM&A. Estimates of surface-mineable coal reserves and associated bank cubic yards (bcy) overburden volumes were generated based on an economic ratio limit (bcy of overburden to recoverable coal tons), which is a function of coal prices and operating costs. For

coal seams that demonstrate the potential for surface mining methods, seam product thickness grid files, excluding scalpable (removable) in-seam partings, were generated for the surface-mineable seam thickness.

Raw, ROM production data outputs from LOM sequencing were processed into Excel spreadsheets and summarized on an annual basis for processing into the economic model. Average seam densities for underground and surface-mineable coal seams were estimated to determine raw coal tons produced from the LOM plan. Average mine recovery and wash recovery factors, determined by available quality or estimated from specific gravities, were applied to determine recoverable tons.

Coal reserve tons in this evaluation are reported on a moist (8.0 percent for washed product and 4.25 percent for raw product), recoverable basis, and represent the saleable product from the NAPP Division Properties.

Summary of Coal Reserve Estimates

The coal reserves reported below represents the economically viable coal tonnage controlled by Corsa on a moist recoverable basis. The coal reserves are based on an independent evaluation of the coal geology and a pre-feasibility study of the coal reserve deposits.

	Total Demonstrated			By Permit Status	
Type/Seam	**Proven**	**Probable**	**Total**	**Permitted**	**Not Permitted**
Surface-mineable					
Sewickley	117,400	—	117,400	117,400	—
Redstone	178,900	—	178,900	178,900	—
Upper Freeport	26,400	—	26,400	26,400	—
Lower Freeport	353,900	—	353,900	353,900	—
Upper Kittanning	1,973,400	—	1,973,400	1,973,400	—
Middle Kittanning	328,900	—	328,900	328,900	—
Lower Kittanning	123,600	—	123,600	123,600	—
Total	3,102,500	—	3,102,500	3,102,500	—
Highwall-mineable					
Upper Kittanning	350,000	—	350,000	264,800	85,200
Middle Kittanning	46,000	—	46,000	46,000	—
Lower Kittanning	46,800	—	46,800	46,800	—
Total	442,800	—	442,800	357,600	85,200
Underground-mineable					
Upper Freeport	5,387,100	2,044,800	7,431,900	4,357,900	3,074,000
Lower Freeport	2,199,500	16,400	2,215,900	2,215,900	—
Upper Kittanning	7,206,700	1,459,900	8,666,600	639,100	8,027,500
Middle Kittanning	4,979,000	1,127,600	6,106,600	4,060,200	2,046,400
Lower Kittanning	7,175,400	2,736,100	9,911,500	—	9,911,500
Brookville	6,292,900	795,300	7,088,200	7,076,000	12,200
Total	33,240,600	8,180,100	41,420,700	18,349,100	23,071,600
Grand Total					
Sewickley	117,400	—	117,400	117,400	—
Redstone	178,900	—	178,900	178,900	—
Upper Freeport	5,413,500	2,044,800	7,458,300	4,384,300	3,074,000
Lower Freeport	2,553,400	16,400	2,569,800	2,569,800	—
Upper Kittanning	9,530,100	1,459,900	10,990,000	2,877,300	8,112,700
Middle Kittanning	5,353,900	1,127,600	6,481,500	4,435,100	2,046,400
Lower Kittanning	7,345,800	2,736,100	10,081,900	170,400	9,911,500
Brookville	6,292,900	795,300	7,088,200	7,076,000	12,200
Grand Total	36,785,900	8,180,100	44,966,000	21,809,200	23,156,800

Totals may not agree to 43-101 reserve report due to rounding.

The extent to which the coal reserves may be affected by any known environmental, permitting, legal, title, variation, socio-economic, marketing, political, or other relevant issues has been reviewed rigorously for estimation of coal reserves. Similarly, the extent to which the estimates of coal reserves may be materially affected by mining, metallurgical, infrastructure, and other relevant factors has also been considered. MM&A is not aware of any of these factors that impede classification of the reserves.

Coal Quality

Coal seam quality data, available from exploration drill holes, have been utilized to assist in the determination of coal quality. Drill hole quality data was tabulated on a seam-by-seam basis for individual reserve areas on computer spreadsheets (using Microsoft Excel software) to allow for computation of basic statistical analyses (average, maximum, minimum) of the data sets.

Summary of Coal Reserve Quality by Seam by Property - Proximate Analysis

		Weighted Composite (Moist Basis)				
Reserve Area	Seam	Wash Recovery (%)	Ash (%)	Sulfur (%)	Btu/lb.	Volatile Matter (%)
Surface-mineable						
GAZ	Upper Kittanning	89.35	15.00	1.72	10,971	19.00
Downey	Upper Freeport	84.29	23.27	5.65	10,880	17.00
Downey	Lower Freeport	87.10	15.72	2.53	12,144	17.10
Downey	Upper Kittanning	88.19	16.61	2.48	12,173	15.50
Downey	Middle Kittanning	84.55	19.82	2.68	11,366	15.50
Hart	Lower Freeport	87.18	13.95	1.45	11,677	—
Hart	Upper Kittanning	85.14	18.49	1.46	11,650	—
Rhoads	Lower Freeport	—	—	—	—	—
Rhoads	Upper Kittanning	93.95	8.18	0.53	12,420	17.80
Rhoads	Middle Kittanning	85.47	17.94	2.08	11,752	15.00
Rhoads	Lower Kittanning	87.81	14.15	2.62	12,416	15.80
Schrock Run	Lower Freeport	95.00	7.35	0.69	13,336	16.70
Schrock Run	Upper Kittanning	92.34	11.26	1.82	12,801	17.20
Hamer	Middle Kittanning	62.03	7.09	0.72	13,304	16.27
Underground-mineable						
Casselman	Upper Freeport	63.28	7.46	1.02	13,277	19.73
Quecreek	Upper Kittanning	69.34	9.32	1.42	12,877	17.61
Horning	Lower Freeport	65.52	5.51	0.93	13,533	16.21
Acosta	Upper Kittanning	59.93	9.03	1.61	13,002	19.72
Acosta	Middle Kittanning	47.80	11.28	1.17	12,601	15.43
Acosta	Lower Kittanning	51.96	10.18	1.78	12,812	17.42
Sarah	Upper Freeport	44.59	9.17	1.02	12,854	16.10
Keyser	Lower Kittanning	59.20	6.73	1.40	13,390	18.77
A Seam	Brookville	53.02	10.33	0.79	12,629	17.50

Mining Operations

The resource base for the NAPP Division Properties consists of eight coal seams extending from the Sewickley coal seam at the top of the stratigraphic column down through the Brookville coal seam. The majority of the resource tons occurs in the coal seams from the Upper Freeport to the Lower Kittanning. The topographic location of the many coal seams and the physical characteristics of the coal seams provide abundant opportunities to apply several of the coal mining methods routinely employed in Northern Appalachia.

Coal seams that outcrop along the hillside or that are located near the surface may be considered for surface mining methods including, contour and/or area removal. The surface mining methods allow recovery of resources that lie close to the surface and are not suitable for safe underground mining. Coal seams that are too thin to be underground mined economically can often be recovered successfully with surface mining methods. Contour mines advance along the coal seam outcrops with overburden back-stacked in the pit to eliminate the highwall. The proposed mine plan and financial model forecast approximately million surface mine tons; however, only million surface-mineable tons were determined to be economical for inclusion as reserves.

Underground mine reserves are mined using continuous mining room and pillar methods. Production sections are configured as single-unit sections, employing one continuous miner and one roof bolter per section. The basic production design employed at the active mines was applied to projected operations where possible. The mine plan and financial model includes approximately 1.0 million underground tons in 2017, ramping up to approximately 1.3 million tons per year in 2018 and up to a maximum of 3.4 million tons in 2026.

Mining Methods

Surface Mining Methods

There is currently one active surface mine on the property; however, Corsa has numerous idled and planned surface mines within its operational plan.

The proposed surface mines are planned to be operated by a mobile equipment spread built around a Hitachi EX2600 shovel, which is the principal excavator. The surface mine operations are linked in the financial model by the progression of equipment spreads and crews from resource area to resource area. The configuration of this equipment spread, or fleet is projected to be maintained for the future mine projections. Surface-mining activities are projected to occur from 2017 through 2025 at annual production rates ranging from 121,000 to 759,000 tons.

Underground Mining Methods

There are currently two active underground mines operated by Corsa: Quecreek and Casselman. In addition to the active mines, Corsa has one idled underground mine planned to resume operations in the future (Horning). Corsa has a short-term forecast that includes two active underground mines, with the A-Seam underground mine replacing Quecreek when it is depleted in 2019.

Projected annual production peaks at approximately 3.4 million clean tons. Mine plans are designed to project operating each resource area to depletion. Crews and equipment are scheduled to move to subsequent resource areas as depletion occurs.

The projected mines are assumed to operate similarly to the active mines, using the same equipment, crews, and methodology. Each mine is scheduled to operate one or two production sections, each configured as a single continuous miner sections. In all cases, mines are forecasted to produce coal two shifts each day and reserve the third shift for maintenance, as well as belt and power moves. Production is scheduled Monday through Friday each week.

All of the mines can be accessed by box cut openings or highwall exposed by surface mining operations. Pillar extraction is not assumed for any of the current or future operations since no such plan has been approved by the appropriate regulatory agencies.

Markets and Contracts for Sale of Coal

Corsa is a reliable supplier of high quality thermal coal and metallurgical coal to the Mid-Atlantic region and metallurgical coal to international customers in Asia, Europe and South America, via export terminals in Baltimore, Maryland.

Environmental Condition

Mining is one of the most heavily regulated industries in the USA. Mining activities are controlled and regulated by both federal and state laws, which establish policy, set goals, and provide a system of enforcement. Each of the properties is thus subject to certain environmental permits authorized by federal authorities. The federal laws relevant to mining include:

- The Clean Air Act of 1970, as amended
- The Clean Water Act of 1977
- The Surface Mining Control and Reclamation Act (SMCRA) of 1977, and
- The Resource Conservation and Recovery Act of 1976

The Commonwealth of Pennsylvania Department of Environmental Protection (PaDEP) has responsibility of enforcing these Acts with aid of numerous state laws and legislative rules defined in the Codes of State Rules (CS). Relevant codes governing coal exploration, mining and preparation include:

- The Surface Mining Conservation and Reclamation Act, of May 31, 1945 (P.L. 1198, No. 412), as amended, 52 P.S. §§1396.1 et seq.
- Clean Streams Law, Act of June 22, 1937 (P.L>1984) 35 P.S. §§ 691.1 et seq.

- Bituminous Mine Subsidence and Land Conservation Act, Act of April 27 1966 (P.L. 31, No.1), as amended, 52 P.S. §§ 1406.1 et seq. 25 Pa. Code §§ 86-90.

Taxes

The cost of conforming to US Federal regulatory-driven taxes. The federal reclamation tax, payable to the Office of Surface Mining is $0.28/clean coal ton for surface mining and $0.12/clean coal ton for underground mining. The federal excise tax is $0.55/clean ton for surface coal and $1.10/clean ton for underground coal sold domestically. Payment of the $0.55 or $1.10 per ton excise tax to the federal Black Lung Disability Fund is not required when the coal is shipped to overseas markets.

The NAPP Division contains entities that are limited liability companies which are not separate taxable entities and corporations that are subject to Pennsylvania state income taxes and a federal income tax rate of either 20% or 35%, depending on whether or not the alternative minimum tax applies.

Exploration and Development

The Company is currently developing the Acosta Deep Mine in Somerset County, Pennsylvania, which is forecasted to produce 400,000 tons per year of low volatile metallurgical coal once fully operational. Coal production at the mine is anticipated to begin in the second quarter of 2017 and ramp up over the course of the year. The A Seam and Horning D projects are permitted and will proceed to development at the appropriate time. The Schrock Run Extension and Keyser projects are in the permitting process. The Company will also pursue potential surface or deep projects at are an economic haulage distance from its preparation plants.

5.2 Kopper Glo Properties of the CAPP Division

Introduction

The Kopper Glo Properties of the CAPP Division were acquired by the Company on July 31, 2013. The CAPP Division, which is based in Knoxville, Tennessee, U.S.A., is focused on thermal and industrial coal production and sales in the Southern Appalachia coal region of the United States.

The following information in this section is reproduced from the technical report entitled "Technical Report on the Coal Reserve and Coal Resource Controlled by Kopper Glo Mining, LLC, Tennessee, USA - Prepared in Accordance with National Instrument 43-101 Standards for Disclosure for Mineral Projects Effective December 31, 2016", (the "Kopper Glo Report") which was prepared by Marshall Miller & Associates, Inc. ("MM&A") under the supervision of Justin S. Douthat, P.E., M.B.A. and John W. Eckman, C.P.G., each a qualified person, as such term is defined in NI 43-101. Justin S. Douthat and John W. Eckman are independent of Corsa and its subsidiaries. For a complete description of the assumptions, qualifications and procedures associated with this information, reference should be made to the full text of the Kopper Glo Report, which is available on Corsa's profile at www.sedar.com.

Project Description and Location

The Kopper Glo Properties is located in Tennessee, 75 miles north of Knoxville and 160 miles east of Nashville, the state capital and within the Southern Appalachian coal-producing region of the eastern USA.

Property	Lease Acres	Latitude	Longitude
Kopper Glo	19,861	36 92.32	84 02.02
Davis Creek	2,523	36 31.67	83 54.81
	22,384		

The property is bordered by Clear Fork to the north and Powell Valley to the south. The Property is accessible via Interstate 75, U.S. Route 25, and State Route 90. Internal portions of the property are accessible by way of secondary and unimproved roads. The Property consists of surface, highwall mining, and underground mining operations, Kopper Glo Coal Preparation Plant, and unit-train loadout facilities. Administrative facilities are located near Clairfield, Tennessee. The Property is serviced along Straight Creek by CSX Corporation (CSX) and Norfolk Southern Corporation (NS), both rail-based freight transportation companies.

The Property tracts are leased from Natural Resource Partners ("NRP") and Ketchen Land. Kopper Glo is obliged to pay its lessors both a royalty on all coal produced and sold from the property and annual minimum royalties, which are generally recoupable from production royalties in accordance with the terms of the individual leases. These royalties are based on a percentage of the

selling price of the coal, and for the principal lessor are in the range of 5% to 11%. By assignment, MM&A has not independently verified property boundaries, lease agreements or royalty rates, rather has utilized royalty rates as provided by Kopper Glo. All surface facilities for accessing the coal seams and processing, storing and shipping the production from the Property are owned by Kopper Glo.

All permits for the Kopper Glo Properties, which are more particularly described in the below table, are presently in good standing and no outstanding notices of violation exist on the properties. Certain environmental liabilities have been created from previous mining operations under the approved permits. MM&A conducted an independent assessment of the end-of-mine reclamation (EOM) liabilities of the operations associated with the Property in December 2006 for Quintana. Kopper Glo also provided MM&A with additional updated EOM closure liability estimates prepared by Irtec from 2009 through 2016 for various Kopper Glo operations, which MM&A reviewed and determined to be reasonable. MM&A has relied upon both the 2006 report and the Irtec estimates for the purposes of this technical report. Kopper Glo is aware of the liabilities created under its permits. The timing to satisfy all liabilities under the permits will vary based on the extent to which the permits support current or planned mining operations. As such, these liabilities are expected to be satisfied on an ongoing basis as part of the execution of the Kopper Glo plan.

New permits or permit revisions will be necessary from time to time to facilitate the expansion or addition of new mining areas on the Kopper Glo Properties. New or modified mining permits are subject to a public advertisement process and comment period, and the public is provided an opportunity to raise an objection to any proposed mining operation. While there is some public opposition to mining in the USA, it is rare for objections to cause issuance of a permit to be denied. However, recent United States Environmental Protection Agency (EPA) intervention in the surface mine permitting process in Tennessee and other states has resulted in lengthy delays in issuance of Section 401, 402 and 404 permits required under the Clean Water Act. Unless specific prohibitions against surface mining impacts were identified, other delays in obtaining necessary mining permits and authorizations for mining to occur are not reflected herein. MM&A is not aware of any prohibition of mining on the Kopper Glo Property and, given sufficient time and planning, Kopper Glo should be able to secure new permits to maintain its planned mining operations within the context of the current regulations. Necessary permits are in place to support current production on the Kopper Glo Properties.

The Property and adjacent properties have supported surface and underground mining operations for more than 100 years. Consequently, numerous abandoned mines and related facilities exist within and adjacent to the Property. Each of the abandoned mines and facilities within or adjacent to the Property has been examined to assess their potential impact on the remaining coal reserves. To the extent past mining impacts classification of coal reserves, all relevant factors were taken into consideration. The extent of these abandoned mines is shown in the figures accompanying the report or on the detailed maps included in MM&A's files.

Portions of the Property are located near local communities. Regulations prohibit mining activities within 300 feet of a residential dwelling, school, church or similar structure unless written consent is first obtained from the owner of the structure. Where required, such consents have been obtained where mining is proposed beyond the regulatory limits.

MM&A is not aware of any other obligations that are required to retain the Property.

Summary of Kopper Glo's Permits:

OSM Permit No.[1]	Facility Name	Type	Issued Date	Current Status	Permitted Acres
3279	Marion Preparation Plant / Refuse Area No. 1	Preparation Plant / Refuse Disposal	3/3/2011	Active	24
3229	Double Mountain Mine	Deep Mine	5/7/2010	Active	94
3244	Davis Creek No. 4	Surface Mine	12/15/2010	Reclaimed	516
3230	Log Mountain Mine	Surface Mine	12/23/2011	Reclaimed	634
3280	Refuse Area No. 2	Refuse Disposal	2/23/2012	Active	116
3282	Tackett Creek Surface Mine No. 1	Surface Mine	11/1/2005	Reclaimed	334
3283	Tackett Creek Surface Mine No. 2	Surface Mine	2/24/2009	Reclaimed	732
3281	Ben's Branch	Underground Mine	6/11/2009	Idle	27
3284	Straight Creek Surface Mine	Surface Mine	12/2/2011	Active	231
3231	Clear Fork	Surface Mine	2/14/2014	Active	550
3270	Valley Creek Surface Mine	Surface Mine	—	Pending	—
3262	Cooper Ridge Deep Mine	Deep Mine	7/15/2014	Idle	892.5

[1] Permittee for all permits is Kopper Glo Mining, LLC

The United States Department of Labor Mine Safety and Health Administration (MSHA) conducts regular inspections of the mines and related facilities. Notices of violations, often accompanied by fines, are issued as a result of the inspections if the inspector determines that regulatory requirements are not fulfilled. It is Kopper Glo's practice to attempt to rectify the violations promptly to secure the termination of the violation. The fines are typically considered to not be material.

Certain environmental liabilities have been created from previous mining operations under the approved permits. An assessment of the reclamation liabilities for the Property is updated on an annual basis. Kopper Glo is aware of the liabilities created under its permits. The timing to satisfy all liabilities under the permits will vary based on the extent to which the permits support current or planned mining operations. As such, these liabilities are expected to be satisfied on an ongoing basis as part of the execution of Kopper Glo's business plan.

Reclamation activities at the active operations are an ongoing process completed contemporaneously with production activities in keeping with industry standards and regulations of federal law.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Kopper Glo Properties are situated within the southern portion of the Appalachian Plateau physiographic province, where terrain is typically steep and rugged. Topography is characterized by mature plateaus dissected by dendritic patterned erosional valleys. Ground surface elevations are typically between 2,400 and 1,200 feet above mean sea elevation (MSL). The Property is heavily vegetated and forested with a mixture of mature hardwoods and conifers, and contains numerous species of indigenous wildlife. The Property is not situated close to any major urban centers.

General access to the Property is from Interstate 75, U.S. Route 25, and State Route 90 to the west and north of the Property, respectively. Numerous secondary roads and unimproved roads provide access to the internal portions of the Property. These roads are typically open throughout the year. There is currently railroad service to the Kopper Glo Coal Preparation Plant and a unit-train load-out facility along Straight Creek.

The Kopper Glo Properties are located approximately 75 miles north of Knoxville, Tennessee, the state's third largest city. Transportation of coal from Kopper Glo mines and processing facilities to market is predominately by rail, which is serviced by CSX and NS. Coal transportation within the Property is typically performed by third-party trucking contractors.

The typical climate in this portion of the Appalachian Plateau physiographic province has four distinct seasons with mild, moist winters and warm summers. Average annual rainfall is approximately 48 inches per year in most of the region, with a greater percentage occurring during winter and spring months. Winters (mid-November to early-March) are typically mild with temperatures generally in the low-30s to upper-50 degrees Fahrenheit (°F). Primary precipitation during winter months is in the form of rainfall rather than snow, with only the occasional severe snowstorm occurring in higher elevations. Summer (late-May

to mid-September) temperatures range from lower-60s to upper-80°F, with temperatures above 90°F common. Seasonal variations in the weather seldom limit the ability to conduct mining operations in Tennessee.

Kopper Glo reports it controls adequate surface rights for current and planned mining operations. In the future, however, Kopper Glo may require additional surface control to optimize its access to the reserves, which is typical of mines producing in the Appalachian region. While these rights cannot be guaranteed, operating companies typically are able to secure those rights under favorable economic terms. Sources of power, water, supplies, and materials are readily available to the Property. Tennessee has an experienced work force; although, competition for labor among coal-producing companies is common. The mining industry across the USA and in Tennessee is experiencing a tight labor market and numerous training programs are presently being offered to attract and train new miners for the industry. A shortage of labor is limiting the expansion of operations in some areas of the USA.

History

The Kopper Glo Properties lie within the Appalachian coal-producing region and has a long history of mining development and production. Mining has been occurring on the Property and adjacent properties for nearly 100 years. Prior to 1959, when Kopper Glo Fuel, Inc. acquired the rights to the Property, predecessor-in-title was Dipple and Dipple. Quintana Kopper Glo Investment, LLC (QKGI), a portfolio company of Quintana Energy Partners, LLC, took control of the Property on July 6, 2007. In February of 2009, Kopper Glo was established for operation of the surface and highwall miner reserve properties. On July 31, 2013 after a series of mergers, Kopper Glo became the surviving entity, retaining mineral control, mining rights, and ownership of surface facilities. Mineral control and surface rights are primarily leased from NRP and Ketchen Land.

Extensive mining has taken place on the Property by the previous owners or operators and has included both surface and underground mining methods. The extent of previous mining and its effects on Kopper Glo's ability to exploit the reserves on the Property has been examined carefully. Records of previous mining were provided by Kopper Glo and NRP, or in the case of past surface mining, were projected from USGS topographic or flown maps or taken from maps generated by prior owners of the Property. Other sources of previous mining include USGS (1997) and National Agricultural Imagery Program (NAIP) aerial photography.

A recent history of coal production from the Property over the past 8 years is included in the following table:

Area	2008	2009	2010	2011	2012	2013	2014	2015	Total
Harris Branch	3,623	—	—	—	—	—	—	—	3,623
Eagan Mountain	9,848	—	—	—	—	—	—	—	9,848
Ben's Branch	—	—	—	4,289	—	—	—	—	4,289
Cooper Ridge Deep Mine	—	—	—	—	—	—	—	13,143	13,143
Straight Creek	—	81,297	135,754	22,366	—	22,779	120,111	137,138	519,445
Double Mountain	—	—	9,261	213,306	464,311	638,396	530,606	419,506	2,275,386
Davis Creek #4	—	—	—	129,002	117,549	82,903	—	—	329,454
Log Mountain	—	—	—	—	239,291	271,576	—	—	510,867
Back Creek	—	—	—	—	—	—	203,844	—	203,844
HWM #2	151,301	90,683	113,654	40,943	63,727	31,883	71,266	20,058	583,515
Tackett #1	90,328	99,904	93,425	—	—	—	—	—	283,657
King Mountain	250,456	71,767	—	—	—	—	—	—	322,223
Tackett #2	128,874	259,485	370,302	213,145	—	—	—	—	971,806
Yearly Totals	634,430	603,136	722,396	623,051	884,878	1,047,537	925,827	589,845	6,031,100

The Kopper Glo Properties have been extensively explored and developed by mining activities for nearly 100 years. Drilling has been carried out by numerous entities during that period. The majority of significant exploration was carried out by the various contract miners in the 1980s and early 1990s and by Kopper Glo in recent years. Upon acquisition of the property, Kopper Glo obtained copies of drilling records within or adjacent to mineral leases. Additionally, MM&A retained copies of core drilling and geophysical exploration data from previously completed work for predecessors-in-title and the lessors.

Coal mining has occurred within the region for well over 100 years. Rapid growth in the coal industry was led by extensive operations within the large, easily accessible coal deposits throughout the Appalachian coal fields. Over the years, with the

depletion of the larger, thicker coal deposits, and the introduction of mechanization, traditional labor was replaced by more economical means of extracting coal. With the introduction of mechanization came the ability to mine thinner seams through both surface and underground mining methods. Primary seams found on the Property have been extensively mined throughout the history of coal mining in the region. The remaining coal deposits within the Kopper Glo Properties are typically characterized by thin coal horizons that were uneconomical to mine or inaccessible in the past by general mining methods. The development of improved technology and increased demand for high quality coal products has resulted in the feasibility of extracting previously uneconomical and unmineable coal deposits.

Mining on the Kopper Glo Properties typically consists of multiple-seam mining by surface mining methods, including contour mining, auger and highwall mining, which allows for the recovery of thin coal seams, which may or may not exhibit continuity across the entire mining area, and do not exhibit adequate thickness and continuity for mining by underground mining methods. Fewer coal seams exhibit adequate thickness and continuity throughout the Property to be considered for underground mining methods; however, underground mineable seams account for a majority of the Kopper Glo reserve tons.

Geological Setting, Deposit Types and Mineralization

Regional Geology

The coal deposits in the eastern USA are the oldest and most extensively developed coal deposits in the country. The coal-bearing formations on the Property are Carboniferous in age, being in the Pennsylvanian system, which includes the Breathitt Formation. These coal-bearing formations contain two-fifths of the nation's bituminous coal deposits, extend over 900 miles from northern Alabama to Pennsylvania, and are part of what is known as the Appalachian Basin. The Appalachian Basin is more than 250 miles wide and in some portions, contains over 60 coal seams of varying economic significance. Seams are typically between 1 foot and 6 feet in thickness, with relatively little structural deformation. Regional structure is typically characterized as gently dipping, but may steepen to as much as 20% along the margins of the coal deposits.

The sediments of the Breathitt Formation were deposited in a northeast-southwest trending, subsiding basin and are dominated by fine to coarse-grained sandstones, siltstones, shales, bituminous coals, and underclays.

Coal in the region is classified as bituminous. The sulfur content of the coals on the Property typically range from less than 0.7% to 1.6%, as-received, with the exception of the Joyner Seam, which has an average sulfur value greater than 4.3%. The thermal (heat) content typically ranges from 11,500 to 14,850 Btu/lb., as-received. For more detail of the composition and quality of the coal in this area, please refer to Table 13.1 in the Kopper Glo Report.

Stratigraphy

The Breathitt Formation is named after Breathitt County in Kentucky. The formation is Middle Pennsylvanian-age and is comprised of cyclic sequences of sandstone, siltstone, shale, thin limestone, clay, and bituminous coal. Two marine fossiliferous intervals, the Magoffin Member and the Kendrick Shale, occur within the Breathitt Formation on the subject tracts. Typically, only the Magoffin is distinct enough to be persistently noted in drillers' descriptions of core hole on the subject property. The Breathitt Formation includes the Mason (Mingo), Rich Mountain and Jellico (Coal Creek) series of coal horizons, which occur across the Property. The base of this formation is at the top of the Naese Sandstone Member.

Structure

Structurally, to the immediate north of the Property is the Middlesboro Syncline, which strikes northeast-southwest, essentially paralleling the major Pine Mountain Overthrust Fault. Immediately southeast of the Davis Creek property, on the flank of Cumberland Mountain, the coal bearing strata are turned upward. The structural dip magnitudes range from very slight in most of the study area to as much as 7% near the southeastern portion of Tackett Creek and more than 20% near Cumberland Mountain at Davis Creek. Typically, there are undulations and local flexures within the general structural trend. No major structural faulting of surface or tectonic features is known to occur on the Property; however, the Pine Mountain Overthrust Fault is located just north of the Property. The northeast-southwest striking Middlesboro Syncline is located immediately to the north of the Property.

Geology

The coal reserve and coal resource potential of the Property is primarily within the Breathitt Formation. A total of seven coal seams associated with the Property have been identified as exhibiting surface or underground mineable potential. Seams include, in descending order: Joyner, Upper Mason (Mingo), Mason, Lower Mason, Rich Mountain A, Rich Mountain A Lower and Upper Jellico (Coal Creek)).

The geology of the Property is consistent with regional structural trends and exhibits little evidence of structural deformation in the form of faulting and folding. Coal seams typically range in thickness from 1 foot to 4 feet across the Property, with primary seams being contiguous across most of the resource areas.

Mineralization

Mineable coal seams within the Property are typically low-ash with the exception of the Joyner seam, and high-thermal content bituminous coals. The maximum seam thickness may reach over 6.0 feet in the Upper Jellico underground mines; however, the average mineable thickness of the seams in this evaluation generally ranges from 1 foot to 4 feet. Seams are generally continuous, but may be locally absent. Secondary discontinuity due to erosional features is present in most areas, resulting in seam outcropping, or visible exposure of the seam at the surface. Other than oxidation of the coal exposed at the surface, erosion of the seams has no significant impact on the mineralized deposits. All seams outcrop on the property along major creeks or minor tributaries. Coal seams are characterized by both single-bench and multiple-bench coal horizons with parting (non-coal) material varying by seam and area. Seam parting is common within the coal seams on the Property with intra-seam parting material increasing drastically in some areas. Roof strata are typically shale or sandy shale with zones of sandstone roof being common. Floor strata are typically sandstone, shale, sandy shale, or fireclay.

Coal Seams of Interest

Surface-mineable Seams: There are six coal seams identified on the Property exhibiting surface-mineable potential. Surface-mineable coal seams are contained within the upper and middle portions of the stratigraphic section and include coal seams from the Joyner through the Upper Jellico coal seam. There are three areas within the Property where coal seams exhibit surface-mineable potential including: Cooper Ridge, Clear Fork, and Davis Creek. Surface mining methods on the Property include contour strip (CTR), auger and highwall mining (HWM).

Underground-mineable Seams: There are three coal seams identified on the Property exhibiting underground-mineable potential. These coal seams are contained within the middle to lower portions of the stratigraphic section and include the Lower Mason, Rich Mountain A, and Upper Jellico, seams.

Exploration, Drilling, Sampling and Analysis and Security

Exploration

The Kopper Glo Properties have been extensively explored by means of core drilling, air rotary drill holes, and prospect sites for more than 50 years during the development and operation of the property by predecessors-in-title or the lessors. Drill hole data has been obtained through drilling efforts of numerous entities, including Kopper Glo, NRP, and Ketchen Land. Kopper Glo maintains paper and digital copies of, or has access to, geologist and drillers' field observation logs for each drill hole used during the course of this evaluation plus geophysical logs for several core holes. This information represents the primary data cited in the evaluation of the resources on the Property. Overall, the available drill information used for reporting the mineral resource was sufficient for the low geologic complexity deposit.

In 2015 and 2016, Kopper Glo drilled eight rotary holes at the Clear Fork Surface Mine, six core holes at the Double Mountain Deep Mine with mostly favorable results. Previous exploration on the property was conducted prior to 2015, with ongoing drilling occurring from 2007 to 2014 by Kopper Glo. Exploration prior to 2007 primarily consisted of exploratory efforts by various contractors and the lessors in the 1980s and early 1990s. Exploration efforts were performed by reputable third-party drilling companies including L.J. Hughes & Sons, Inc. (LJ Hughes), Manis Drilling Co., J.K. Huber, etc. In addition to field records provided by each drilling company, Kopper Glo has commonly engaged the services of a geophysical logging consulting company to perform a standard gamma-resistivity-density log upon completion of core holes to confirm depth, thickness, and core recovery of coal seams. Core holes were typically logged by MM&A's Geological Logging Systems (formerly Cardno GLS) of Bluefield, Virginia. In 2015, the rotary bore holes at Clear Creek were logged by GLS.

Recent exploration by Kopper Glo, 2007-2016 was conducted in order to further define potential surface or underground mine areas, often adjacent to pervious mining. For several of the coal seams, the existence of previous mines, both surface and underground, narrowed the focus of exploration for potential mine sites. One or more coal horizons were targeted by each exploration drill hole at specific locations near potential surface contour cuts or point removals and in areas of potential underground mines. The recent drill information increased the measured portion of the resource, based on the Geologic Reliability criteria. The drill hole and prospect data spacing by seam, used for reporting the mineral resource and mineral reserve, was sufficient for the low geologic complexity deposit. All available data, pre- and post-2007, was reviewed to prepare this report and there were no apparent conflicting results between the two data sets from different time periods.

A total of more than 800 individual data points, including core holes, seam section measurements, pit measurements, and prospect measurements were incorporated into the Vulcan™ software digital resource database, and were used for modeling the geology of the Tennessee Property. The database includes drill hole location, coal seam thickness and elevation, and detailed lithological data. This data is used to delineate the resources on the Property and to determine geologic reliability of coal resource and coal reserve estimates. The data for the majority of the drill holes were in the form of descriptions obtained from drillers' field observation logs. Additional data points were obtained from mine maps, geophysical log interpretations, and previous reserve studies by MM&A. The drill hole data density is sufficient enough to adequately support the geological trends and projected reserves on the Property. The Kopper Glo Report maps show the location of the drill holes on the Property that have been used in the technical report. MM&A has reviewed all new exploration data provided by Kopper Glo for this report and checked it against previously completed MM&A work for consistency.

MM&A reviewed and verified exploration data through the generation of stratigraphic columnar sections using cross-sectional analysis to confirm coal seam correlations. After establishing that correlations were consistent, or determining that edits to coal seam correlations were needed, coal seams were identified in the geologic database, which was used to generate coal seam data control maps. During the course of the investigation, some of the data from a relatively small number of holes were deemed to be questionable (e.g., unlikely or uncharacteristic elevations, thicknesses or intervals) and were not honored for the purposes of geologic mapping. The locations of drill holes and outcrop measurements have not been independently verified by MM&A.

A majority of the coal quality data used to prepare the Kopper Glo Report was analyzed from coal samples collected since 2007. Where laboratory test results or sample intervals were judged to be anomalous and unrepresentative of the seam quality the anomalous data were not used in computation of the area averages.

Drilling

The Kopper Glo Properties have been extensively explored by drilling efforts carried out by numerous entities. The Kopper Glo Report maps show the location of the drill holes on the property. The drilling was accomplished using vertical continuous (diamond) coring or vertical air rotary drilling methods. Exploratory core drilling using diamond coring methods typically recovers NX-size cores, which are generally used to delineate geologic characteristics and collect core samples for coal quality testing or geotechnical logging. Drill holes utilizing air rotary methods are typically drilled in conjunction with geophysical logging, which is interpreted by a geologist to determine reliable seam thickness and depth. However, air rotary prospect holes drilled by Kopper Glo to help define the Mason seam extent near old mine works on Cooper Ridge were not geophysically logged. Therefore, several anomalous Mason seam thickness measurements reported from air rotary drilling at Cooper Ridge, which appear inconsistent with surrounding data and with the projected depositional environment, were not honored to estimate Mason seam resource due to the absence of supporting geophysical logs or other supporting data. Exploratory drilling for this property generally requires drilling to depths of approximately 30 to over 1,500 feet on the Property, depending on the target coal seam(s). Holes drilled for the Joyner and Mason seams required the shallowest drill holes, while holes drilled to the below-drainage Cumberland Gap seam required greater total depths drilled.

Although MM&A has not had direct involvement with implementing and supervising the drilling on the property, drilling information has been reviewed in detail and deemed reliable and sufficient for various resource and reserve evaluations performed by MM&A for predecessors-in-title. Extensive records on the MM&A campus in Bluefield, Virginia, contain documentation of previously completed reserve evaluations with the supporting information, including those on the Property and adjacent areas. Drilling information from recent exploration programs has been used to supplement and confirm drilling data generated by others. MM&A has a long history with the property and adjacent properties, dating back to the late 1980s. Core drilling on the property was typically performed by reputable third-party companies, who were engaged to drill to predetermined targeted coal horizons and to provide a general field record of lithologic strata encountered. Under Kopper Glo's control of the property, drill records were provided upon completion of drilling and cores were observed, measured, described, bagged, boxed, and stored by qualified Kopper Glo company personnel for later analysis. Drilling was generally not directly supervised by a geologist or personnel of the implementing entity; however, exploration programs were developed and overseen by qualified personnel. Geophysical logging is generally performed on the completed core hole by MM&A GLS and used to confirm seam thickness and depth data obtained from the drill records provided by the drill operator. Where geophysical logs were available, they were compared with the drillers' or geologists' logs to confirm coal seam thickness and determine if any core loss occurred. Where such core losses were determined, data from geophysical logs were used to interpret coal seam thickness. The cores retrieved from drilling were not observed to demonstrate any structural vertical exaggeration and represent the true thickness for each sample.

Sampling

Application tests are laboratory procedures that measure some characteristic of coal that has been empirically related to some application or handling or processing step. Typically, these procedures attempt to duplicate some aspect of the commercial application at laboratory scale and may produce information in the form of an index. Application procedures do not measure a single component of the coal but infer the combined effect of multiple components.

The American Society for Testing and Materials (ASTM) publishes the most inclusive reference to analytical procedures. This publication, which is revised annually, provides extensive information concerning generally accepted methods of laboratory analysis. ASTM also provides standards for sampling and some information concerning sample handling.

Ultimate analysis is a process typically used which gives the composition of coal in terms of carbon, hydrogen, nitrogen, oxygen, ash, and sulfur without regard to origin. The ash determination can be found by ASTM D-3174. Sulfur is determined either by wet chemistry methods (ASTM D-3177) or by measuring the sulfur content of the gas released through high temperature combustion of the coal sample (ASTM D-4239). Carbon and hydrogen are also determined through a combustion process (ASTM D-3178) and nitrogen by a wet chemistry method (D-3179). Oxygen is not determined directly. The sum of the percentages of carbon, hydrogen, nitrogen, sulfur, and ash are subtracted from 100 to calculate oxygen percent (ASTM D-3176).

Heating value or calorific value is a measure of the heat produced from a unit weight of coal. In the United States, it is commonly expressed in British thermal units per pound (Btu/lb.). Other units are calories per gram (cal/g) and joules per gram (J/g). Heating value is generally determined by burning a weighed coal sample, in oxygen, in a calorimeter (ASTM D-2015 and D-3286).
The ASTM method used by the laboratories to determine calorific value (in Btu/lb.), was D-5865. These labs determined sulfur content with ASTM Method D-4239, Method B. Ash content was calculated from ASTM method D-3174.

The extent of sampling for geological data is generally sufficient to define characteristics of the mineable coal horizons based on the qualified professionals examination of the data. The sampling of quality data from drill holes is less than the total drill holes; however, available data appears to be representative of the coal seams based on historical knowledge and regional trends.

SGS North America, Inc., Minerals Services Division, 248 Harrogate Industrial Drive, Harrogate, TN 37752, and; Standard Laboratories, Inc., 1138 McGhee Lane, Suite 2 Jackson, TN 37757 processed the coal samples for Kopper Glo. On-the-job monitoring and training of staff ensures that correct procedures and best practice methods are being continually employed. All laboratory equipment and instrumentation is routinely checked and calibrated by these laboratories. Further, all laboratories used are privately owned companies that are paid a fee for analytical work performed. To MM&A's knowledge, the laboratories used by Kopper Glo hold no equity or material interest in any of its client's operations or businesses.

Security Methods

In coal work it is unusual to employ security methods (other than those described in the chain-of-custody procedures) for the shipping and storage of samples, because coal is a low value bulk commodity. As far as MM&A knows, Kopper Glo's procedures for handling and shipping coal samples and for sample security was essentially the same as that of other operators in the region. Further, the lab data verification procedures and sample preparation methods (as described above) meet typical industry standards. It is the author's opinion that the sample preparation, security measures and analytical procedures, as reported to Kopper Glo by the laboratories for this property, are adequate.

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

The coal resource estimates were prepared in accordance with CIMDS (as adopted May 10, 2014). The tonnage estimates provided herein report in-situ coal resources as measured, indicated, and inferred and those coal resources are reported inclusive of the reported reserve tons, since they include the in-situ tons from which the recoverable coal reserve is derived.

As is customary in the USA, the categories for measured, indicated, and inferred coal resources are based on the distances from valid points of measurement as prescribed in USGS Circular 891. In accordance with NI 43-101, MM&A has classified the coal as "resource" and "reserve" as defined in CIMDS as adopted in May 2014. In this standard, a Mineral Resource is defined as "… a concentration of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that has reasonable prospects for economic extraction. The location, quantity, grade, geological

characteristics and continuity of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge."

Coal resources are subdivided into classes of measured, indicated, and inferred, with the level of confidence reducing for each class, respectively. Coal resources are reported as in-situ tonnage and are not adjusted for mining losses or mining recovery.

Coal resources have been estimated and classified as Measured, Indicated, and Inferred following USA guidelines provided for in the USGS Circular 891. Measured coal resources are those lying within ¼-mile radius of a valid point of measurement. Indicated coal resources are those lying between ¼-mile and ¾-mile radii from such an observation point. Inferred coal resources lie more than a ¾-mile radius from a valid point of measurement, but less than 3 miles from one. These classifications connote the degree of resource estimation reliability based on distance from known points of measurements.

As referenced in the CIMDS, coal resources and coal reserves are herein reported inclusively. The measured, indicated, and inferred in-situ coal resources are reported inclusive of the reported reserve tons, since they include the in-situ tons from which the recoverable coal reserve is derived. No coal reserve tons have been estimated from inferred coal resources.

Methodology Used to Estimate Coal Resources

The data used in this evaluation primarily consisted of data provided to MM&A by Kopper Glo. By assignment, MM&A did not conduct an independent verification of leases, deed, surveys, or other property control instruments. Kopper Glo provided maps showing property control, extent of previous mining, and drill hole locations. MM&A has accepted these maps as being a true and accurate depiction of current mineral and surface property rights and representations of previous mining and exploration on the property.

MM&A reviewed and verified exploration data through the generation of stratigraphic columnar sections using cross-sectional analysis to confirm coal seam correlations. Stratigraphic columnar sections were generated using a proprietary database system generated by MM&A. After establishing that correlations were consistent, or determining that edits to coal seam correlations were needed, coal seams were identified in the geologic database, which was used to generate coal seam data control maps. These maps form the basis for coal seam mapping and coal resource estimations. During the course of the investigation, some of the data from a relatively small number of holes were deemed to be questionable (e.g., unlikely or uncharacteristic elevations, thicknesses or intervals) and were not honored for the purposes of geologic mapping. The locations of drill holes and outcrop measurements have not been independently verified by MM&A.

A model of the deposit was created to estimate coal resources. Seam grids, including seam thickness roof and floor grids, plus the topographic surfaces were generated for individual coal seams using Vulcan™ software. The Vulcan™ grids were then reformatted into to Carlson® grids. Carlson® software and MM&A proprietary software were used in conjunction with coal resource criteria to delineate resource boundaries used for the generation of coal resource estimates. Base-of-coal-seam structure and topographic surface grids were generated in order to determine the intersection between projected coal horizons and topography of the Property. Coal seam outcrop boundaries were generated at the intersection points of these grid files, defining the limits of coal deposits where eroded by dendritic patterned erosional valleys. Once delineated, resource area acreage, average seam thickness, and coal tonnages were generated in Carlson® and MM&A proprietary software and tallied in Microsoft® Excel (Excel) computer spreadsheets. After processing, MM&A prepared an independent estimate of coal resources using guidelines outlined in CIMDS.

Summary of Coal Resource Estimates

The results of the Kopper Glo Report define an estimated 40.37 million tons of measured and indicated coal resources. Coal resource tons are presented on a dry, in-situ basis and provide reasonable prospects for economic extraction. The following table summarizes the coal resource controlled by Kopper Glo.

Coal Resources controlled by Kopper Glo

	Total Acres				Total Resource (in situ) Tons			
Type/seam	**Measured**	**Indicated**	**Total**	**Inferred**	**Measured**	**Indicated**	**Total**	**Inferred**
Surface-mineable								
Joyner	75.18	4.93	80.11	—	166,000	9,000	175,000	—
Upper Mason	83.78	17.80	101.58	—	271,000	66,000	337,000	—
Lower Mason	11.33	0.66	11.99	—	16,000	1,000	17,000	—
Rich Mountain A	13.84	23.34	37.18	—	48,000	87,000	135,000	—
Upper Jellico	5.93	0.04	5.97	—	31,000	—	31,000	—
Total	190.06	46.77	236.83	—	532,000	163,000	695,000	—
Highwall-mineable								
Upper Mason	92.51	16.33	108.84	—	376,000	62,000	438,000	—
Rich Mountain A	26.73	52.73	79.46	—	96,000	202,000	298,000	—
Total	119.24	69.06	188.30	—	472,000	264,000	736,000	—
Auger-mineable								
Upper Jellico	7.51	—	7.51	—	26,000	—	26,000	—
Total	7.51	—	7.51	—	26,000	—	26,000	—
Underground-mineable								
Lower Mason	388.78	1.33	390.11	—	1,886,000	6,000	1,892,000	—
Rich Mountain A	597.29	51.46	648.75	—	3,719,000	320,000	4,039,000	—
Upper Jellico	3,667.41	777.27	4,444.68	—	27,174,400	5,811,000	32,985,400	—
Total	4,653.48	830.06	5,483.54	—	32,779,400	6,137,000	38,916,400	—

	Total Acres				Total Resource (in situ) Tons			
Type/seam	**Measured**	**Indicated**	**Total**	**Inferred**	**Measured**	**Indicated**	**Total**	**Inferred**
Grand Total								
Joyner	75.18	4.93	80.11	—	166,000	9,000	175,000	—
Upper Mason	176.29	34.13	210.42	—	647,000	128,000	775,000	—
Lower Mason	400.11	1.99	402.1	—	1,902,000	7,000	1,909,000	—
Rich Mountain A	637.86	127.53	765.39	—	3,863,000	609,000	4,472,000	—
Upper Jellico	3,680.85	777.31	4,458.16	—	27,231,400	5,811,000	33,042,400	—
Grand Total	4,970.29	945.89	5,916.18	—	33,809,400	6,564,000	40,373,400	—

Note: Resource tons are inclusive of reserve tons since they include the in-situ tons from which recoverable coal reserves are derived. Totals may not agree to 43-101 reserve report due to rounding.

Coal Reserves

The coal reserve estimates were prepared in accordance with CIMDS (as adopted May 10, 2014). The tonnage estimates provided herein report coal reserves derived from the in-situ resource tons. Proven and probable coal reserves were derived from the defined coal resource considering relevant processing, economic (including independent estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented on a moist, recoverable basis.

As is customary in the USA, the categories for proven and probable coal reserves are based on the distances from valid points of measurement as prescribed in USGS Circular 891. The Mineral Reserves are subdivided into classes of: Proven Mineral Reserves, those lying within ¼-mile radius of a valid point of measurement; Probable Mineral Reserves are those lying between ¼-mile and ¾-mile of a valid point of measurement

Methodology Used to Estimate Coal Reserves

Coal reserve estimates were derived from the defined coal resource considering relevant processing, economic (including independent estimates of capital, revenue, and cost), marketing, legal, environmental, socio-economic, and regulatory factors and are presented herein on a moist, recoverable basis.

Upon completion of delineation and calculation of coal resources, MM&A generated LOM plans for each mining complex. Mine plans were generated based on forecasted mine plans and permit plans provided by Kopper Glo with modifications by MM&A in certain areas. Delineated reserve areas were required to adhere to existing MSHA ground control highwall-height limitations of 120 feet. Additionally, MM&A required that contour mining (CTR) activity to support highwall mining (HWM) not exceed an approximate 20:1 strip ratio. Strip ratios were allowed to exceed this value when small quantities of pre-law spoil needed to be mined to expose a highwall that was designated for HWM. CTR activity not related to HWM was required to not exceed an approximate 16:1 strip ratio. Previous reserve evaluations defined general locations for the primary coal reserve areas. Additional drilling, detailed topography maps, aerial photography, and updated reserve criteria refined these earlier selected locations. MM&A used property development plans established by Kopper Glo, and modified plans where necessary due to current property control limits, modifications to geologic mapping due to additional exploration, etc.

Vulcan™-generated grid files used in the estimation of coal resources were used to build geologic elevation models encompassing mineable coal seams. Coal seam thickness and base-of-coal-seam structure grid files were used to define the top and bottom of each coal horizon. The developed grid models were converted into Carlson® grids. Carlson® software was used to develop LOM and timing sequence plans for underground-mineable coal seams, based on volume productivity schedules provided by Kopper Glo for active mining operations. Average underground mining heights of 50 to 54 inches, based on current mining practices and/or equipment capabilities, were used to determine out-of-seam dilution (OSD) and project raw production tons.

For surface-mineable coal seams, surface topography grids were generated using USGS digital elevation models spliced with more detailed digital flown topography provided by Kopper Glo. Surface LOM and timing sequence plans were sequenced using Carlson® software and MM&A software based on surface equipment productivity and equipment expansion plans determined to be reasonable by MM&A. Estimates of surface-mineable coal reserves and associated bank cubic yards (bcy) overburden volumes were generated based on an economic ratio limit (bcy of overburden to recoverable coal tons), which is a function of coal prices and operating costs. For coal seams that demonstrate the potential for surface and highwall mining methods, seam thickness grid files, excluding scalpable (removable) in-seam partings, were generated for the surface-mineable seam thickness and full seam thickness grids, including in-seam parting material, for the highwall mining process. OSD volumes associated with HWM were generated based on a minimum 36-inch clearance height required for penetration of HWM equipment.

Raw, ROM production data outputs from LOM sequencing were processed into Excel spreadsheets and summarized on an annual basis for processing into the economic model. Average seam densities for underground and surface-mineable coal seams were estimated to determine raw coal tons produced from the LOM plan. Average mine recovery and wash recovery factors, determined by available quality or estimated from specific gravities, were applied to determine recoverable tons.

Coal reserve tons in this evaluation are reported on a moist (6.0 percent for washed product and 4.5 percent for raw product), recoverable basis, and represent the saleable product from the Kopper Glo Properties.

Summary of Coal Reserve Estimates

The coal reserves reported below represent the economically viable coal tonnage for the Kopper Glo Property. The coal reserves, reported on a moist basis include 13.23 million total demonstrated tons of which 10.95 million are classified as Proven and 2.28 million are classified as Probable. The reported reserve tons are based on an independent evaluation of the coal geology and a Preliminary Feasibility Study of the coal reserve deposits.

Summary of Kopper Glo Coal Reserves (Moist, Recoverable Basis)

	By Demonstrated Type			By Permit Status	
Type/Seam	**Proven**	**Probable**	**Total**	**Permitted**	**Not Permitted**
Surface-mineable					
Joyner	146,000	8,000	154,000	—	154,000
Upper Mason	233,000	58,000	291,000	—	291,000
Lower Mason	14,000	1,000	15,000	—	14,000
Rich Mountain A	42,000	76,000	118,000	—	119,000
Upper Jellico	26,000	—	26,000	27,000	—
Total	461,000	143,000	604,000	27,000	578,000
Highwall-mineable					
Upper Mason	151,000	25,000	176,000	—	176,000
Rich Mountain A	37,000	78,000	115,000	—	115,000
Total	188,000	103,000	291,000	—	291,000
Auger-mineable					
Upper Jellico	10,000	—	10,000	10,000	—
Total	10,000	—	10,000	10,000	—
Underground-mineable					
Lower Mason	747,000	1,000	748,000	—	748,000
Rich Mountain A	696,000	22,000	718,000	718,000	—
Upper Jellico	8,846,000	2,014,000	10,860,000	5,495,000	5,364,000
Total	10,289,000	2,037,000	12,326,000	6,213,000	6,112,000
Grand Total					
Joyner	146,000	8,000	154,000	—	154,000
Upper Mason	384,000	83,000	467,000	—	467,000
Lower Mason	761,000	2,000	763,000	—	762,000
Rich Mountain A	775,000	176,000	951,000	718,000	234,000
Upper Jellico	8,882,000	2,014,000	10,896,000	5,532,000	5,364,000
Grand Total	10,948,000	2,283,000	13,231,000	6,250,000	6,981,000

Note: The market type of all tons reported above is a Thermal basis. Totals may not agree to 43-101 reserve report due to rounding.

Coal Quality

Coal seam quality data, available from exploration drill holes, have been utilized to assist in the determination of coal quality. Drill hole quality data was tabulated on a seam-by-seam basis for individual reserve areas on computer spreadsheets to allow for computation of basic statistical analyses (average, maximum, minimum) of the data sets as shown in the table below.

Summary of Coal Reserve In-Seam Quality by Seam by Property - Proximate Analysis

	Average Quality on Moist Basis					
Property/Seam/Area	**Moist%**	**Rec.%**	**Ash%**	**Sulfur%**	**Btu/lb.**	**SO2**
Kopper Glo						
Joyner Seam						
Valley Creek	4.50	100.00	13.90	4.34	12,049	7.21
Upper Mason Seam						
Valley Creek (Surface)	4.50	100.00	4.82	1.27	13,578	1.87
Valley Creek (HWM)	6.00	95.00	—	—	—	—
Lower Mason						
Rich Gap Mine (Underground)	6.00	91.12	3.10	0.89	13,726	1.29
Rich Mountain A Seam						
Log Mountain (Surface)	4.50	100.00	9.83	1.76	12,738	2.77
Double Mountain UG Mine	6.00	75.15	3.88	1.60	13,492	2.37
Rich Mountain A Lower Seam						
Log Mountain (Surface)	4.50	100.00	8.05	2.45	13,027	3.76
Log Mountain (HWM)	6.00	95.00	7.89	1.37	12,802	2.14
*HWM recovery reflects out-of-seam dilution, wash recovery (49.1%) was not used.						
Upper Jellico Seam						
Upper Jellico Seam						
Cooper Ridge Mine & Bens Branch Mine	6.00	72.12	3.65	0.78	13,771	1.13
Upper Jellico Main Bench only (Upper Split of Upper Jellico 5' to 10' in roof or absent)						
Cooper Ridge Mine & Bens Branch Mine	6.00	92.66	1.97	0.71	13,959	1.01
Upper and Lower Jellico Seams Merged						
Cooper Ridge Mine & Bens Branch Mine	6.00	67.54	2.46	0.69	13,866	1.00
Apollo Fuels & BCCC Lease	6.00	59.87	2.48	0.71	13,872	1.02
Upper Jellico Bench Only						
Apollo Fuels & BCCC Lease	6.00	82.00	3.29	0.71	13,771	1.04
Clear Fork - Contour Mineable	4.50	100.00	3.19	0.78	13,771	1.13
Clear Fork - Auger	6.00	98.70	1.82	0.69	13,678	1.00
Jellico Rider 1 and Upper Jellico Seams (Merged)						
Apollo Fuels & BCCC Lease	6.00	46.64	—	—	—	—
Upper Jellico Seam (less than 3' to Jellico Rider 2)						
Apollo Fuels & BCCC Lease	6.00	46.64	—	—	—	—
Davis Creek						
Rich Mountain A Seam						
Permit Area 4 (South of Hogcamp Branch)	4.50	100.00	1.41	0.75	13,978	1.07

Mining Operations

The operations at the Kopper Glo Properties one active surface mine (Straight Creek Mine); two pending surface mines; one active underground mine (Double Mountain Deep Mine); and three pending underground mine areas at the Kopper Glo complex.

Mining Method

The resource base for the Kopper Glo Properties consists of seven coal seams extending from the Joyner seam at the top of the stratigraphic column down through the Jellico seam. The topographic location of the many coal seams and the physical characteristics of the coal seams provide abundant opportunities to apply several of the coal mining methods routinely employed in Southern Appalachia.

Coal seams that outcrop along the hillside or that are located near the surface may be considered for mountaintop removal or contour surface mining methods. The surface mining methods allow recovery of resources that may lie too close to the surface for safe underground mining. Coal seams that are too thin to be underground mined economically can often be recovered successfully with surface mining methods. Contour mines advance along the coal seam outcrops with overburden back-stacked in the pit to eliminate the highwall, and excess material is placed in valley fills; however, Kopper Glo currently does not utilize valley fills for overburden storage. The active Clear Fork Mine is a contour mining operation within the Upper Jellico seams. Total remaining surface mine production for the Kopper Glo mine plan and financial model is 0.6 million tons.

Resource recovery and financial performance can be enhanced by the application of highwall mining along with contour surface operations. Highwall mining applications are particularly appealing along ridges that are too narrow for underground mine development but unsatisfactory for mountaintop removal or where strip ratios and/or permitted highwall height restrictions limit contour bench widths. The highwall mining cutter module is driven into the coal seam along the highwall up to 600 feet deep. Parallel drives are setup along the highwall with protective parallel coal pillars between them. At the active Clear Fork Mine, auger mining opportunities are available in the Upper Jellico seams. Highwall mining is projected at Davis Creek Head of Hogcamp Branch in the Rich Mountain A seam, and at Valley Creek in the Upper Mason seam. The mine plan and financial model includes approximately 0.3 million highwall mining tons.

Underground mine reserves are mined using continuous mining methods. One mine is presently active in the Rich Mountain seam (Double Mountain Deep Mine). Production sections are configured as single-unit sections, employing one continuous miner and one roof bolter per section. The basic production design employed at the active mines was applied to projected operations where possible. In addition to future production at the active mine, underground mining was projected at four other resource areas in the Lower Mason, Jellico, seams. The mine plan and financial model includes 12.3 million underground tons.

Surface mine production is crushed and loaded into railroad cars for delivery to thermal coal customers. Coal preparation is not required. Production is segregated by ash content and blended to meet specifications set forth in coal sales agreements. Coal is transported by contract trucking companies from the mine pits to the crusher and load-out. Highwall mining and underground mine production is delivered to the Kopper Glo Coal Preparation Plant for washing prior to loading railroad cars at the Kopper Glo load-out. All of the underground mine and highwall mine production is expected to be sold as thermal coal.

Market and Contracts for Sale of Products

Kopper Glo is currently under contract with several customers. These contracts and associated business relationships include terms that are within industry norms and are expected to bode well in securing sales for the ongoing surface mining and underground operations.

Environmental Conditions

Mining in Tennessee is controlled and regulated by federal laws, which establish policy, set goals, and provide a system of enforcement. The property is thus subject to certain environmental permits authorized by federal authorities. The Office of Surface Mining Reclamation and Enforcement (OSM) has responsibility for enforcement of such laws. The federal laws relevant to mining include:

- The Clean Air Act of 1970, as amended;
- The Clean Water Act of 1977;
- The Surface Mining Control and Reclamation Act of 1977, and
- The Resource Conservation and Recovery Act of 1976.

Taxes

The cost of conforming to US Federal regulatory-driven taxes. The federal reclamation tax, payable to the Office of Surface Mining is $0.28/clean coal ton for surface mining and $0.12/clean coal ton for underground mining. The federal excise tax is $0.55/clean ton for surface coal and $1.10/clean ton for underground coal sold domestically. Payment of the $0.55 or $1.10 per ton excise tax to the federal Black Lung Disability Fund is not required when the coal is shipped to overseas markets. The state severance tax for Tennessee is $1.00 per ton for all tons produced.

Kopper Glo Mining is a limited liability company which is not a separate taxable entity.

Exploration and Development

The Company plans to continue to develop the Cooper Ridge/Bens Branch Deep. The Company is currently preparing permit applications for the Rich Gap Mason Deep and Cooper Ridge Surface Projects. The Company will also pursue potential surface or deep mineable projects that are an economic haulage distance from the Kopper Glo preparation plant.

6. DIVIDENDS AND DISTRIBUTIONS

The Facility includes a negative covenant that restricts the Company from declaring or paying dividends. The Company does not expect to pay dividends in the near future. If the Company generates earnings in the future, it expects that earnings will be retained to finance further growth. The Company's dividend policy is for the Company's board of directors to determine if and when to declare a dividend based upon its financial position at the relevant time.

7. DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

Authorized capital stock of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares issuable in series, with such rights, privileges, restrictions and conditions as the board of directors of the Company may determine from time to time. Each holder of Common Shares is entitled to one vote per share at meetings of shareholders, to receive any dividends declared by the Company's board of directors and to receive pro rata upon liquidation, dissolution or winding-up the remaining property. As of the date of this AIF, there are 94,403,123 Common Shares issued and outstanding (post-consolidation) and no issued and outstanding preferred shares.

Stock Options

The Company has granted stock options to directors, officers, employees and service providers. Each stock option entitles the holder to purchase one Common Share of the Company at an exercise price set at the time of grant. As of the date of this AIF, there are 7,019,164 stock options, with exercise prices ranging from CDN$1.00 to CDN$10.00, issued and outstanding. The expiry date and the number of stock options outstanding for each exercise price are as follows (post-consolidation):

Exercise Price	Expiry Date	Stock Options Outstanding
$ 1.00	November 10, 2020	3,025,625
$ 1.40	May 17, 2021	1,080,289
$ 2.30	November 8, 2021	1,460,000
$ 3.40	October 22, 2018	842,500
$ 3.50	December 2, 2019	318,250
$ 5.00	October 29, 2017	150,000
$ 5.40	August 18, 2019	105,000
$ 10.00	March 18, 2017	22,500
$ 10.00	May 3, 2017	15,000
		7,019,164

Common Share Purchase Warrants

As consideration for the Facility, the Company issued Bonus Warrants to SRLC. Each Bonus Warrant entitles the holder to purchase one Common Share for CDN$3.90 (post-consolidation). As of the date of this AIF, there are 1,805,000 Bonus Warrants issued and outstanding (post-consolidation).

Common Share Compensation Warrants

The Company issued Compensation Warrants to Paradigm in connection with the June 2016 Private Placement. Each Compensation Warrant entitles the holder to purchase one Common Share for CDN$1.00 (post-consolidation). As of the date of this AIF, there are 168,000 Compensation Warrants issued and outstanding (post-consolidation).

WCE Units

WCE, a subsidiary of the Company, has 897,265,035 WCE Units issued and outstanding as of the date of this AIF. The Company owns 726,948,396 units resulting in an 81% ownership interest in WCE and Legacy QKGI owns 170,316,639 units resulting in a 19% interest in WCE. The WCE units owned by Legacy QKGI are redeemable for Common Shares on a twenty for one basis (post-consolidation) at the option of Legacy QKGI.

8. MARKET FOR SECURITIES

The Common Shares have been listed and posted for trading on the TSX-V under the symbol "CSO" since April 17, 2008. The following table sets out trading information for the Common Shares for the Company's financial year ended December 31, 2016.

Period	High	Low	Volume
January 2016	$ 0.40	$ 0.40	2,535
February 2016	$ 0.60	$ 0.40	5,685
March 2016	$ 1.60	$ 0.60	15,220
April 2016	$ 1.80	$ 1.20	3,640
May 2016	$ 1.60	$ 1.00	3,820
June 206	$ 1.60	$ 1.20	1,190
July 2016	$ 1.80	$ 1.00	3,485
August 2016	$ 1.20	$ 0.80	19,185
September 2016	$ 2.80	$ 1.00	85,185
October 2016	$ 2.80	$ 2.20	49,000
November 2016	$ 2.60	$ 2.20	68,185
December 2016	$ 3.82	$ 2.40	1,903,405

Information presented above has been adjusted to reflect the impact of the twenty-for-one share consolidation which became effective on December 7, 2016.

Prior Sales

The following table discloses the securities issued during the year ended December 31, 2016 that are outstanding but not listed or quoted on a marketplace.

Securities Issued	Date of Issuance	Number of Securities	Issue Class	Grant Price/ Security (CDN$)
Stock Options	May 18, 2016	1,098,967	Common Shares	$ 1.40
Compensation Warrants	June 2, 2016	168,000	Common Shares	$ 1.00
Stock Options	November 9, 2016	1,460,000	Common Shares	$ 2.30
		2,726,967		

9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of December 31, 2016, there were no escrowed securities or securities subject to a contractual restriction on transfer.

10. DIRECTORS AND OFFICERS

The name, province or state, and country of residence of the directors and officers of the Company, their respective positions and offices held with the Company, their respective principal occupations during the last five preceding years, periods during which each director has served as a director and when their term of office expires and the members of each committee of the board of directors are as follows:

Name, Residence and Position(s) Held	Director Since	Principal Occupation(s) Over Past 5 Years
Corbin J. Robertson III Houston, Texas United States Director and Chairman	2013	Managing Director of Quintana Minerals Corporation
John H. Craig Toronto, Ontario Canada Director	2010	Senior Counsel at Cassels Brock and Blackwell LLP; Partner at Cassels Brock and Blackwell LLP
Alan M. De'Ath[(1)(3)] Oakville, Ontario Canada Director	2013	Director and President of AMDresources; President, CEO and Director of Ivernia Inc.
George G. Dethlefsen Venetia, Pennsylvania United States Director and CEO	2013	Chief Executive Officer of Corsa Coal Corp.; Managing Director - Investments, Quintana Capital Group
Michael Harrison[(2)] Toronto, Ontario Canada Director	2011	CEO, President and Director of Adriana Resources Inc.; Vice President Corporate Development of Coeur Mining Inc.
Robert Scott[(1)(2)(3)] Bonita Springs, Florida United States Director	2009	Retired
Arthur Einav[(2)] Toronto, Ontario Canada Director	2014	Managing Director, General Counsel and Corporate Secretary of Sprott Resource Corp.
Ronald G. Stovash[(1)(2)(3)] Naples, Florida United States Director	2013	Retired; President, CEO and Director Colombia Energy Resources

Name, Residence and Position(s) Held	Director Since	Principal Occupation(s) Over Past 5 Years
Kevin M. Harrigan Venetia, Pennsylvania United States Chief Financial Officer and Corporate Secretary	N/A	Chief Financial Officer and Corporate Secretary of Corsa; Chief Accounting Officer of Walter Energy Inc.; U.S. Controller of Walter Energy Inc.
Peter V. Merritts Greensburg, Pennsylvania United States President - NAPP Division	N/A	President - NAPP Division of Corsa; President and General Manager of Amfire Mining Company, LLC
Keith D. Dyke Knoxville, Tennessee United States President - CAPP Division	N/A	President - CAPP Division of Corsa; Chief Operating Officer and President of Corsa; President of Kopper Glo Fuel, Inc.

(1) Current member of the Audit Committee of the Board.
(2) Current member of the Compensation, Nominating and Governance Committee of the Board.
(3) Current member of the Health, Safety and Environment Committee of the Board.

Each of the directors is elected to hold office until the next annual general meeting of the Company or until a successor is duly elected or appointed.

Ownership by Directors and Officers

As of the date of this AIF, the directors and executive officers as a group beneficially own or exercise control or direction, directly or indirectly, over the following Common Shares issued by the Company on a post-consolidation basis:

	Shares beneficially owned or over which control or direction is exercised	As a % of the total outstanding Common Shares
Common Shares	257,960	0.27

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below:

(a) no director or executive officer of the Company is, or has been in the last ten years, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the relevant company being the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; and

(b) no director, executive officer or shareholder holding a sufficient number of securities to materially affect control of the Company (a) is or has been in the last ten years a director or executive officer of any company that, while

that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or (b) has within the last ten years made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Craig was a director of Sirocco Mining Inc. ("Sirocco") until November 8, 2013. On October 13, 2014, RB Energy Inc. ("RB Energy"), a successor company to Sirocco, filed for protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). Although Mr. Craig was never a director, officer or insider of RB Energy, he was a director of Sirocco within the 12 month period prior to RB Energy filing under the CCAA.

Penalties or Sanctions

No director or officer of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company may be subject to in connection with the operations of the Company. Some of the directors and officers are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Company. Accordingly, situations may arise where the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the CBCA. See also "Risk Factors".

11. PROMOTERS

No person or company is considered to have acted as, or has been within the last two years, a promoter of the Company within the meaning of securities laws of Canada.

12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set forth below, during the year ended December 31, 2016:

(i) there have been no actual or pending material legal proceedings to which Corsa was, or is likely to be, a party or of which any of its assets was, or is likely to be, subject;

(ii) there have been no penalties or sanctions imposed against the Company by: (i) a court relating to securities legislation; (ii) a securities regulatory authority; or (iii) any other court or regulatory body where the penalty or sanction would likely be considered important to a reasonable investor in making an investment decision; and

(iii) the Company has not entered into any settlement agreements with a court or securities regulatory authority.

Clean Water Act Settlement

Prior to the consummation of the PBS Transaction, the United States Environmental Protection Agency ("EPA") initiated an audit of Clean Water Act compliance by PBS Coals, Inc., Croner, Inc., Elk Lick Energy, Inc., Quecreek Mining, Inc. and Rox Coal, Inc. (collectively, "PBS"). The Company acquired PBS as a result of the PBS Transaction. Based on the audit, on April 19, 2016, the EPA and the Pennsylvania Department of Environmental Protection ("PA DEP") filed a complaint for civil penalty and injunctive relief against PBS. The complaint alleged that PBS exceeded the permit effluent limitations in its water permits primarily during the period prior to the consummation of the PBS Transaction, including principally from 2007 to 2012.

In September 2016, PBS reached a settlement of this matter with the EPA and PA DEP in which PBS paid $6.5 million as a civil penalty. As part of the PBS Transaction, $10 million of the consideration was deposited into an escrow account (instead of being released to the seller) to address claims of this nature. As a result, $6.5 million civil penalty payment that resolved the EPA and PA DEP's complaint was funded from such escrow account. An additional $246,000 was released from the escrow account to the

Company to reimburse it for PBS' legal fees related to the foregoing and the balance of the $10 million of escrowed funds was released to the seller.

Lucchini Litigation

In January 2016, Italian steel company, Lucchini S.p.A. ("Lucchini"), filed a claim (the "Lucchini Claim") for $52 million against PBS Coals, Inc. in the Livorno (Italy) Tribunal. The Lucchini Claim arises from coal purchase and sale transactions between PBS Coals, Inc., as seller, and Lucchini, as purchaser. The transactions all occurred between November 2010 and January 2012, before Corsa acquired PBS Coals, Inc. The Lucchini Claim alleges that during the relevant time period, both PBS Coals, Inc. and Lucchini were owned and/or controlled by OAO Severstal and entities controlled by Alexey Mordashov (the "Mordashov Group"). According to the Lucchini Claim, among other things, (i) PBS Coals, Inc. 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 Coals Inc. was part of the OAO Severstal/ Mordashov Group at all relevant times, (v) PBS Coal Inc.'s knowledge of the insolvency can be imputed and (vi) PBS Coals Inc. had actual knowledge of the insolvency.

PBS Coals Inc. is currently analyzing the jurisdiction issues and merits of the claim, and whether it or Corsa has the right to make a claim against OAO Severstal, Alexey Mordashov or others. Corsa believes that the case is without merit and intends to defend it vigorously.

13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On July 31, 2013, the Company completed the Quintana Transaction, which resulted in the Company raising a total of $40,000,000, by way of equity subscriptions at CDN$3.40 per Common Share (post-consolidation), and acquiring Kopper Glo, a Tennessee-based coal producer, and Quintana having acquired a control position in the Company.

Corbin J. Robertson III, a director and Chairman of the Company, was the President of Kopper Glo at the time of entering into the Investment Agreement and is the son of Corbin J. Robertson, Jr., a member of the investment committee of the investment adviser/manager of Quintana, who together with his three adult children, Mr. Robertson III, William K. Robertson and Christine Robertson Morenz, control the general partner of Quintana which controls the funds' investment activities. Quintana is the beneficial owner of both Legacy QKGI and New QKGI. Mr. Robertson Jr. is also employed by an affiliate of Quintana.

George G. Dethlefsen, a director and Chief Executive Officer of the Company, was employed by an affiliate of Quintana at the time of entering into the Investment Agreement.

Keith D. Dyke, President - CAAP Division of the Company, holds a non-controlling equity interest in Legacy QKGI of approximately five percent and was the Vice President of Kopper Glo at the time of entering into the Investment Agreement.

14. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for Corsa is Computershare Investor Services Inc., which is located at 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1.

15. MATERIAL CONTRACTS

Corsa is not a party to any material contract not otherwise disclosed, other than contracts entered into in the ordinary course of business, except:

a. the Investor Rights Agreement between Legacy QKGI, New QKGI and the Company dated July 31, 2013;

b. the Registration Rights Agreement between Legacy QKGI, New QKGI and the Company dated July 31, 2013;

c. the Wilson Creek LLC Second Amended and Restated Limited Liability Company Agreement agreed to by Legacy QKGI and the Company dated July 31, 2013;

d. the Share Purchase Agreement by and among Lybica Holdings B.V., 7027940 Canada Limited, PBS Coals Limited and the Company dated July 15, 2014 (see "*General Development of the Business - Three Year History - 2014 - PBS Transaction*");

e. the Registration Rights Agreement between SRP and the Company dated August 19, 2014 (see "*General Development of the Business - Three Year History - 2014 - PBS Transaction*"); and

f. the Credit Agreement between SRL and the Company dated August 19, 2014, as amended (see "*General Development of the Business - Three Year History - 2014 - PBS Transaction*").

Copies of these agreements are available on SEDAR at www.sedar.com.

16. INTERESTS OF EXPERTS

The following persons are considered experts:

- The audited consolidated financial statements of Corsa for the years ended December 31, 2016 and 2015 have been audited by Urish Popeck & Co., LLC. Urish Popeck & Co., LLC has advised Corsa that it is independent with respect to Corsa within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.
- The audited consolidated financial statements of Corsa for the year ended December 31, 2014 have been audited by KPMG LLP. KPMG LLP has advised Corsa that it is independent with respect to Corsa within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.
- Information relating to Corsa's NAPP Division mineral properties in this AIF has been derived from reports prepared by Marshall Miller & Associates, Inc. under the supervision of Justin S. Douthat, P.E., M.B.A., Michael G. McClure, C.P.G., Kirt Suehs, C.P.G., and Gerard J. Enigk, P.E. each of the aforementioned persons is a "qualified person" as such term is defined NI 43-101.
- Information relating to Corsa's Kopper Glo mineral properties in this AIF has been derived from reports prepared by Marshall Miller & Associates, Inc. under the supervision of Justin S. Douthat, P.E., M.B.A. and John W. Eckman, C.P.G., each of the aforementioned persons is a "qualified person" as such term is defined in NI 43-101.

None of the persons referred to in this section 16, nor any director, officer, employee, consultant or partner thereof, as applicable, received or has received a direct or indirect interest in the Company or in the property of any of the Company's associates or affiliates. To the Company's knowledge as at the date of this AIF, the aforementioned persons specified above who participated in the preparation of such reports, or any director, officer, employee, consultant or partner thereof, as applicable, as a group, beneficially own, directly or indirectly, less than 1% of any class of shares of the Company.

17. AUDIT COMMITTEE INFORMATION

17.1 The Audit Committee's Charter

The Audit Committee adopted a charter of the Audit Committee on September 30, 2009, which was amended and reconfirmed on April 26, 2011 and subsequently amended and reconfirmed on March 6, 2017 (the "Audit Committee Charter"). The Audit Committee Charter is set out in full in Schedule A to this AIF.

17.2 Composition of the Audit Committee

As of the date of this AIF, the Audit Committee is comprised of Messrs. Alan M. De'Ath, Robert Scott and Ronald G. Stovash. All members of the Audit Committee are "independent" and "financially literate" as such terms are defined in National Instrument 52-110, Audit Committees ("NI 52-110"). Mr. De'Ath is the Chairman of the Audit Committee.

17.3 Relevant Education and Experience

The following provides a summary of the relevant education and experience of the members of the Audit Committee.

Member	Relevant Education and/or Experience
Alan De'Ath Chairman	Mr. De'Ath has over 30 years of progressive international financial, commercial, corporate and operational experience in the mining industry. Mr. De'Ath has been the CEO and the CFO of public companies responsible for the oversight of financial reporting and he is a fellow of the Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant.
Robert Scott	Mr. Scott has over 40 years of experience in the coal industry, most recently as President and CEO of PBS Coals Ltd. Mr. Scott is a Scottish Chartered Accountant and a Chartered Management Accountant.
Ronald G. Stovash	Mr. Stovash has spent over 45 years in the coal industry as a senior industry executive with experience in operations, engineering, marketing, transportation and corporate administration.

17.4 Pre-Approval Policies and Procedures

In accordance with NI 52-110 and with the Audit Committee Charter, the Audit Committee has the sole authority to pre-approve: (i) all auditing services, including all engagement fees and terms, and (ii) all non-audit services, including certain tax services to be performed by the Company's independent auditor. The Audit Committee currently approves any such proposed audit and non-audit matters prior to the services being performed.

17.5 External Auditor Service Fees (By Category)

The following table presents, by category, the fees paid by the Company to Urish Popeck & Co. LLC, the external auditor of the Company during the years ended December 31, 2016 and 2015. The year ended December 31, 2015 includes fees paid to the Company's previous external auditor, KPMG LLP, for quarterly review services performed for the first two quarters in 2015.

Category of Fee	Description	2016	2015[(1)]
Audit Fees	Fees billed by the Company's external auditor in connection with the audit of the Company's annual financial statements and with the review of the Company's interim financial statements.	$ 394,245	$ 438,494
Tax Fees	Tax compliance and the preparation of tax returns.	—	—
All Other Fees	Fees billed by the Company's external auditor in connection with services provided relating to an acquisition, a financing, accounting research software and certain tax advice.	—	2,250
Total Fees		$ 394,245	$ 440,744

(1) The fees paid to KPMG LLP in CDN$ were translated to US$ using a CDN$ to US$ exchange rate of 0.7832, which was calculated using the monthly average of the Bank of Canada closing CDN$ to US$ exchange rate for the period from January 1 to December 31, 2015.

17.6 Exemption

The Company is relying on the exemption from the requirements of Part 3 (Composition of the Audit Committee) of NI 52-110 pursuant to section 6.1 of NI 52-110.

18. ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Further, additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular dated July 8, 2016 for the annual and special meeting of shareholders that took place on August 10, 2016. Additional financial information is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the years ended December 31, 2016 and 2015.

Schedule A - Audit Committee Charter

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Corsa Coal Corp. ("**Corsa**").

1.0 Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of Corsa; and
- external and internal audit processes.

2.0 Composition and Membership

(a) The Board will appoint the members ("**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of Corsa or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.

(b) The Committee will consist of at least three directors. Each Member will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which Corsa's securities are listed, including National Instrument 52-110 - Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.

(c) The Board will appoint one of the Members to act as the chairman of the Committee (the "**Chairman**"). The secretary of Corsa (the "**Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

3.0 Meetings

(a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.

(b) At the request of the external auditors of Corsa, the Chief Executive Officer or the Chief Financial Officer of Corsa or any Member, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

(c) The Chairman, if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee the Members in attendance may select one of their number to act as chairman of the meeting.

(d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.

(e) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.

(f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Corsa to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

4.0 Duties and Responsibilities

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

4.1 *Financial Reporting and Disclosure*

(a) review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and any guidance with respect to earnings per share to be given, prior to the public disclosure of such information, with such documents to indicate whether such information has been reviewed by the Board or the Committee;

(b) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;

(c) review with management of Corsa, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("**IFRS**"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Corsa's financial position and the results of its operations in accordance with IFRS, as applicable; and

(d) seek to ensure that adequate procedures are in place for the review of Corsa's public disclosure of financial information extracted or derived from Corsa's financial statements, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;

4.2 *Internal Controls and Audit*

(a) review the adequacy and effectiveness of Corsa's system of internal control and management information systems through discussions with management and the external auditor to ensure that Corsa maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Corsa's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee shall assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of Corsa at any particular time;

(b) satisfy itself that management has established adequate procedures for the review of Corsa's disclosure of financial information extracted or derived directly from Corsa's financial statements;

(c) satisfy itself, through discussions with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;

(d) review and discuss Corsa's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;

(e) review, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Corsa's risk management policies and procedures with regard to identification of Corsa's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Corsa;

(f) recommend the appointment, or if necessary, the dismissal of the head of Corsa's internal audit process;

4.3 *External Audit*

(a) recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of Corsa;

(b) ensure the external auditors report directly to the Committee on a regular basis;

(c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;

(d) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors;
(e) review the audit plan of the external auditors prior to the commencement of the audit;
(f) establish and maintain a direct line of communication with Corsa's external and internal auditors;
(g) meet in camera with only the auditors, with only management, and with only the members of the Committee at every Committee meeting where, and to the extent that, such parties are present;
(h) oversee the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;
(i) oversee the work of the external auditors appointed by the shareholders of Corsa with respect to preparing and issuing an audit report or performing other audit, review or attest services for Corsa, including the resolution of issues between management of Corsa and the external auditors regarding financial disclosure;
(j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Corsa, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;
(k) discuss with the external auditors their perception of Corsa's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
(l) discuss with the external auditors their perception of Corsa's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks;
(m) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board;
(n) review annually a report from the external auditors in respect of their internal quality‐control procedures, any material issues raised by the most recent internal quality‐control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues;

4.4 ***Associated Responsibilities***

(a) if applicable, monitor and periodically review associated procedures for:
  i. the receipt, retention and treatment of complaints received by Corsa regarding accounting, internal accounting controls or auditing matters;
  ii. the confidential, anonymous submission by directors, officers and employees of Corsa of concerns regarding questionable accounting or auditing matters;
  iii. any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure; and
(b) if applicable, review and approve Corsa's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of Corsa; and

4.5 ***Non-Audit Services***

(a) pre-approve all non-audit services to be provided to Corsa or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

5.0 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Corsa's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Corsa, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience,

which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Corsa's financial information or public disclosure.

6.0 Reporting

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

7.0 Access to Information and Authority

The Committee will be granted unrestricted access to all information regarding Corsa that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at Corsa's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

8.0 Review of Charter

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.