CORSA

Corsa Coal Corp.

Management's Discussion and Analysis

December 31, 2017

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For the year ended December 31, 2017

The purpose of the Corsa Coal Corp. ("Corsa" or the "Company") Management's Discussion and Analysis ("MD&A") for the three and twelve months ended December 31, 2017 is to provide a narrative explanation of Corsa's operating and financial results for the period, Corsa's financial condition at the end of the period and Corsa's future prospects. This MD&A is intended to be read in conjunction with the audited consolidated financial statements at and for the years ended December 31, 2017 and 2016 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all dollar amounts in this MD&A are expressed in United States dollars, all ton amounts are short tons (2,000 pounds per ton) and all amounts are shown in thousands. Pricing and cost per ton information is expressed on a free on board mine site basis. Please refer to "Forward-Looking Statements". This MD&A is dated as of March 13, 2018.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth in this MD&A contains "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein relating to projected sales, coal prices, coal production, mine development, the capacity and recovery of Corsa's preparation plants, expected cash production costs, geological conditions, future capital expenditures and expectations of market demand for coal, constitutes forward-looking statements which include management's assessment of future plans and operations and are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "estimates", "expects" ,"anticipates", "believes", "projects", "plans", "capacity", "hope", "forecast", "anticipate", "could" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Corsa's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks that the actual production or sales for the 2018 fiscal year will be less than projected production or sales for this period; risks that the prices for coal sales will be less than projected; liabilities inherent in coal mine development and production; geological, mining and processing technical problems; inability to obtain required mine licenses, mine permits and regulatory approvals or renewals required in connection with the mining and processing of coal; risks that Corsa's preparation plants will not operate at production capacity during the relevant period, unexpected changes in coal quality and specification; variations in the coal mine or preparation plant recovery rates; dependence on third party coal transportation systems; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; changes in the regulations in respect to the use, mining and processing of coal; changes in regulations on refuse disposal; the effects of competition and pricing pressures in the coal market; the oversupply of, or lack of demand for, coal; inability of management to secure coal sales or third party purchase contracts; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of coal products, including labor stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to purchase third party coal for processing and delivery under purchase agreements; and management's ability to anticipate and manage the foregoing factors and risks. The forward-looking statements and information contained in this MD&A are based on certain assumptions regarding, among other things, coal sales being consistent with expectations; future prices for coal; future currency and exchange rates; Corsa's ability to generate sufficient cash flow from operations and access capital markets to meet its future obligations; the regulatory framework representing royalties, taxes and environmental matters in the countries in which Corsa conducts business; coal production levels; Corsa's ability to retain qualified staff and equipment in a cost-efficient manner to meet its demand; and Corsa being able to execute its program of operational improvement and initiatives. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking statements. Corsa does not undertake to update any of the forward-looking statements contained in this MD&A unless required by law. The statements as to Corsa's capacity to produce coal are no assurance that it will achieve these levels of production or that it will be able to achieve these sales levels.

CAUTIONARY STATEMENT REGARDING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures, including "EBITDA"; "Adjusted EBITDA"; "realized price per ton sold"; "cash production cost per ton sold"; "cash cost per ton sold"; and "cash margin per ton sold", that are not recognized measures under IFRS. This data may not be comparable to data presented by other coal producers. For a definition and reconciliation of these measures to the most directly comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, see Non-GAAP Financial Measures starting on page 31 of this MD&A. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year-over-year comparisons. However, these non-GAAP measures should be considered together with other data prepared in accordance with IFRS, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2017

- Corsa reported net and comprehensive income of $62.2 million, or $0.56 per share, for the fourth quarter of 2017, compared to net and comprehensive loss of $10.7 million, or $0.13 per share, for the fourth quarter of 2016. For the year ended December 31, 2017, Corsa reported net and comprehensive income of $83.7 million, or $0.72 per share, compared to net and comprehensive loss of $34.1 million, or $0.44 per share, for the year ended December 31, 2016.
    - Corsa's net and comprehensive income for the fourth quarter and full year 2017 was impacted by a net asset impairment reversal of $66.2 million which is primarily due to the improvement in the metallurgical coal market partially offset by an impairment charge at the CAPP Division as a result of the divestiture that occurred in 2018.
- Operating cash flows for the fourth quarter and year ended December 31, 2017 were $6.3 million and $31.1 million, respectively compared to cash provided operations of $4.0 million for the fourth quarter 2016 and cash used in operations of $2.7 million for the year ended December 31, 2016.
- Total revenue was $58.3 million for the fourth quarter of 2017, an improvement of 54% as compared to the fourth quarter 2016. Total revenue was $263.9 million for the year ended December 31, 2017, an improvement of 172% as compared to the 2016 year. Metallurgical coal sales volumes decreased 41% in the fourth quarter of 2017 as compared to the third quarter of 2017 as a result of the timing of sales and trading shipments and increased 41% compared to the fourth quarter of 2016. Metallurgical coal sales volumes increased 141% in 2017 versus the 2016 full year.
- Corsa's adjusted EBITDA[1] was $9.4 million and $8.0 million at its NAPP Division and on a consolidated basis, respectively, for the three months ended December 31, 2017 and $51.9 million and $47.3 million at its NAPP Division and on a consolidated basis, respectively, for the year ended December 31, 2017.
- Corsa achieved an average realized price per ton of metallurgical coal sold[1] at its NAPP Division of $122.25 in the fourth quarter of 2017, an increase of 20% as compared to the fourth quarter of 2016. This average realized price is the approximate equivalent of $178 to $185 on a free-on-board vessel basis[2] and is comprised of a mix of 24% sales to domestic customers and 76% sales to international customers.
- The Acosta Mine successfully commenced production in early June 2017. Conditions at the mine are favorable and a fourth production shift was added in early 2018. The mine has currently reached run-rate production levels this month and is expected to produce 400,000 tons per year of low volatile metallurgical coal.
- The Horning Mine is expected to begin production this month. Located near Somerset, Pennsylvania, the Horning Mine is expected to produce approximately 150,000 to 180,000 tons per year of high quality, low volatile metallurgical coal.

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" starting on page 31 of this MD&A.

(2) Similar to most U.S. metallurgical coal producers, Corsa reports sales and costs per ton on an FOB mine basis and denominated in short tons. Many international metallurgical coal producers report prices and costs on a delivered-to-the-port basis, thereby including freight costs between the mine and the port. Additionally, Corsa reports sales and costs per short ton, which is approximately 10% lower than a metric ton. For the purposes of this figure, we have used an illustrative freight rate of $30-$35 per short ton. Historically, freight rates rise and fall as market prices rise and fall. As a note, most published indices for metallurgical coal report prices on a delivered-to-the-port basis and denominated in metric tons.

BUSINESS OVERVIEW

Corsa is one of the leading United States suppliers of premium quality metallurgical coal, an essential ingredient in the production of steel. Corsa's core business is supplying premium quality metallurgical coal to domestic and international steel and coke producers. On March 13, 2018, Corsa divested its CAPP Division by way of the sale of Kopper Glo Mining, LLC (the "Kopper Glo Sale"). As of the date of this MD&A, Corsa produces coal from five mines, has one development mine, operates two preparation plants and has approximately 370 employees. Corsa's common shares ("Common Shares") are listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO".

The coal operations are conducted through the Northern Appalachia Division ("NAPP") and through March 13, 2018, the Central Appalachia Division ("CAPP"). NAPP is based in Somerset, Pennsylvania, U.S.A. and is primarily focused on metallurgical coal production in the states of Pennsylvania and Maryland. Corsa markets and sells its NAPP coal to customers in North America, Europe, South America, and Asia. Prior to the Kopper Glo Sale, CAPP was based in Knoxville, Tennessee, U.S.A. and was 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.

Corsa's metallurgical coal sales figures are comprised of three types of sales: (i) selling coal that Corsa produces ("Company Produced"); (ii) selling coal that Corsa purchases and provides value added services (storing, washing, blending, loading) to make the coal saleable ("Value Added Services"); and (iii) selling coal that Corsa purchases on a clean or finished basis from suppliers outside the Northern Appalachia region ("Sales and Trading").

All scientific and technical information contained in this MD&A has been reviewed and approved by Peter V. Merritts, Professional Engineer and the Company's President - NAPP Division, who is a qualified person within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

NAPP Division

Mines

NAPP currently operates the Casselman Mine, an underground mine utilizing the room and pillar mining method; the Quecreek Mine, an underground mine utilizing the room and pillar mining method; the Acosta Deep Mine, an underground mine utilizing the room and pillar mining method; the Schrock Run Mine, a surface mine using contour mining methods; the Hamer Mine, a surface mine using contour and highwall mining methods; and the Horning mine is under development. The Casselman mine is located in Garrett County, Maryland and the Quecreek, Schrock Run, Acosta Deep, Horning and Hamer mines are located in Somerset County, Pennsylvania.

Preparation Plants

NAPP currently operates two preparation plants, the Cambria Plant and the Shade Creek Plant, and has one preparation plant temporarily idled, the Rockwood Plant. The raw metallurgical coal produced from the mines is trucked to the preparation plants where it is processed or "washed" using conventional coal processing techniques and stored for shipping. All plants have load out facilities adjacent to a rail line. Coal is usually shipped by rail, however, it can also be shipped by truck. All of the preparation plants are located in Somerset County, Pennsylvania. The Cambria Plant has an operating capacity of 325 tons of raw coal per hour, storage capacity for 130,000 tons of clean coal and 55,000 tons of raw coal and load out facilities adjacent to a CSX rail line. The Shade Creek Plant has an operating capacity of 450 tons of raw coal per hour, storage capacity for 75,000 tons of clean coal and 170,000 tons of raw coal and load out facilities adjacent to a Norfolk Southern rail line. The Rockwood Plant has an operating capacity of 325 tons of raw coal per hour, storage capacity of 24,000 tons of clean coal and 85,000 tons of raw coal and load out facilities adjacent to a CSX rail line.

Growth Projects

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

Name	Type of Mine	Status
Horning D Project	Underground	Development
A Seam Project	Underground	Permitted
Schrock Run Extension	Surface	Permit in Process
Keyser Project	Underground	Permit in Process
North Mine Project	Underground	Permit in Process

CAPP Division

Mines

CAPP operated one underground mine, the Cooper Ridge Deep Mine, which utilized the room and pillar mining method, and two surface operations, the Valley Creek Mine, a surface mine utilizing contour and auger mining methods and the Buffalo Creek Mine, a surface and highwall mine. The Double Mountain Deep Mine ceased operating in October 2017 as all economically recoverable reserves were exhausted. All mines are located in Claiborne County, Tennessee, except for the Buffalo Creek Mine, which is located in Whitley County, Kentucky.

Segment Divestiture

Subsequent to December 31, 2017, but prior to the issuance of the financial statements, on March 13, 2018, Corsa completed pursuant to a Membership Interest Purchase Agreement with Industrial Minerals Group, LLC (the "Buyer") a sale of the membership interests in Kopper Glo Mining, LLC (the "Kopper Glo Sale"). Principals of the Buyer include Hunter Hobson, the president of the Company's CAPP Division, and the Buyer received financing from entities controlled by a member of the Robertson family. The Robertson family controls the general partner of Quintana Energy Partners, L.P. and its affiliated investment funds (collectively, "Quintana"). Quintana currently controls approximately 41% of the Company's issued and outstanding common shares. The board of directors of the Company unanimously (with conflicted directors abstaining) determined that the Kopper Glo Sale was in the best interests of the Company and approved the Kopper Glo Sale.

The consideration received by the Company in connection with the Kopper Glo Sale consisted of the assumption by the Buyer of certain debt, leases and future costs, including end of mine closure costs estimated in the aggregate by the Company at approximately $8.0 million.

The Kopper Glo Sale constituted a "related party transaction" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). However, the Kopper Glo Sale was exempt from the minority approval requirements of MI61-101, as neither the fair market value of the subject matter of, or the consideration for, the Kopper Glo Sale, exceeded 25% of Corsa's market capitalization calculated in accordance with MI 61-101. In addition, the Kopper Glo Sale constituted a "Reviewable Disposition" under Policy 5.3 of the TSX Venture Exchange Corporate Finance Manual. Shareholders holding approximately 34% of the Company's issued and outstanding common shares, and approximately 56% of the Company's issued and outstanding common shares excluding common shares of the Company controlled by Quintana, evidenced their approval of the Kopper Glo Sale by written consent provided to the TSX Venture Exchange (the "Exchange"), and the Kopper Glo Sale was subsequently approved by the Exchange.

COAL PRICING TRENDS AND OUTLOOK

NAPP Division

Following a softening price environment in the early part of the fourth quarter of 2017, strong demand and a tight supply worked together to support increased spot prices for low volatile metallurgical coal prices both in the fourth quarter of 2017 and well into 2018. The global metallurgical coal market remains tight, with little high quality met coal available for purchase. Fourth quarter 2017 logistics issues led to long vessel queues in Australia and a resulting premium for high quality metallurgical coal cargos. Severe weather on the United States east coast also disrupted coal mining operations, limited railroad activities, and shut down export terminals late in the quarter putting additional upward pressure on spot prices. Chinese domestic metallurgical coal prices remain elevated due to strong steel production and government policy initiatives to decrease coal production capacity and consolidate coal production. The forward curve for low volatile metallurgical coal prices for calendar 2018 is supported by high levels of steel production globally, including the Indian market which is poised to become the world's second largest steel producing country. Steel production in the United States also remains strong with continued economic growth, the potential for significant infrastructure spending, and the recent steel trade actions which have lifted prices and profitability for the steel producers. We continue to see high levels of interest for low, medium, and high vol coals from our international customers.

The NAPP Division's geographic proximity to over 50% of domestic coke production capacity and short rail distance and multiple options to access the Maryland and Virginia export terminals solidify Corsa's ability to serve both domestic and international customers. Our Sales and Trading platform operations also give us the ability to market a greater variety of products, access more users and increases our ability to respond to sales opportunities.

The NAPP Division's metallurgical coal sales in 2018 are expected to be in the range of 2.1 million to 2.8 million tons. This is comprised of 1.1 million to 1.3 million Company Produced tons, 0.3 million to 0.4 million purchased Value Added Services tons, and 0.7 million to 1.1 million purchased Sales and Trading tons. Actual sales will depend on customer demand and market conditions.

Approximately 19% of the sales at the mid-point of the guidance are expected to be sold domestically and with the balance of approximately 81% sold on the export market. Approximately 73% of the company produced and value added services sales are committed at the mid-point and approximately 42% are committed and priced at the mid-point of the guidance.

The end use of our coal by our customers in electricity generation, coke plants, and steel making, and combustion of fuel by equipment used in coal production and to transport our coal to our customers are all sources of greenhouse gases ("GHGs"). As well, coal mining itself can release methane, which is considered to be a more potent GHG than CO2, directly into the atmosphere. These emissions from coal consumption, transportation and production are subject to pending and proposed regulation as part of initiatives to address global climate change. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs. The market for our coal may be adversely impacted if comprehensive legislation or regulations focusing on GHG emission reductions are adopted, or if our customers are unable to obtain financing for their operations.

See "Risk Factors" in the Company's annual information form dated March 13, 2018 for the year ended December 31, 2017 for an additional discussion regarding certain factors that could impact coal pricing trends and outlook.

SELECTED ANNUAL INFORMATION

	For the years ended December 31,		
	2017	2016	2015
Total revenue	$ 263,932	$ 96,986	$ 129,342
Net and comprehensive income (loss)			
Attributable to shareholders	$ 69,748	$ (35,867)	$ (139,589)
Attributable to non-controlling interest	13,936	1,727	(13,400)
Total net and comprehensive income (loss)	$ 83,684	$ (34,140)	$ (152,989)
Basic earnings (loss) per share	$ 0.74	$ (0.44)	$ (2.28)
Diluted earnings (loss) per share	$ 0.72	$ (0.44)	$ (2.28)
Total assets	$ 307,526	$ 200,972	$ 202,860
Total non-current financial liabilities	$ 107,812	$ 108,825	$ 107,087
Dividends per share	$ —	$ —	$ —

Corsa's recent financial results reflect the impact of the improved metallurgical coal price environment. As a result of increased demand for the metallurgical coal we produce, we have been able to increase our sales volumes by additional production from our existing mines as well as the establishment of a sales and trading platform in the 2017 calendar year, which was not previously part of the Company's business model. In the sales and trading platform, the Company purchases and sells coal on a clean or finished goods basis from suppliers outside of our main operating area. The Company then blends this coal, which primarily has a different quality basis than the coal we produce, to provide a blended product to customers who do not have the ability to purchase and blend different qualities of coal at their facilities. As a result of this platform, we have been able to significantly increase our revenues by expanding our customer base and generate net and comprehensive income.

In the period ended December 31, 2017, net and comprehensive income was impacted by a reversal of the impairment charge, net of depreciation and amortization, originally recognized in the 2015 period at the NAPP Division, as a result of the improved metallurgical coal price environment. Net and comprehensive income was also impacted by an additional impairment charge at the CAPP Division as a result of the decision to divest of this segment subsequent to December 31, 2017.

For each of the years presented, the consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards and interpretations approved by the International Accounting Standards Board. The Company has consistently applied the same accounting policies throughout all periods presented. The Company's presentation currency is the United States dollar.

FINANCIAL AND OPERATIONAL RESULTS

	For the three months ended December 31,		
(in thousands)	2017	2016	Variance
Revenue	$ 58,283	$ 37,728	$ 20,555
Cost of sales	9,300	(42,291)	51,591
Gross margin	67,583	(4,563)	72,146
Selling, general and administrative expense	(4,785)	(4,208)	(577)
Income (loss) from operations	62,798	(8,771)	71,569
Net finance expense	(1,298)	(2,774)	1,476
Other income	734	860	(126)
Income (loss) before tax	62,234	(10,685)	72,919
Income tax expense (recovery)	—	—	—
Net and comprehensive income (loss)	$ 62,234	$ (10,685) $	$ 72,919
Diluted earnings (loss) per share	$ 0.56	$ (0.13)	$ 0.69

	For the years ended December 31,		
(in thousands)	2017	2016	Variance
Revenue	$ 263,932	$ 96,986	$ 166,946
Cost of sales	(157,146)	(110,170)	(46,976)
Gross margin	106,786	(13,184)	119,970
Selling, general and administrative expense	(17,897)	(13,234)	(4,663)
Income (loss) from operations	88,889	(26,418)	115,307
Net finance expense	(4,634)	(9,812)	5,178
Other (expense) income	(571)	2,090	(2,661)
Income (loss) before tax	83,684	(34,140)	117,824
Income tax expense (recovery)	—	—	—
Net and comprehensive income (loss)	$ 83,684	$ (34,140) $	$ 117,824
Diluted earnings (loss) per share	$ 0.72	$ (0.44)	$ 1.16

Operations Summary

(in thousands)	For the three months ended December 31, 2017	2016	Variance
Coal sold - tons			
NAPP - metallurgical coal	322	242	80
NAPP - thermal coal	49	66	(17)
CAPP - thermal coal	146	151	(5)
CAPP - metallurgical coal	20	—	20
Total	537	459	78
Realized price per ton sold[1]			
NAPP - metallurgical coal	$ 122.25	$ 101.99	$ 20.26
NAPP - thermal coal	$ 46.31	$ 45.20	$ 1.11
CAPP - thermal and metallurgical coal	$ 59.54	$ 58.83	$ 0.71
Cash production cost per ton sold[1]			
NAPP - metallurgical coal[2]	$ 89.23	$ 67.05	$ (22.18)
NAPP - thermal coal[2]	$ 39.76	$ 37.74	$ (2.02)
CAPP - thermal and metallurgical coal	$ 57.89	$ 44.95	$ (12.94)
Cash cost per ton sold[1]			
NAPP - metallurgical coal[3]	$ 89.43	$ 67.05	$ (22.38)
NAPP - thermal coal[3]	$ 39.76	$ 37.74	$ (2.02)
CAPP - thermal and metallurgical coal	$ 57.89	$ 44.95	$ (12.94)
Cash margin per ton sold[1]			
NAPP - metallurgical coal	$ 32.82	$ 34.94	$ (2.12)
NAPP - thermal coal	$ 6.55	$ 7.46	$ (0.91)
CAPP - thermal and metallurgical coal	$ 1.65	$ 13.88	$ (12.23)
Adjusted EBITDA[1]			
NAPP	$ 9,392	$ 6,663	$ 2,729
CAPP	(120)	1,486	(1,606)
Corporate	(1,262)	(910)	(352)
Total	$ 8,010	$ 7,239	$ 771

(1) This is a non-GAAP financial measure. See “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

(2) Cash production cost per ton sold excludes purchased coal. This non-GAAP Financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

(3) Cash cost per ton sold includes purchased coal. This non-GAAP Financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

(in thousands)	For the years ended December 31, 2017	2016	Variance
Coal sold - tons			
NAPP - metallurgical coal	1,475	669	806
NAPP - thermal coal	215	235	(20)
CAPP - thermal coal	539	499	40
CAPP - metallurgical coal	135	—	135
Total	2,364	1,403	961
Realized price per ton sold[1]			
NAPP - metallurgical coal	$ 125.56	$ 79.66	$ 45.90
NAPP - thermal coal	$ 45.01	$ 40.85	$ 4.16
CAPP - thermal and metallurgical coal	$ 62.37	$ 59.95	$ 2.42
Cash production cost per ton sold[1]			
NAPP - metallurgical coal[2]	$ 74.18	$ 62.39	$ (11.79)
NAPP - thermal coal[2]	$ 41.56	$ 42.83	$ 1.27
CAPP- thermal and metallurgical coal	$ 60.54	$ 50.29	$ (10.25)
Cash cost per ton sold[1]			
NAPP - metallurgical coal[3]	$ 84.45	$ 62.39	$ (22.06)
NAPP - thermal coal[3]	$ 41.56	$ 42.83	$ 1.27
CAPP - thermal and metallurgical coal	$ 60.54	$ 50.29	$ (10.25)
Cash margin per ton sold[1]			
NAPP - metallurgical coal	$ 41.11	$ 17.27	$ 23.84
NAPP - thermal coal	$ 3.45	$ (1.98)	$ 5.43
CAPP - thermal and metallurgical coal	$ 1.83	$ 9.66	$ (7.83)
Adjusted EBITDA[1]			
NAPP	$ 51,883	$ 5,359	$ 46,524
CAPP	(473)	3,329	(3,802)
Corporate	(4,091)	(3,330)	(761)
Total	$ 47,319	$ 5,358	$ 41,961

(1) This is a non-GAAP financial measure. See “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

(2) Cash production cost per ton sold excludes purchased coal. This non-GAAP Financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

(3) Cash cost per ton sold includes purchased coal. This non-GAAP Financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 31 of this MD&A.

REVIEW OF FOURTH QUARTER FINANCIAL RESULTS

	For the three months ended December 31, 2017			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 47,846	$ 10,437	$ —	$ 58,283
Cost of sales	40,525	(31,225)	—	9,300
Gross margin	88,371	(20,788)	—	67,583
Selling, general and administrative expense	(2,691)	(436)	(1,658)	(4,785)
Income (loss) from operations	85,680	(21,224)	(1,658)	62,798
Net finance expense	(184)	(115)	(999)	(1,298)
Other income	688	46	—	734
Income (loss) before tax	86,184	(21,293)	(2,657)	62,234
Income tax expense (recovery)	—	—	—	—
Net and comprehensive income (loss)	$ 86,184	$ (21,293)	$ (2,657)	$ 62,234

	For the three months ended December 31, 2016			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 28,844	$ 8,884	$ —	$ 37,728
Cost of sales	(33,523)	(8,768)	—	(42,291)
Gross margin	(4,679)	116	—	(4,563)
Selling, general and administrative expense	(2,010)	(705)	(1,493)	(4,208)
Loss from operations	(6,689)	(589)	(1,493)	(8,771)
Net finance expense	(997)	(126)	(1,651)	(2,774)
Other income	388	472	—	860
Loss before tax	(7,298)	(243)	(3,144)	(10,685)
Income tax expense (recovery)	—	—	—	—
Net and comprehensive loss	$ (7,298)	$ (243)	$ (3,144)	$ (10,685)

	Dollar variance for the three months ended December 31, 2017 versus 2016			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 19,002	$ 1,553	$ —	$ 20,555
Cost of sales	74,048	(22,457)	—	51,591
Gross margin	93,050	(20,904)	—	72,146
Selling, general and administrative expense	(681)	269	(165)	(577)
Income (loss) from operations	92,369	(20,635)	(165)	71,569
Net finance income (expense)	813	11	652	1,476
Other income (expense)	300	(426)	—	(126)
Income (loss) before tax	93,482	(21,050)	487	72,919
Income tax expense (recovery)	—	—	—	—
Net and comprehensive income (loss)	$ 93,482	$ (21,050)	$ 487	$ 72,919

Operating Segments

Prior to the Kopper Glo Sale, Corsa's three distinct operating segments were NAPP, CAPP and Corporate. The financial results of the operating segments are as follows:

NAPP Division

Revenue - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Metallurgical coal revenue (at preparation plant)	$ 39,366	$ 24,682	$ 14,684
Thermal coal revenue (at preparation plant)	2,269	2,983	(714)
Transportation revenue	4,657	1,179	3,478
Tolling revenue	1,554	—	1,554
	$ 47,846	$ 28,844	$ 19,002

- Metallurgical coal revenue, net of transportation charges increased $14,684 as a result of increased sales volumes which increased revenue by $8,159 and increased sales price per ton sold which increased revenue by $6,525. Metallurgical coal sold was 322 tons and 242 tons for the three months ended December 31, 2017 and 2016, respectively, an increase of 80 tons. This increase was primarily due to increased market demand for metallurgical coal and the development of the Company's sales and trading platform. Realized price per ton sold increased $20.26 primarily due to the increased global demand for metallurgical coal.

- Thermal coal revenue decreased $714 as a result of the expiration of a sales contract. The thermal coal sales contract is being fulfilled in the 2017 period by third party coal purchases.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $3,478 as a result of increased export sales in the three months ended December 31, 2017 as compared to the 2016 period due to the sales mix being heavily weighted on export shipments.

- Tolling revenue increased $1,554 as a result of the Company processing additional third party coal through its preparation plant during the three months ended December 31, 2017. There was no third party coal processed in the 2016 period.

Cost of sales - NAPP Division

Cost of sales consists of the following:

	For the three months ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Mining and processing costs	$ 14,052	$ 12,557	$ 1,495
Purchased coal costs	15,365	4,791	10,574
Royalty expense	1,327	1,369	(42)
Amortization expense	2,350	6,070	(3,720)
Transportation costs from preparation plant to customer	4,657	1,178	3,479
Idle mine expense	107	319	(212)
Change in estimate of reclamation and water treatment provision	6,293	2,975	3,318
Tolling costs	725	—	725
Impairment adjustments of mineral properties	(86,188)	—	(86,188)
Write-off of advance royalties and other assets	12	—	12
Obsolete inventory reserve - parts & supply inventory	—	3,523	(3,523)
Other costs	775	741	34
	$ (40,525)	$ 33,523	$ (74,048)

- Mining and processing costs increased primarily due to less favorable geological conditions at the Casselman Mine and equipment delays at the Acosta Mine. The geological conditions at the Casselman Mine are expected to improve as the one of the two continuous miner units is moved to a different area of the mine. The equipment delays at the Acosta mine have been addressed and the mine is currently experiencing its full production rate.
- Purchased coal costs increased as a result of the Company's sales and trading platform where coal is purchased to blend with the Company's production to ship a blended metallurgical coal product to export customers. The sales and trading platform commenced in the year ended December 31, 2017, for further details surrounding the sales and trading platform, see "Non-GAAP Financial Measures" on page 31 of this MD&A.
- Amortization expense decreased as a result of various changes in the expected lives of several coal properties in the 2016 period.
- Transportation costs increased due to increased volumes of coal sold directly to customers in which Corsa is obligated to provide transportation to the vessel loading port, which includes vessel demurrage costs.
- Change in estimate of reclamation and water treatment provision was the result of changes in estimated treatment costs.
- A reversal of the previously recognized impairment of mineral properties, net of depreciation and amortization, was recognized in the 2017 period as a result of the recovery in the coal markets since the impairment was originally taken.
- Obsolete inventory reserve decreased as a result of the recognition of this reserve in the 2016 period. There were no further adjustments necessary during the 2017 period.

Selling, general and administrative expense - NAPP Division

Selling, general and administrative expense consists of the following:

	For the three months ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Salaries and other compensations	$ 1,221	$ 1,506	$ (285)
Selling expense	913	172	741
Professional fees	96	99	(3)
Office expenses and insurance	371	111	260
Other	90	122	(32)
	$ 2,691	$ 2,010	$ 681

- Selling, general and administrative expense related to the NAPP Division increased primarily due to increased selling expense as a result of increased export sales commissions paid to third party agents, letters of credit fees, and additional staffing requirements. Partially offsetting the overall increase, salaries and other compensations decreased as a result of the timing of the 2016 bonus recognition.

Net finance expense (income) - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Bond premium expense	$ 340	$ 387	$ (47)
Interest expense	182	258	(76)
Interest income	(3)	2	(5)
Accretion on reclamation provision	352	354	(2)
Other	(687)	(4)	(683)
	$ 184	$ 997	$ (813)

- Net finance expense decreased primarily due to the change in market value of the water treatment trust fund accounts. The value of these trust funds are marked to market on a quarterly basis and market gains were significantly higher during the 2017 period.

CAPP Division

Revenue - CAPP Division

(in thousands)	For the three months ended December 31, 2017	2016	Variance
Coal revenue (at preparation plant)	$ 9,884	$ 8,884	$ 1,000
Transportation revenue	553	—	553
	$ 10,437	$ 8,884	$ 1,553

- Revenue, consisting of thermal, industrial and metallurgical coal sales, net of transportation, increased $1,000 as a result of increased sales volumes which increased revenue by $883 and increased sales price per ton sold which increased revenue by $117. Coal sales were 166 tons and 151 tons for the three months ended December 31, 2017 and 2016, respectively, an increase of 15 tons. This increase is primarily driven by an increase in metallurgical coal sales from the division as a result of increased demand in the export metallurgical coal market. During the three months ended December 31, 2016, there were no metallurgical coal sales. Realized price per ton sold increased $0.71 primarily due to the sale of metallurgical coal which increased the price realizations as compared to placing the tons in the thermal coal market partially offset by lower realized prices on thermal coal sales as a result of lower contractual sales prices.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $553 as a result of export metallurgical coal sales during the three months ended December 31, 2017. There were no metallurgical coal sales where the division is responsible for transporting the coal to the loading terminal in the three months ended December 31, 2016.

Cost of sales - CAPP Division

Cost of sales consists of the following:

(in thousands)	For the three months ended December 31, 2017	2016	Variance
Mining and processing costs	$ 6,539	$ 5,850	$ 689
Purchased coal costs	2,470	585	1,885
Royalty expense	600	352	248
Amortization expense	1,040	930	110
Transportation costs from preparation plant to customer	553	—	553
Idle mine expense	5	260	(255)
Change in estimate of reclamation provision	54	(206)	260
Impairment adjustments of mineral properties	19,964	—	19,964
Write-off of advance royalties and other assets	—	997	(997)
	$ 31,225	$ 8,768	$ 22,457

- Mining and processing costs increased as a result of additional sales volumes in the three months ended December 31, 2017 and a change in the production mix as a result of the lower cost Double Mountain mine exhausting its economical reserves.
- Purchased coal costs increased primarily due to an increase in volumes purchased and blended to meet certain quality specifications for thermal and metallurgical coal sales.
- Transportation costs increased due to increased volumes of coal sold directly to customers in which Corsa is obligated to provide transportation to the vessel loading port, which includes vessel demurrage costs.
- As a result of the Kopper Glo Sale, the Company recorded an impairment loss in the 2017 period based on the terms of this agreement.
- Advance royalty write-offs decreased as a result of an adjustment to prepaid royalties on terminated or non-economic mineral leases during the 2016 period. There were no similar adjustments during the 2017 period.

Selling, general and administrative expense - CAPP Division

Selling, general and administrative expense consists of the following:

(in thousands)	For the three months ended December 31, 2017	2016	Variance
Salaries and other compensations	$ 262	$ 587	$ (325)
Professional fees	73	25	48
Office expenses and insurance	84	79	5
Other	17	14	3
	$ 436	$ 705	$ (269)

- Selling, general and administrative expenses decreased primarily due to a reduction in staffing levels.

Corporate Division

Selling, general and administrative expense - Corporate Division

Selling, general and administrative expense consists of the following:

(in thousands)	For the three months ended December 31, 2017	2016	Variance
Salaries and other compensations	$ 998	$ 1,092	$ (94)
Professional fees	407	239	168
Office expenses and insurance	228	117	111
Other	25	45	(20)
	$ 1,658	$ 1,493	$ 165

- Selling, general and administrative expenses increased primarily due to legal and accounting professional services as well as increased insurance premiums.

Net finance expense (income) - Corporate Division

Net finance expense (income) consists of the following:

	For the three months ended December 31, 2017	2016	Variance
Warrant financial liability (gain) loss	$ (122)	$ 625	$ (747)
Interest expense	818	798	20
Accretion of discount on loan payable	337	327	10
Foreign exchange gain	6	(80)	86
Interest income	(40)	(19)	(21)
	$ 999	$ 1,651	$ (652)

- The warrant financial liability resulted in income of $122 in the three months ended December 31, 2017 compared with $625 of additional expense in the three months ended December 31, 2016 due to changes in the underlying assumptions used to value the liability.

REVIEW OF YEAR-TO-DATE FINANCIAL RESULTS

	For the year ended December 31, 2017			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 217,507	$ 46,425	$ —	$ 263,932
Cost of sales	(87,575)	(69,571)	—	(157,146)
Gross margin	129,932	(23,146)	—	106,786
Selling, general and administrative expense	(10,620)	(1,761)	(5,516)	(17,897)
Income (loss) from operations	119,312	(24,907)	(5,516)	88,889
Net finance expense	(1,274)	(483)	(2,877)	(4,634)
Other (expense) income	(1,048)	477	—	(571)
Income (loss) before tax	116,990	(24,913)	(8,393)	83,684
Income tax expense (recovery)	—	—	—	—
Net and comprehensive income (loss)	$ 116,990	$ (24,913)	$ (8,393)	$ 83,684

	For the year ended December 31, 2016			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 67,072	$ 29,914	$ —	$ 96,986
Cost of sales	(80,059)	(30,111)	—	(110,170)
Gross margin	(12,987)	(197)	—	(13,184)
Selling, general and administrative expense	(5,513)	(1,794)	(5,927)	(13,234)
Loss from operations	(18,500)	(1,991)	(5,927)	(26,418)
Net finance expense	(2,563)	(500)	(6,749)	(9,812)
Other income	1,039	1,051	—	2,090
Loss before tax	(20,024)	(1,440)	(12,676)	(34,140)
Income tax expense (recovery)	—	—	—	—
Net and comprehensive loss	$ (20,024)	$ (1,440)	$ (12,676)	$ (34,140)

	Dollar variance for the years ended December 31, 2017 versus 2016			
(in thousands)	**NAPP**	**CAPP**	**Corporate**	**Consolidated**
Revenue	$ 150,435	$ 16,511	$ —	$ 166,946
Cost of sales	(7,516)	(39,460)	—	(46,976)
Gross margin	142,919	(22,949)	—	119,970
Selling, general and administrative expense	(5,107)	33	411	(4,663)
Income (loss) from operations	137,812	(22,916)	411	115,307
Net finance income (expense)	1,289	17	3,872	5,178
Other (expense) income	(2,087)	(574)	—	(2,661)
Income (loss) before tax	137,014	(23,473)	4,283	117,824
Income tax expense (recovery)	—	—	—	—
Net and comprehensive income (loss)	$ 137,014	$ (23,473)	$ 4,283	$ 117,824

Operating Segments

Prior to the Kopper Glo Sale, Corsa's three distinct operating segments were NAPP, CAPP and Corporate. The financial results of the operating segments are as follows:

NAPP Division

Revenue - NAPP Division

(in thousands)	For the years ended December 31, 2017	2016	Variance
Metallurgical coal revenue (at preparation plant)	$ 185,202	$ 53,293	$ 131,909
Thermal coal revenue (at preparation plant)	9,678	9,599	79
Transportation revenue	19,111	4,097	15,014
Tolling revenue	3,516	83	3,433
	$ 217,507	$ 67,072	$ 150,435

- Metallurgical coal revenue, net of transportation charges increased $131,909 as a result of increased sales price per ton sold which increased revenue by $67,702 and increased sales volumes which increased revenue by $64,207. Metallurgical coal sold was 1,475 tons and 669 tons for the years ended December 31, 2017 and 2016, respectively, an increase of 806 tons. This increase was primarily due to increased market demand for metallurgical coal and the development of the Company's sales and trading platform. Realized price per ton sold increased $45.90 primarily due to the increased global demand for metallurgical coal.

- Thermal coal revenue increased $79 as a result of the timing of shipments on the thermal sales contracts. The thermal coal sales contracts were executed during the year ending December 31, 2016 and were being fulfilled in the year ending December 31, 2017 by third party coal purchases.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $15,014 as a result of increased export sales in the year ended December 31, 2017 as compared to the 2016 period due to the sales mix being heavily weighted on export shipments.

- Tolling revenue increased $3,433 as a result of the Company processing additional third party coal through its preparation plants during the year ended December 31, 2017 as compared to the 2016 period.

Cost of sales - NAPP Division

Cost of sales consists of the following:

(in thousands)	For the years ended December 31, 2017	2016	Variance
Mining and processing costs	$ 54,451	$ 41,518	$ 12,933
Purchased coal costs	73,040	6,567	66,473
Royalty expense	6,002	3,717	2,285
Amortization expense	11,492	15,385	(3,893)
Transportation costs from preparation plant to customer	19,111	4,097	15,014
Idle mine expense	880	1,035	(155)
Change in estimate of reclamation and water treatment provision	6,293	2,975	3,318
Tolling costs	1,533	38	1,495
Impairment adjustments of mineral properties	(86,188)	—	(86,188)
Write-off of advance royalties and other assets	315	126	189
Obsolete inventory reserve - parts & supply inventory	—	3,523	(3,523)
Other costs	646	1,078	(432)
	$ 87,575	$ 80,059	$ 7,516

- Mining and processing costs increased primarily due to additional produced metallurgical coal volumes sold during the year ended December 31, 2017 as well as less favorable geological conditions at the Quecreek and Casselman mines. Costs also increased as a result of the Acosta mine commencing production during the year ended December 31, 2017 along with equipment delays which lengthened the time to reach full production. The equipment delays have been addressed and the mine is currently experiencing its full production rate. These increases in costs were partially offset by decreased thermal coal mining and processing costs as a result of purchasing the thermal coal to fulfill the sales contracts from third party producers during the year ended December 31, 2017.

- Purchased coal costs increased as a result of the Company's sales and trading platform where coal is purchased to blend with the Company's production to ship a blended metallurgical coal product to export customers. The sales and trading platform commenced in the year ended December 31, 2017, for further details surrounding the sales and trading platform, see "Non-GAAP Financial Measures" on page 31 of this MD&A.
- Royalty expense increased primarily due to the additional volumes sold at higher prices in the year ended December 31, 2017.
- Amortization expense decreased as a result of various changes in the expected lives of several coal properties in the 2016 period.
- Transportation costs increased due to increased volumes of coal sold directly to customers in which Corsa is obligated to provide transportation to the vessel loading port, which includes vessel demurrage costs.
- Change in estimate of reclamation and water treatment provision was the result of changes in estimated treatment costs.
- Tolling costs increased as a result of processing additional third party coal through Corsa's preparation plants in the year ended December 31, 2017.
- A reversal of the previously recognized impairment of mineral properties, net of depreciation and amortization, was recognized in the 2017 period as a result of the recovery in the coal markets since the impairment was originally taken.
- Obsolete inventory reserve decreased as a result of the recognition of this reserve in the 2016 period. There were no further adjustments necessary during the 2017 period.

Selling, general and administrative expense - NAPP Division

Selling, general and administrative expense consists of the following:

	For the years ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Salaries and other compensations	$ 4,695	$ 3,825	$ 870
Selling expense	3,687	407	3,280
Professional fees	539	443	96
Office expenses and insurance	1,118	432	686
Other	581	406	175
	$ 10,620	$ 5,513	$ 5,107

- Selling, general and administrative expense related to the NAPP Division increased primarily due to increased selling expense as a result of increased export sales commissions paid to third party agents, additional staffing requirements and increased bank charges as a result of fees paid to secure payment related to export shipments.

Other income (expense) - NAPP Division

Other income (expense) decreased primarily due to the revaluation of the transportation contract liquidated damages liability. During the year ending December 31, 2017, payments on this obligation were accelerated as a result of increased coal sales prices. The prepayment resulted in a reduction of the long-term portion of the obligation which impacted the carrying value of the obligation due to discounting. The overall decrease was also impacted due to lower gains on sales of assets in the year ended December 31, 2017 and various other items, none of which were individually material.

CAPP Division

Revenue - CAPP Division

(in thousands)	For the years ended December 31, 2017	2016	Variance
Coal revenue (at preparation plant)	$ 42,038	$ 29,914	$ 12,124
Transportation revenue	4,387	—	4,387
	$ 46,425	$ 29,914	$ 16,511

- Revenue, consisting of thermal, industrial and metallurgical coal sales, net of transportation, increased $12,124 as a result of increased sales volumes which increased revenue by $10,491 and increased sales price per ton sold which increased revenue by $1,633. Coal sales were 674 tons and 499 tons for the years ended December 31, 2017 and 2016, respectively, an increase of 175 tons. This increase is primarily driven by an increase in metallurgical coal sales from the division as a result of increased demand in the export metallurgical coal market. During the year ended December 31, 2016, there were no metallurgical coal sales. Realized price per ton sold increased $2.42 primarily due to the sale of metallurgical coal which increased the price realizations as compared to placing the tons in the thermal coal market.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $4,387 as a result of export metallurgical coal sales during the year ended December 31, 2017. There were no metallurgical coal sales where the division is responsible for transporting the coal to the loading terminal in the year ended December 31, 2016.

Cost of sales - CAPP Division

Cost of sales consists of the following:

(in thousands)	For the years ended December 31, 2017	2016	Variance
Mining and processing costs	$ 30,725	$ 21,357	$ 9,368
Purchased coal costs	7,897	1,892	6,005
Royalty expense	2,184	1,844	340
Amortization expense	4,316	3,499	817
Transportation costs from preparation plant to customer	4,387	—	4,387
Idle mine expense	192	623	(431)
Change in estimate of reclamation provision	(94)	(206)	112
Impairment adjustments of mineral properties	19,964	—	19,964
Write-off of advance royalties and other assets	—	1,102	(1,102)
	$ 69,571	$ 30,111	$ 39,460

- Mining and processing costs increased as a result of additional production volumes sold in the year ended December 31, 2017 and less favorable geological conditions encountered at the Double Mountain and Cooper Ridge Deep Mines.
- Purchased coal costs increased primarily due to an increase in volumes purchased and blended to meet certain quality specifications for thermal and metallurgical coal sales.
- Amortization expense increased due primarily to the Cooper Ridge mine operating in the year ending December 31, 2017. Previously, this mine was under development and costs were capitalized as mine development.
- Transportation costs increased due to increased volumes of coal sold directly to customers in which Corsa is obligated to provide transportation to the vessel loading port, which includes vessel demurrage costs.
- As a result of the Kopper Glo Sale, the Company recorded an impairment loss in the 2017 period based on the terms of this agreement.
- Advance royalty write-offs decreased as a result of an adjustment to prepaid royalties on terminated or non-economic mineral leases during the 2016 period. There were no similar adjustments during the 2017 period.

Other income (expense) - CAPP Division

Other income (expense) decreased primarily due to income received from a customer contract buyout that occurred during the 2016 period.

Corporate Division

Selling, general and administrative expense - Corporate Division

Selling, general and administrative expense consists of the following:

	For the years ended December 31,		
(in thousands)	**2017**	**2016**	**Variance**
Salaries and other compensations	$ 3,444	$ 3,744	$ (300)
Professional fees	1,298	1,630	(332)
Office expenses and insurance	673	472	201
Other	101	81	20
	$ 5,516	$ 5,927	$ (411)

- Salaries and other compensation decreased primarily due to the acceleration of stock based compensation expense during the year ended December 31, 2016 as a result of the cancellation of certain stock options which required the acceleration of vesting requirements prior to cancellation. This increase was partially offset as a result of additional staffing requirements and various salary increases.
- Professional fees decreased as a result of reduced consulting and legal costs.

Net finance expense (income) - Corporate Division

Net finance expense (income) consists of the following:

	For the years ended December 31,		
	2017	**2016**	**Variance**
Warrant financial liability (gain) loss	$ (2,036)	$ 2,585	$ (4,621)
Interest expense	3,886	3,063	823
Accretion of discount on loan payable	1,327	1,275	52
Foreign exchange gain	(149)	(135)	(14)
Interest income	(151)	(39)	(112)
	$ 2,877	$ 6,749	$ (3,872)

- The warrant financial liability resulted in income of $2,036 in the year ended December 31, 2017 compared with expense of $2,585 in the year ended December 31, 2016 due to changes in the underlying assumptions used to value the liability.
- Interest expense increased during the year ended December 31, 2017 as a result of additional interest on the term loan payable on the anniversary of this term loan.

FINANCIAL CONDITION

(in thousands)	December 31, 2017	December 31, 2016	Variance
Current assets	$ 73,108	$ 48,657	$ 24,451
Non-current assets	234,418	152,315	82,103
Total assets	$ 307,526	$ 200,972	$ 106,554
Current liabilities	$ 55,432	$ 33,164	$ 22,268
Non-current liabilities	107,812	108,825	(1,013)
Total liabilities	$ 163,244	$ 141,989	$ 21,255
Total equity	$ 144,282	$ 58,983	$ 85,299

- Current assets increased primarily due to the increase in accounts receivable and inventories as a result of timing of customer shipments.
- Non-current assets increased as a result of the net asset impairment reversal and growth capital expenditures partially offset by depreciation, depletion and amortization.
- Current liabilities increased primarily due to the timing of trade payables, which includes purchased coal payables, as a result of the sales and trading platform.
- Non-current liabilities decreased as a result of prepayments on the transportation contract liquidated damages liability, reclamation and water treatment expenditures, the reduction in the warrant financial liability due to changes in the underlying assumptions used to value the liability and scheduled payments related to finance leases and notes payable.
- Total equity increased primarily due to net and comprehensive income that occurred during the period.

LIQUIDITY AND CAPITAL RESOURCES

Our sources of cash have been coal sales to customers and proceeds received from the issuance of securities. Our primary uses of cash have been for funding our existing operations, our capital expenditures, our reclamation and water treatment obligations, our water treatment trust funding, our debt service costs and professional fees. We expect to fund our maintenance capital and liquidity requirements with cash on hand and projected cash flow from operations. Our future spending on growth capital expenditures and development of our coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability.

If our cash flows from operations are less than we require, we may need to incur additional debt or issue additional equity. From time to time we may need to access the long-term and short-term capital markets to obtain financing. Although we believe we can currently finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future will be affected by many factors, including the liquidity of the overall capital markets, the current state of the global economy and restrictions in our existing debt agreements and any other future debt agreements. There can be no assurance that we will have or continue to have access to the capital markets on terms acceptable to us.

(in thousands)	December 31, 2017	December 31, 2016	Variance
Cash	$ 20,721	$ 25,757	$ (5,036)
Working capital	$ 17,676	$ 15,493	$ 2,183
Total Debt			
Notes payable	$ 1,562	$ 6,765	$ (5,203)
Finance lease obligations	4,502	8,054	(3,552)
Loan payable	29,763	28,435	1,328
	$ 35,827	$ 43,254	$ (7,427)

Working capital

The net increase in working capital was primarily due to the increase in trade accounts receivable as a result of timing of sales and increased coal inventory as a result of the timing of vessel loadings. These increases to working capital were partially offset by an increase in purchased coal payables as a result of the timing of coal purchases.

We maintain a significant cash balance to enable us to purchase the required coal in order to advance our sales and trading platform. As a result of the additional export sales under this platform, we are required to purchase coal and incur transportation costs prior to receiving payment from the customer on the coal sale. To mitigate the timing risk we maintain an adequate level of cash to support the sales and trading platform. There are no legal or practical restrictions on the ability of Corsa's subsidiaries to transfer funds to Corsa or for Corsa to transfer funds to its subsidiaries for liquidity management.

Total Debt

Debt decreased primarily due to payments made on the existing notes payable and finance lease obligations, along with the scheduled extinguishment of the CAPP Division revolving credit facility, partially offset by an additional borrowing to purchase mining equipment and amortization of debt issuance costs.

Contingent Receivable - A Seam Condemnation

In December 2014, PBS Coals, Inc. filed a Petition with the Court of Common Pleas of Somerset County, Pennsylvania, seeking to convene a State Mining Commission (the "SMC") in order to determine the quantity and value of coal required to be left in place as a result Pennsylvania Department of Transportation's construction of State Route 219 over coal estates leased by PBS Coals, Inc. from Penn Pocahontas Coal Co. The SMC was convened in January 2015 and then bifurcated the proceedings into quantity and valuation phases. The SMC heard testimony on the quantity phase during dates between November 2016 and June 2017. On August 24, 2017, the SMC issued a ruling on the support quantity favorable to PBS Coals, Inc. and directed further hearings regarding the tonnages, valuation and mineability of the support coal. Those hearings have been scheduled to take place on April 9-13, 2018. Presently, the Company has not recognized this contingent receivable and cannot provide a reasonable estimate for the potential magnitude of the claim.

Cash Flows

	For the three months ended December 31,			For the years ended December 31,		
	2017	2016	Change	2017	2016	Change
Cash Flows:						
Provided by (used in) operating activities	$ 6,313	$ 3,991	$ 2,322	$ 31,067	$ (2,719)	$ 33,786
Used in investing activities	(7,732)	(1,796)	(5,936)	(27,497)	(4,054)	(23,443)
(Used in) provided by financing activities	(2,106)	15,197	(17,303)	(8,606)	23,037	(31,643)
(Decrease) increase in cash	(3,525)	17,392	(20,917)	(5,036)	16,264	(21,300)
Cash at beginning of period	24,246	8,365	15,881	25,757	9,493	16,264
Cash at end of period	$ 20,721	$ 25,757	$ (5,036)	$ 20,721	$ 25,757	$ (5,036)

- Cash flow provided by operating activities increased $2.3 million and $33.8 million for the three and twelve months ended December 31, 2017, respectively, compared to the same period in the prior year, primarily due to the increase in net and comprehensive income which was driven by the improved market for metallurgical coal and increased sales volumes. The improvement in net and comprehensive income was partially offset by changes in non-cash operating items and changes in working capital as a result of increased sales and the addition of the sales and trading platform.

- The increase in cash used in investing activities for the three and twelve months ended December 31, 2017 was primarily due to increased capital expenditures in the 2017 period related to opening of the Acosta Deep Mine and equipment purchases. As a result of the improved coal markets, the Company is investing in the mines to improve efficiency and replace equipment.

- The change in financing activities during the three and twelve months ended December 31, 2017 is primarily due to the following items:
  - Net proceeds from the issuance of common shares of the Company ("Common Shares") were $16.3 million and $26.5 million during the three and twelve months ended December 31, 2016. There were no proceeds from equity issuances during the three and twelve months ended December 31, 2017.
  - Scheduled payments for the three and twelve months ended December 31, 2017 were $1.0 million and $4.2 million, respectively, on the CAPP Division revolving credit/term loan facility. During the twelve months ended December 31, 2016, the Company borrowed $2.2 million, on the revolving credit facility. In December 2016, the Company converted this revolving credit facility into a term loan facility with amortizing principal payments to be made monthly in 2017. This term loan was extinguished in December 2017.

Capital Expenditures

The equipment and development added to property, plant and equipment for the year ended December 31, 2017 were as follows:

(in thousands)	NAPP	CAPP	Corporate	Total
Maintenance capital expenditures				
Deep mines	$ 3,310	$ 903	$ —	$ 4,213
Surface mines	2,440	60	—	2,500
Plant	564	136	—	700
Administrative	73	—	42	115
	6,387	1,099	42	7,528
Growth capital expenditures				
Deep mines	17,767	695	—	18,462
Surface mines	1,930	192	—	2,122
	19,697	887	—	20,584
	$ 26,084	$ 1,986	$ 42	$ 28,112

Corsa's capital expenditures for the year ended December 31, 2017 were primarily focused on growth capital to develop the Acosta Deep Mine. Maintenance capital was primarily incurred to replace mining equipment. Corsa's future spending on property, plant and equipment at its operations will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability. The timing of development of Corsa's coal properties will be dependent on market conditions.

In September 2016, the Company was notified that it was awarded $3,000 in funding under the Pennsylvania Redevelopment Assistance Capital Program to develop an underground coal mine in Somerset County subject to certain conditions, including but not limited to: (i) completing the Redevelopment Assistance application; (ii) confirmation that at least 50% of the required non-state funds necessary to complete the project are secured at the time of application; (iii) execution of a grant agreement; and (iv) commencement of construction within six months of the final grant agreement. Once all the conditions have been met, the grant will be released on a periodic basis and the Company will be reimbursed for certain expenditures. The Company will offset the receipts from this program against the capitalized development costs as they are received. There were no receipts from this program in the year ended December 31, 2017 and 2016.

GUIDANCE[1]

Corsa's updated guidance for the year ending December 31, 2018 is as follows:

(all dollar amounts in U.S. dollars and tonnage in short tons)	**Full Year 2018**
Metallurgical Coal Sales Tons[2]	
Company Produced	1.1 - 1.3 million short tons
Purchased - Value Added Services	0.3 - 0.4 million short tons
Purchased - Sales and Trading	0.7 - 1.1 million short tons
Total Metallurgical Coal Sales Tons	2.1 - 2.8 million short tons
Share of Metallurgical Coal Sales Tons	
% Domestic Sales at the mid-point	19%
% Export Sales at the mid-point	81%
Metallurgical Coal Sales Tons Commitments[4]	
Committed at the mid-point	73%
Committed and Priced at the mid-point	42%
Cash Production Cost per ton sold (FOB Mine)	
NAPP Division Metallurgical Coal[3][4]	$70 - $74 per short ton
CAPP Division Metallurgical and Thermal Coal[3]	$64 - $70 per short ton
General and Administrative Expenses[5]	
NAPP Division	$8.0 - $10.0 million
CAPP Division	< $1.0 million
Corporate Division	$5.0 - $7.0 million
Total Corsa	$13.0 - $17.0 million

Note: Selling expenses are forecasted to be covered by margins from Sales and Trading tons sold.

Maintenance Capital Expenditures per ton sold[6]	
2018 Full Year	$7 per short ton sold
2018-2020 Forecasted Average	$3-$4 per short ton sold

(1) Guidance projections ("Guidance") are considered "forward-looking statements" and "forward looking information" and represent management's good faith estimates or expectations of future production and sales results as of the date hereof. Guidance is based upon certain assumptions, including, but not limited to, future cash production costs, future sales and production and the availability of coal from other suppliers that the Company may purchase. Such assumptions may prove to be incorrect and actual results may differ materially from those anticipated. Consequently, Guidance cannot be guaranteed. As such, investors are cautioned not to place undue reliance upon Guidance, forward-looking statements and forward looking information as there can be no assurance that the plans, assumptions or expectations upon which they are placed will occur.
(2) Corsa's metallurgical coal sales figures are comprised of three types of sales: (i) selling coal that Corsa produces ("Company Produced"); (ii) selling coal that Corsa purchases and provides value added services (storing, washing, blending, loading) to make the coal saleable ("Value Added Services"); and (iii) selling coal that Corsa purchases on a clean or finished basis from suppliers outside the Northern Appalachia region ("Sales and Trading").
(3) This is a non-GAAP financial measure. See "Cautionary Statement Regarding Certain Measures of Performance" above for more information.
(4) Cash Production Cost per ton sold excludes purchased coal.
(5) Exclusive of stock-based compensation and selling related commissions, bank fees and finance charges.
(6) Tons sold excludes purchased coal used in the Sales and Trading platform.

Previously Issued Guidance[1] - Comparison to Actual Results

(all tonnage in short tons)

	Previous Guidance[2]		Actual Results	Previous Guidance[2]		Actual Results
	Quarter Ended December 31, 2017		Fourth Quarter 2017	Year Ended December 31, 2017		YTD 2017
	Low	High	Actual	Low	High	Actual
Metallurgical Coal Sales Tons						
NAPP Division						
Company Produced	180,000	200,000	172,000	820,000	840,000	812,000
Purchased - Value Added Services	76,000	86,000	92,000	300,000	310,000	317,000
Purchased - Sales & Trading	61,000	186,000	58,000	350,000	475,000	346,000
Total NAPP Met. Sales Tons	317,000	472,000	322,000	1,470,000	1,625,000	1,475,000
CAPP Division	20,000	35,000	20,000	135,000	150,000	135,000
Total Metallurgical Coal Sales Tons	337,000	507,000	342,000	1,605,000	1,775,000	1,610,000
Thermal Coal Sales Tons						
NAPP Division	44,000	54,000	49,000	210,000	220,000	215,000
CAPP Division	135,000	155,000	146,000	528,000	548,000	539,000
	179,000	209,000	195,000	738,000	768,000	754,000
Cash Production Cost/Ton Sold[3]						
NAPP Division Metallurgical Coal[3][4]	$ 69.50	$ 82.00	$ 89.23	$ 70.00	$ 73.00	$ 74.18
CAPP Division - Met. and Thermal Coal[3]	$ 51.00	$ 60.00	$ 57.89	$ 59.00	$ 61.00	$ 60.54

Total metallurgical coal tons sold were within the range for both the quarter and total year periods although the sales mix of customer shipments caused a slight variation between the categories of sales. The NAPP Division's cash production cost per ton sold was impacted by geological conditions at the Casselman Mine as the Company progressed through a section of the mine where thinner coal seams were present. This thinning coal seam caused lower plant yields and resulted in higher than expected production costs. Equipment delivery delays and an equipment design flaw was encountered during the quarter at the Acosta Deep Mine. Both of these equipment related issues were resolved within the fourth quarter 2017 and are not expected to impact future results.

(1) Guidance projections ("Guidance") are considered "forward-looking statements" and "forward looking information" and represent management's good faith estimates or expectations of future production and sales results as of the date hereof. Guidance is based upon certain assumptions, including, but not limited to, future cash production costs, future sales and production and the availability of coal from other suppliers that the Company may purchase. Such assumptions may prove to be incorrect and actual results may differ materially from those anticipated. Consequently, Guidance cannot be guaranteed. As such, investors are cautioned not to place undue reliance upon Guidance, forward-looking statements and forward looking information as there can be no assurance that the plans, assumptions or expectations upon which they are placed will occur.

(2) Previous Guidance was presented in the Company's MD&A for the three and nine months ended September 30, 2017 dated November 16, 2017.

(3) This is a non-GAAP financial measure. See "Cautionary Statement Regarding Certain Measures of Performance" above for more information.

(4) Cash Production Cost / Ton Sold excludes purchased coal. This non-GAAP financial measure see "Cautionary Statement Regarding Certain Measures of Performance" above for more information.

DEBT COVENANTS

Corsa has certain covenants it is required to meet under its credit facilities and finance lease obligations. Certain measures included in the covenant calculations are not readily identifiable from Corsa's consolidated statements of operations and comprehensive income (loss) or consolidated balance sheets. These measures are considered to be non-GAAP financial measures and, as such, a further description of the covenant calculations is included below. Corsa was in compliance with all covenants at December 31, 2017.

Corporate loan payable

The covenants required to be met under the Company's $25 million secured term loan (the "Facility"), as subsequently amended with Sprott Resource Lending Corp. ("SRLC") are described below. Such measurements are made on the consolidated results of Corsa excluding the CAPP Division. Corsa is permitted to provide financial assistance to the CAPP Division in an amount not exceeding $5 million. No financial assistance has been provided to the CAPP Division.

- Maintain a minimum cash balance of $1 million, excluding the CAPP Division (measured monthly)
- Maintain a positive working capital balance, excluding the CAPP Division (measured monthly)

NAPP finance lease

In August 2016, Corsa entered into a Comprehensive Master Equipment Lease Financing Modification, Consolidation and Security Agreement (the "Modified Lease") regarding various mobile equipment that was previously leased under a finance lease at Wilson Creek Energy, LLC, effective as of June 1, 2016. The covenants required to be met are described below for the noted agreement. Such measurements are made on the consolidated results of Wilson Creek Energy, LLC, a subsidiary of Corsa, excluding the CAPP Division.

- Debt Service Coverage Ratio[(1)] must exceed 1.25 to 1.00 (measured quarterly).
- Maintain a minimum cash balance of $2 million at all times, on a consolidated bases excluding the CAPP Division (measured monthly).

(1) Debt Service Coverage Ratio is measured as:

$$\frac{\text{Adjusted Net Income}^{(2)}}{\text{Total Payments Made on Financed Debt}^{(3)} + \text{Off-balance Sheet Obligations} + \text{Interest Expense}}$$

(2) Adjusted net income is defined as Net Income plus the sum of (a) non-cash expenditures, (b) rent expense and (c) interest expense.

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

CONTRACTUAL OBLIGATIONS

(in thousands)	Carrying Value at December 31, 2017	Payments due by period Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accruals	$ 42,410	$ 42,410	$ 42,410	$ —	$ —	$ —
Notes payable	1,562	1,562	1,135	427	—	—
Finance lease obligations	4,502	4,524	2,352	1,957	215	—
Loan payable	29,763	32,017	—	32,017	—	—
Other liabilities	14,338	14,926	4,151	6,210	3,616	949
Purchase order firm commitments	—	14,553	14,553	—	—	—
Water treatment trust funding	—	6,107	1,903	4,204	—	—
Operating leases and other obligations	—	2,980	790	854	370	966
Total	$ 92,575	$ 119,079	$ 67,294	$ 45,669	$ 4,201	$ 1,915

The purchase order firm commitments primarily relate to the procurement of replacement mining equipment to maintain Corsa's capacity and for its planned growth. These expenditures will be funded from cash on hand or cash flows from operations.

NON-GAAP FINANCIAL MEASURES

The Company has included certain non-GAAP financial measures throughout this MD&A. These performance measures are employed by the Company to measure its performance internally and to assist in business decision-making as well as providing key performance information to senior management. The Company believes that, in addition to the conventional measures prepared in accordance with GAAP, certain investors and other stakeholders also use these non-GAAP financial measures to evaluate the Company's performance; however, these non-GAAP financial measures do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Accordingly, these non-GAAP financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Commencing in the Company's first quarter for its 2017 fiscal year, the Company established a sales and trading platform which was not previously part of the Company's business model. In the sales and trading platform, the Company purchases and then sells coal on a clean or finished goods basis from suppliers outside of the Company's main operating area. The Company blends this coal, which primarily has a different quality basis than the coal the Company produces, to provide a blended product to customers who do not have the ability to purchase and blend different qualities of coal at their facilities. As a result of the addition of this platform to the Company's business model, new non-GAAP financial measures (i.e., cash production cost per ton sold and cash cost per sales and trading purchased coal per ton sold) were introduced to present the cost of the coal the Company produces and sells separately from the total costs of the coal sold, which total costs includes the coal we purchase under the sales and trading platform. These are presented separately due to the purchases being derived from market prices that are considered to be higher than the Company's internal production costs. As the total cost per ton sold increases as a result of these coal purchases under the sales and trading platform, the Company believes that providing a breakdown of the cost of coal that the Company produces provides a meaningful metric to investors as this non-GAAP financial measure is utilized in evaluating the operational effectiveness of the Company's mines.

Management uses the following non-GAAP financial measures:

- **EBITDA** - earnings before deductions for interest, taxes, depreciation and amortization;
- **Adjusted EBITDA** - EBITDA adjusted for change in estimate of reclamation provision for non-operating properties, impairment and write-off of mineral properties and advance royalties, gain (loss) on sale of assets and other costs, stock-based compensation, non-cash finance expenses and other non-cash adjustments. Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements to assess our performance as compared to the performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure; the ability of our assets to generate sufficient cash flow; and our ability to incur and service debt and fund capital expenditures. Management also uses adjusted EBITDA for the purposes of making decisions to allocate resources among segments or assessing segment performance.
- **Realized price per ton sold** - revenue from coal sales less transportation costs from the mine to the loading terminal divided by tons of coal sold. Management evaluates our operations based on the volume of coal we can safely produce or purchase and sell in compliance with regulatory standards, and the prices we receive for our coal. Our sales volume and sales prices are largely dependent upon the terms of our contracts, for which prices generally are set based on an index. We evaluate the price we receive for our coal on an average realized price on an FOB mine per short ton basis;
- **Cash production cost per ton sold** - cash production costs of sales excluding sales and trading purchased coal costs, all included within cost of sales, divided by tons of produced coal sold. Cash production cost is based on cost of sales and includes items such as manpower, royalties, fuel, and other similar production related items, pursuant to GAAP, but relate directly to the costs incurred to produce coal and sell it on an FOB mine basis. Cash production cost per ton sold is used as a supplemental financial measure by management and by external users to assess our operating performance as compared to the operating performance of other companies in the coal industry. Sales and Trading purchased coal is excluded as the purchased coal costs are based on market prices of coal purchased not the cost to produce the coal;
- **Cash cost per sales and trading purchased coal per ton sold** - sales and trading purchased coal costs divided by tons of sales and trading purchased coal sold. Management uses this non-GAAP financial measure to assess coal purchases against the market price at which this coal will be sold and the performance of the Company's sales and trading platform;
- **Cash cost per ton sold** - cash production costs of sales, included within cost of sales, divided by total tons sold. Management uses cash cost per ton sold to assess our overall financial performance on a per ton basis to include the Company's production and purchased coal cost in total;
- **Cash margin per ton sold** - calculated difference between realized price per ton sold and cash cost per ton sold. Cash margin per ton sold is used by management and external users to assess the operating performance as compared to the operating performance of other coal companies in the coal industry.

Since non-GAAP financial measures do not have a standardized meaning and may not be comparable to similar measures presented by other companies, the non-GAAP financial measures are clearly defined, quantified and reconciled with their nearest GAAP measure as follows:

EBITDA and Adjusted EBITDA for the three months ended December 31, 2017 and 2016

(in thousands)	For the three months ended December 31, 2017				For the three months ended December 31, 2016			
	NAPP	CAPP	Corp.	Total	NAPP	CAPP	Corp.	Total
Net and comprehensive income (loss)	$ 86,184	$ (21,293)	$ (2,657)	$ 62,234	$ (7,298)	$ (243)	$ (3,144)	$ (10,685)
Add (Deduct):								
Amortization expense	2,350	1,040	—	3,390	6,070	930	—	7,000
Interest expense	182	18	818	1,018	258	47	798	1,103
Income tax expense	—	—	—	—	—	—	—	—
EBITDA	88,716	(20,235)	(1,839)	66,642	(970)	734	(2,346)	(2,582)
Add (Deduct):								
Write-off of advance royalties and other assets	12	—	—	12	—	997	—	997
Asset impairment and impairment reversal	(86,188)	19,964	—	(66,224)	—	—	—	—
Change in estimate of reclamation provision	6,293	54	—	6,347	2,975	(206)	—	2,769
Stock-based compensation	—	—	396	396	—	—	583	583
Net finance (income) expense, excluding interest expense	2	97	181	280	739	79	853	1,671
Gain on disposal of assets	(130)	—	—	(130)	(348)	(118)	—	(466)
Other costs	687	—	—	687	4,267	—	—	4,267
Adjusted EBITDA	$ 9,392	$ (120)	$ (1,262)	$ 8,010	$ 6,663	$ 1,486	$ (910)	$ 7,239

EBITDA and Adjusted EBITDA for the years ended December 31, 2017 and 2016

(in thousands)	For the year ended December 31, 2017 NAPP	CAPP	Corp.	Total	For the year ended December 31, 2016 NAPP	CAPP	Corp.	Total
Net and comprehensive income (loss)	$ 116,990	$ (24,913)	$ (8,393)	$ 83,684	$ (20,024)	$ (1,440)	$ (12,676)	$ (34,140)
Add (Deduct):								
Amortization expense	11,492	4,316	—	15,808	15,385	3,499	—	18,884
Interest expense	755	147	3,886	4,788	858	154	3,063	4,075
Income tax expense	—	—	—	—	—	—	—	—
EBITDA	129,237	(20,450)	(4,507)	104,280	(3,781)	2,213	(9,613)	(11,181)
Add (Deduct):								
Write-off of advance royalties and other assets	315	—	—	315	126	1,102	—	1,228
Asset impairment and impairment reversal	(86,188)	19,964	—	(66,224)	—	—	—	—
Change in estimate of reclamation provision	6,293	(94)	—	6,199	2,975	(206)	—	2,769
Stock-based compensation	—	—	1,425	1,425	—	—	2,597	2,597
Net finance (income) expense, excluding interest expense	519	336	(1,009)	(154)	1,705	346	3,686	5,737
Gain on disposal of assets	(276)	(229)	—	(505)	(1,304)	(247)	—	(1,551)
Other costs	1,983	—	—	1,983	5,638	121	—	5,759
Adjusted EBITDA	$ 51,883	$ (473)	$ (4,091)	$ 47,319	$ 5,359	$ 3,329	$ (3,330)	$ 5,358

Realized price per ton sold for the three months ended December 31, 2017 and 2016

	For the three months ended December 31, 2017					For the three months ended December 31, 2016				
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**
Revenue	$ 45,577	$ 2,269	$ 47,846	$ 10,437	$ 58,283	$ 25,840	$ 3,004	$ 28,844	$ 8,884	$ 37,728
Add (Deduct):										
Tolling revenue	(1,554)	—	(1,554)	—	(1,554)	—	—	—	—	—
Transportation costs from preparation plant to customer	(4,657)	—	(4,657)	(553)	(5,210)	(1,158)	(21)	(1,179)	—	(1,179)
Net coal sales (at preparation plant)	$ 39,366	$ 2,269	$ 41,635	$ 9,884	$ 51,519	$ 24,682	$ 2,983	$ 27,665	$ 8,884	$ 36,549
Coal sold - tons	322	49	371	166	537	242	66	308	151	459
Realized price per ton sold (at preparation plant)	$ 122.25	$ 46.31	$ 112.22	$ 59.54	$ 95.94	$ 101.99	$ 45.20	$ 89.82	$ 58.83	$ 79.63

Realized price per ton sold for the years ended December 31, 2017 and 2016

	For the year ended December 31, 2017					For the year ended December 31, 2016				
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**
Revenue	$207,829	$ 9,678	$217,507	$ 46,425	$263,932	$ 56,685	$ 10,387	$ 67,072	$ 29,914	$ 96,986
Add (Deduct):										
Tolling revenue	(3,516)	—	(3,516)	—	(3,516)	(83)	—	(83)	—	(83)
Transportation costs from preparation plant to customer	(19,111)	—	(19,111)	(4,387)	(23,498)	(3,309)	(788)	(4,097)	—	(4,097)
Net coal sales (at preparation plant)	$185,202	$ 9,678	$194,880	$ 42,038	$236,918	$ 53,293	$ 9,599	$ 62,892	$ 29,914	$ 92,806
Coal sold - tons	1,475	215	1,690	674	2,364	669	235	904	499	1,403
Realized price per ton sold (at preparation plant)	$ 125.56	$ 45.01	$ 115.31	$ 62.37	$ 100.22	$ 79.66	$ 40.85	$ 69.57	$ 59.95	$ 66.15

Cash cost per ton sold, cash production cost per ton sold, and cash cost per sales and trading purchased coal per ton sold for the three months ended December 31, 2017 and 2016

	For the three months ended December 31, 2017					For the three months ended December 31, 2016				
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**
Cost of Sales:										
Mining and processing costs	$ 14,022	$ 30	$ 14,052	$ 6,539	$ 20,591	$ 12,481	$ 76	$ 12,557	$ 5,850	$ 18,407
Purchased coal costs	13,449	1,916	15,365	2,470	17,835	2,408	2,383	4,791	585	5,376
Royalty expense	1,325	2	1,327	600	1,927	1,337	32	1,369	352	1,721
Total cash costs of tons sold	$ 28,796	$ 1,948	$ 30,744	$ 9,609	$ 40,353	$ 16,226	$ 2,491	$ 18,717	$ 6,787	$ 25,504
Total tons sold	322	49	371	166	537	242	66	308	151	459
Cash cost per ton sold (at preparation plant)	$ 89.43	$ 39.76	$ 82.87	$ 57.89	$ 75.15	$ 67.05	$ 37.74	$ 60.77	$ 44.95	$ 55.56
Total cash costs of tons sold	$ 28,796	$ 1,948	$ 30,744	$ 9,609	$ 40,353	$ 16,226	$ 2,491	$ 18,717	$ 6,787	$ 25,504
Less: Sales and trading purchased coal	(13,449)	—	(13,449)	—	(13,449)	—	—	—	—	—
Cash cost of produced coal sold	$ 15,347	$ 1,948	$ 17,295	$ 9,609	$ 26,904	$ 16,226	$ 2,491	$ 18,717	$ 6,787	$ 25,504
Tons sold - produced	172	49	221	166	387	242	66	$ 308	151	$ 459
Cash production cost per ton sold (at preparation plant)	$ 89.23	$ 39.76	$ 78.26	$ 57.89	$ 69.52	$ 67.05	$ 37.74	$ 60.77	$ 44.95	$ 55.56
Sales and trading purchased coal	$ 13,449	$ —	$ 13,449	$ —	$ 13,449	$ —	$ —	$ —	$ —	$ —
Tons sold - sales and trading	150	—	150	—	150	—	—	—	—	—
Cash cost per sales and trading purchased coal per ton sold (at preparation plant)	$ 89.66	$ —	$ 89.66	$ —	$ 89.66	$ —	$ —	$ —	$ —	$ —

Cash cost per ton sold, cash production cost per ton sold, and cash cost per sales and trading purchased coal per ton sold for the years ended December 31, 2017 and 2016

	For the year ended December 31, 2017					For the year ended December 31, 2016				
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total NAPP**	**CAPP**	**Total**
Cost of Sales:										
Mining and processing costs	$ 54,275	$ 176	$ 54,451	$ 30,725	$ 85,176	$ 34,563	$ 6,955	$ 41,518	$ 21,357	$ 62,875
Purchased coal costs	64,322	8,718	73,040	7,897	80,937	3,998	2,569	6,567	1,892	8,459
Royalty expense	5,960	42	6,002	2,184	8,186	3,175	542	3,717	1,844	5,561
Total cash costs of tons sold	$124,557	$ 8,936	$133,493	$ 40,806	$174,299	$ 41,736	$ 10,066	$ 51,802	$ 25,093	$ 76,895
Total tons sold	1,475	215	1,690	674	2,364	669	235	904	499	1,403
Cash cost per ton sold (at preparation plant)	$ 84.45	$ 41.56	$ 78.99	$ 60.54	$ 73.73	$ 62.39	$ 42.83	$ 57.30	$ 50.29	$ 54.81
Total cash costs of tons sold	$124,557	$ 8,936	$133,493	$ 40,806	$174,299	$ 41,736	$ 10,066	$ 51,802	$ 25,093	$ 76,895
Less: Sales and trading purchased coal	(64,322)	—	(64,322)	—	(64,322)	—	—	—	—	—
Cash cost of produced coal sold	$ 60,235	$ 8,936	$ 69,171	$ 40,806	$109,977	$ 41,736	$ 10,066	$ 51,802	$ 25,093	$ 76,895
Tons sold - produced	812	215	1,027	674	1,701	669	235	904	499	1,403
Cash production cost of sales (at preparation plant)	$ 74.18	$ 41.56	$ 67.35	$ 60.54	$ 64.65	$ 62.39	$ 42.83	$ 57.30	$ 50.29	$ 54.81
Sales and trading purchased coal	$ 64,322	$ —	$ 64,322	$ —	$ 64,322	$ —	$ —	$ —	$ —	$ —
Tons sold - sales and trading	663	—	663	—	663	—	—	—	—	—
Cash cost per sales and trading purchased coal (at preparation plant)	$ 97.02	$ —	$ 97.02	$ —	$ 97.02	$ —	$ —	$ —	$ —	$ —

Cash margin per ton sold for the three and twelve months ended December 31, 2017 and 2016

	For the three months ended December 31, 2017					For the three months ended December 31, 2016				
	NAPP Met	NAPP Thermal	Total NAPP	CAPP	Total	NAPP Met	NAPP Thermal	Total NAPP	CAPP	Total
Realized price per ton sold (at preparation plant)	$ 122.25	$ 46.31	$ 112.22	$ 59.54	$ 95.94	$ 101.99	$ 45.20	$ 89.82	$ 58.83	$ 79.63
Cash cost per ton sold (at preparation plant)	$ 89.43	$ 39.76	$ 82.87	$ 57.89	$ 75.15	$ 67.05	$ 37.74	$ 60.77	$ 44.95	$ 55.56
Cash margin per ton sold	$ 32.82	$ 6.55	$ 29.35	$ 1.65	$ 20.79	$ 34.94	$ 7.46	$ 29.05	$ 13.88	$ 24.07

	For the year ended December 31, 2017					For the year ended December 31, 2016				
	NAPP Met	NAPP Thermal	Total NAPP	CAPP	Total	NAPP Met	NAPP Thermal	Total NAPP	CAPP	Total
Realized price per ton sold (at preparation plant)	$ 125.56	$ 45.01	$ 115.31	$ 62.37	$ 100.22	$ 79.66	$ 40.85	$ 69.57	$ 59.95	$ 66.15
Cash cost per ton sold (at preparation plant)	84.45	41.56	78.99	60.54	73.73	62.39	42.83	57.30	50.29	54.81
Cash margin per ton sold	$ 41.11	$ 3.45	$ 36.32	$ 1.83	$ 26.49	$ 17.27	$ (1.98)	$ 12.27	$ 9.66	$ 11.34

OUTSTANDING SHARE DATA

The following table sets forth the particulars of Corsa's fully diluted share capital as of the date of this MD&A.

	Number of Common Shares
Common Shares issued and outstanding	94,591,245
Common Shares issuable upon exercise of stock options	8,673,065
Common Shares issuable upon redemption of Redeemable Units	8,515,831
Common Shares issuable upon exercise of Bonus Warrants	1,805,000
Common Shares issuable upon exercise of Broker Warrants	168,000
Total	113,753,141

On December 7, 2016, the Common Shares were consolidated (the "Consolidation") on the basis of one post-Consolidation Common Share for each 20 pre-Consolidation Common Shares. Common Shares are herein presented on a post-Consolidation basis. As of the date of this MD&A, QKGI Legacy Holdings LP, holds 170,316,639 common membership units ("Redeemable Units") of Wilson Creek Energy, LLC, a subsidiary of Corsa. Redeemable Units are redeemable at the option of the holder for cash equal to the product of: (i) the number of Redeemable Units to be redeemed divided by 20 (due to the Consolidation), and (ii) the 10-day volume weighted average trading price, prior to the date of notice of redemption, of the Common Shares. The Company has the option to satisfy the redemption price for the Redeemable Units with Common Shares on a 20 to one basis (i.e., 20 Redeemable Units for one Common Share). The Company is restricted from paying cash to the holder for the redemption of Redeemable Units if a balance remains outstanding under the Facility.

In consideration for the Facility, Corsa issued 1,805,000 Common Share purchase warrants ("Bonus Warrants") to SRLC. Each Bonus Warrant has a term of five years and is exercisable for one Common Share at an exercise price of C$3.90.

Paradigm Capital Inc. (the "Agent") acted as lead agent for the brokered portion of the private placement of Common Shares that closed in June 2016. The Company issued a total of 168,000 compensation warrants (the "Broker Warrants") to the Agent in connection with this transaction. Each Broker Warrant entitles the Agent to purchase one Common Share at C$1.00, exercisable for a period of 24 months from the date of issuance.

SUMMARY OF QUARTERLY RESULTS

The following table sets out certain information derived from Corsa's consolidated financial statements or condensed interim consolidated financial statements for each of the eight most recently completed quarters. Numbers presented in the table were prepared in accordance with IFRS and interpretations approved by the International Accounting Standards Board.

	Quarter Ended			
(in thousands except per share amounts)	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Revenue	$ 58,283	$ 80,366	$ 66,244	$ 59,039
Net and comprehensive income (loss)	$ 62,234	$ 6,815	$ 4,551	$ 10,084
Earnings (loss) per share:				
Basic	$ 0.57	$ 0.06	$ 0.03	$ 0.08
Diluted	$ 0.56	$ 0.06	$ 0.03	$ 0.07

	Quarter Ended			
(in thousands except per share amounts)	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Revenue	$ 37,728	$ 23,983	$ 18,662	$ 16,613
Net and comprehensive loss	$ (10,685)	$ (7,106)	$ (8,052)	$ (8,297)
Loss per share:				
Basic	$ (0.13)	$ (0.09)	$ (0.1)	$ (0.12)
Diluted	$ (0.13)	$ (0.09)	$ (0.1)	$ (0.12)

Our recent financial results reflect the impact of the improved metallurgical coal price environment. As a result of increased demand for the metallurgical coal we produce, we have been able to increase our sales volumes due to additional production from our existing mines as well as the establishment of a sales and trading platform which was not previously part of the Company's business model. In the sales and trading platform, the Company purchases and sells coal on a clean or finished goods basis from suppliers outside of our main operating area. The Company then blends this coal, which primarily has a different quality basis than the coal we produce, to provide a blended product to customers who do not have the ability to purchase and blend different qualities of coal at their facilities. As a result of this platform, we have been able to significantly increase our revenues by expanding our customer base and generate net and comprehensive income. Net and comprehensive income was also impacted by the net asset impairment reversal of $66.2 million which is primarily due to the improvement in the metallurgical coal market partially offset by an impairment charge at the CAPP Division as a result of the divestiture that occurred in 2018.

RELATED PARTY TRANSACTIONS

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

Transactions with related parties included in the consolidated statement of operations and comprehensive income (loss) of the Company are summarized below:

	For the years ended December 31,	
	2017	**2016**
Royalties and property taxes (a)	$ 1,213	$ 1,993
Supplies purchase (b)	342	97
Purchased coal (c)	3,427	1,098
	$ 4,982	$ 3,188

(a) During the years ended December 31, 2017 and 2016, the Company paid royalties and property taxes to WPP, LLC, a subsidiary of Natural Resource Partners L.P., which is commonly controlled by QEP for coal extracted from mineral properties where the surface or mineral right of the specific property are leased by the Company and owned by the related party. These amounts were included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

(b) During the years ended December 31, 2017 and 2016, the Company purchased supplies used in the coal separation process from Quality Magnetite, which is significantly influenced by key management personnel of QEP. These amounts were included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

(c) During the years ended December 31, 2017 and 2016, the Company purchased coal from Smoky Mountain Coal Company, a company determined to be a related party as a result of their sales representative being a close family member of the president of the CAPP Division, Hunter Hobson. These amounts were included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

Included in accounts payable and accrued liabilities at December 31, 2017 and December 31, 2016 is $327 and $1,308, respectively, due to related parties, as a result of the transactions noted above. These amounts are unsecured and non-interest bearing.

At December 31, 2017 and December 31, 2016, the Company had a loan payable to SRLC of $29,763 and $28,435, respectively. SRLC is a minority shareholder of the Company as a result of the issuance of Fee Shares.

CRITICAL ACCOUNTING ESTIMATES

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

Property, plant and equipment

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

Reserve and resource estimates

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

Reclamation provision estimates

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

Water treatment provision estimates

The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the perpetual monitoring and treatment of water in areas where the Company is operating or has operated in the past. The Company has the obligation to fund such water treatment activities and has recorded a provision for the total expected costs of such water treatment. The water treatment provision is estimated based on a determination of the estimated costs of treatment using assumptions effective as of the end of the reporting period discounted using a pre-tax risk free discount rate consistent with the expected timing of the cash flows. The provision at the balance sheet date represents management's best estimate as of such date but may result in significant departures from management's expectation, including the impact of any changes in economic, technological or regulatory circumstances may impact the carrying value of the water treatment provision.

Impairment of long-term assets

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

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

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

Evaluation of exploration and evaluation costs

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

Deferred income tax assets

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

CHANGES IN ACCOUNTING POLICIES

Future accounting pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after January 1, 2018. Updates that are not applied or are not consequential to the Company have been excluded.

(a) IFRS 9 – Financial Instruments

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

(b) IFRS 15 – Revenue from contracts with customers

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

(c) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019 and early adoption is permitted if the company also applies IFRS 15. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of the lease assets separately from interest on the lease liabilities in the statement of operations. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning January 1, 2019. The Company is currently evaluating this guidance and currently believes that this new guidance will not have a material impact on its financial results when adopted, but will require additional assets and liabilities to be recognized for certain agreements where the Company has the rights to use assets.

(d) IFRIC 23 – Uncertainty over income tax treatments

In June 2017, the IASB issued IFRIC 23 – *Uncertainty over income tax treatments* ("IFRIC 23"). IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. IFRIC 23 clarifies application of recognition and measurements requirements in International Accounting Standard 12 – *Income Taxes* when there is uncertainty over income tax treatments. IFRIC 23 specifically addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The Company intends to adopt IFRIC 23 in its consolidated financial statements for the annual period beginning January 1, 2019. The impact to the presentation of the Company's consolidated financial statements upon adoption of this interpretation has not yet been determined.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Financial risk management

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

Credit Risk

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

Accounts receivable consist of trade receivables and other receivables. The Company assesses the quality of its customers, taking into account their creditworthiness and reputation, past experience and other factors. The Company has not recorded any allowance for credit losses for the years ended December 31, 2017 and 2016.

Commodity Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2017 the Company had a consolidated cash balance of $20,721 and consolidated working capital of $17,676. The future operations of the Company are dependent on the continued generation of positive cash flows from operations which is dependent on the future demand and price for metallurgical and thermal coal.

If our cash flows from operations are less than we require, we may need to incur additional debt or issue additional equity. From time to time we may need to access the long-term and short-term capital markets to obtain financing. Although we believe we can currently finance our operations on acceptable terms and conditions, our access to, and the availability of, financing on acceptable terms and conditions in the future will be affected by many factors, including the liquidity of the overall capital markets, the current state of the global economy and restrictions in our existing debt agreements and any other future debt agreements. There can be no assurance that we will have or continue to have access to the capital markets on terms acceptable to us.

Fair Value

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

	December 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan Payable	$ 29,763	$ 25,676	$ 28,435	$ 21,667

The fair value of the loan payable was determined by discounting the future contractual cash flows at a discount rate that represents an approximation of the borrowing rates presently available to the Company which was 14.5% and 16.0% at December 31, 2017 and 2016, respectively.

Fair value hierarchy

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

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

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

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

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

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

	December 31, 2017		December 31, 2016	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Financial assets				
Cash	$ 20,721	$ —	$ 25,757	$ —
Restricted cash	34,526	—	33,063	—
	$ 55,247	$ —	$ 58,820	$ —
Financial liabilities				
Warrant financial liability	$ —	$ 769	$ —	$ 2,805

The inputs used to measure the warrant financial liability (see note 11(b) of the Company's consolidated financial statements for the years ended December 31, 2017 and 2016) are based on observable unadjusted market prices for identical assets and are therefore classified as Level 2 inputs under the financial instruments hierarchy.

At December 31, 2017 and December 31, 2016, the Company had no financial instruments which used Level 3 fair value measurements.

ADDITIONAL INFORMATION

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