Corsa Coal Corp.

Management's Discussion and Analysis

March 31, 2018

Corsa Coal Corp.
Management's Discussion and Analysis
For the three months ended March 31, 2018

The purpose of the Corsa Coal Corp. ("Corsa" or the "Company") Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2018 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 unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and 2017 and the related notes thereto and 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"). The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and 2017 have been prepared in accordance with IFRS 34 – *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). 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 May 9, 2018.

TABLE OF CONTENTS

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 20 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 ENDED MARCH 31, 2018

- Corsa reported net and comprehensive income from continuing operations of $2.0 million, or $0.01 per share, for the first quarter 2018, compared $11.9 million, or $0.08 per share, for the first quarter 2017.
- Operating cash flows from continuing operations for the first quarter 2018 were $7.8 million compared to $14.9 million for the first quarter 2017.
- Total revenue from continuing operations was $80.4 million for the first quarter 2018, an improvement of 54% as compared to the first quarter 2017.
- Corsa's adjusted EBITDA(1) was $12.2 million and $10.9 million at its NAPP Division and on a consolidated basis, respectively, for the first quarter 2018. Corsa's EBITDA(1) was $11.1 million and $9.1 million at its NAPP Division and on a consolidated basis, respectively.
- Corsa sold a total of 557,721 tons of metallurgical coal in the first quarter 2018, up 89% compared to the first quarter 2017.
- Corsa achieved an average realized price per ton of metallurgical coal sold(1) at its NAPP Division of $118.46 for all metallurgical qualities in the first quarter 2018, this average realized price is the approximate equivalent of $164 to $169 on a free-on-board vessel basis(2) and is comprised of a mix of 22% sales to domestic customers and 78% sales to international customers.
- Corsa achieved an average realized price per ton of low volatile metallurgical coal sold(1) (totaling 388,367 tons) at its NAPP Division of $133.92 in the first quarter 2018, this average realized price is the approximate equivalent of $181 to $186 on a free-on-board vessel basis(2).
- Corsa divested its thermal and industrial coal division in March 2018, becoming a pure-play metallurgical coal producer.

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" starting on page 20 of this MD&A.
(2) Similar to most U.S. metallurgical coal producers, Corsa reports sales and costs per ton on an FOB mine site 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 thermal and industrial coal division based in Tennessee (the "CAPP Division") by way of the sale of Kopper Glo Mining, LLC. As a result of this divestiture, the CAPP Division is classified as a discontinued operation. 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 Company's coal operations are conducted through its Northern Appalachia Division ("NAPP") based in Somerset, Pennsylvania, U.S.A. The NAPP Division 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, South America, and Asia.

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, Acosta Deep, Schrock Run, Hamer and Horning 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 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

COAL PRICING TRENDS AND OUTLOOK

Strong global steel demand and corresponding high levels of steel production continue to support metallurgical coal prices in both domestic and export markets. United States steel trade actions and continued economic growth have led to higher domestic steel prices, increased blast furnace production and added demand for metallurgical coal. These drivers, as well as the limited availability of high quality, low volatile metallurgical coal, should support current price levels for 2018.

Export pricing remains favorable for the balance of 2018 with metallurgical coal prices indicative of a tightly balanced supply and demand relationship. First quarter seaborne metallurgical coal prices were lifted by logistical issues and weather concerns. These supply constraints eased into the beginning of the second quarter as railroads and ports approached normal operations, vessel queues were reduced, and mills worked through inventories on hand. However, most logistics systems have limited capacity for additional throughput so there will be minimal opportunity for additional supply to put downward pressure on prices in the near term. Chinese import restrictions, production policies and high production costs for metallurgical coal, along with increased steel production in India, continue to support pricing in the export market.

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 gives us the ability to market a greater variety of products, access more users and respond to sales opportunities.

The end use of our coal by our customers, in 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, as well as the Company's ongoing operations.

FINANCIAL AND OPERATIONAL RESULTS

	For the three months ended March 31,		
(in thousands)	2018	2017	Variance
Revenue	$ 80,448	$ 52,379	$ 28,069
Cost of sales	(70,729)	(36,879)	(33,850)
Gross margin	9,719	15,500	(5,781)
Selling, general and administrative expense	(6,457)	(3,716)	(2,741)
Income from operations	3,262	11,784	(8,522)
Net finance (expense) income	(1,667)	15	(1,682)
Other income	362	70	292
Income before tax	1,957	11,869	(9,912)
Income tax expense (recovery)	—	—	—
Net and comprehensive income from continuing operations	$ 1,957	$ 11,869 $	$ (9,912)
Diluted earnings per share from continuing operations	$ 0.01	$ 0.08	$ (0.07)

Operations Summary

(in thousands)	For the three months ended March 31, 2018	2017	Variance
Coal sold - tons			
NAPP - metallurgical coal	558	295	263
NAPP - thermal coal	4	77	(73)
Total	562	372	190
Realized price per ton sold[1]			
NAPP - metallurgical coal	$ 118.46	$ 156.12	$ (37.66)
NAPP - thermal coal	$ 63.75	$ 43.23	$ 20.52
Cash production cost per ton sold[1][2]			
NAPP - metallurgical coal	$ 91.72	$ 74.67	$ (17.05)
NAPP - thermal coal	$ 39.00	$ 38.49	$ (0.51)
Cash cost per ton sold[1][3]			
NAPP - metallurgical coal	$ 90.83	$ 88.45	$ (2.38)
NAPP - thermal coal	$ 39.00	$ 38.49	$ (0.51)
Cash margin per ton sold[1]			
NAPP - metallurgical coal	$ 27.63	$ 67.67	$ (40.04)
NAPP - thermal coal	$ 24.75	$ 4.74	$ 20.01
Adjusted EBITDA[1]			
NAPP	$ 12,219	$ 17,204	$ (4,985)
Corporate	(1,358)	(1,050)	(308)
Total	$ 10,861	$ 16,154	$ (5,293)

(1) This is a non-GAAP financial measure. See “Non-GAAP Financial Measures” starting on page 20 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 20 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 20 of this MD&A.

REVIEW OF FIRST QUARTER FINANCIAL RESULTS

	For the three months ended March 31, 2018		
(in thousands)	NAPP	Corporate	Consolidated
Revenue	$ 80,448	$ —	$ 80,448
Cost of sales	(70,729)	—	(70,729)
Gross margin	9,719	—	9,719
Selling, general and administrative expense	(4,166)	(2,291)	(6,457)
Income (loss) from operations	5,553	(2,291)	3,262
Net finance expense	(1,136)	(531)	(1,667)
Other income	362	—	362
Income (loss) before tax	4,779	(2,822)	1,957
Income tax expense (recovery)	—	—	—
Net and comprehensive income (loss) from continuing operations	$ 4,779	$ (2,822)	$ 1,957

	For the three months ended March 31, 2017		
(in thousands)	NAPP	Corporate	Consolidated
Revenue	$ 52,379	$ —	$ 52,379
Cost of sales	(36,879)	—	(36,879)
Gross margin	15,500	—	15,500
Selling, general and administrative expense	(2,310)	(1,406)	(3,716)
Income (loss) from operations	13,190	(1,406)	11,784
Net finance (expense) income	(262)	277	15
Other income	70	—	70
Income (loss) before tax	12,998	(1,129)	11,869
Income tax expense (recovery)	—	—	—
Net and comprehensive income (loss) from continuing operations	$ 12,998	$ (1,129)	$ 11,869

	Dollar variance for the three months ended March 31, 2018 versus 2017		
(in thousands)	NAPP	Corporate	Consolidated
Revenue	$ 28,069	$ —	$ 28,069
Cost of sales	(33,850)	—	(33,850)
Gross margin	(5,781)	—	(5,781)
Selling, general and administrative expense	(1,856)	(885)	(2,741)
Income (loss) from operations	(7,637)	(885)	(8,522)
Net finance income (expense)	(874)	(808)	(1,682)
Other income (expense)	292	—	292
Income (loss) before tax	(8,219)	(1,693)	(9,912)
Income tax expense (recovery)	—	—	—
Net and comprehensive income (loss) from continuing operations	$ (8,219)	$ (1,693)	$ (9,912)

Operating Segments

Corsa's two distinct operating segments are NAPP and Corporate. Prior to the disposition of the Company's CAPP Division on March 13, 2018, the Company also had a CAPP Division operating segment, which is now classified as a discontinued operation. The financial results of the continuing operating segments are as follows:

NAPP Division

Revenue - NAPP Division

	For the three months ended March 31,		
(in thousands)	**2018**	**2017**	**Variance**
Metallurgical coal revenue (at preparation plant)	$ 66,100	$ 46,055	$ 20,045
Thermal coal revenue (at preparation plant)	255	3,329	(3,074)
Transportation revenue	12,901	2,995	9,906
Tolling revenue	1,192	—	1,192
	$ 80,448	$ 52,379	$ 28,069

- Metallurgical coal revenue, net of transportation charges increased $20,045 as a result of increased sales volumes which increased revenue by $41,059 partially offset by decreased sales price per ton sold which decreased revenue by $21,014. Metallurgical coal sold was 558 tons and 295 tons for the three months ended March 31, 2018 and 2017, respectively, an increase of 263 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 decreased $37.66 primarily due to a retraction in market prices for metallurgical coal.

- Thermal coal revenue decreased $3,074 as a result of the expiration of the NAPP thermal coal sales contracts.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $9,906 as a result of increased export sales in the three months ended March 31, 2018 as compared to the 2017 period due to the sales mix being heavily weighted on export shipments and increased demurrage charges incurred during the 2018 period due to rail and port congestion.

- Tolling revenue increased $1,192 as a result of the Company processing third party coal through its preparation plant during the three months ended March 31, 2018. There was no third party coal processed in the 2017 period.

Cost of sales - NAPP Division

Cost of sales consists of the following:

	For the three months ended March 31,		
(in thousands)	**2018**	**2017**	**Variance**
Mining and processing costs	$ 20,340	$ 13,010	$ 7,330
Purchased coal costs	28,415	14,177	14,238
Royalty expense	2,083	1,869	214
Amortization expense	6,189	3,248	2,941
Transportation costs from preparation plant to customer	12,901	2,995	9,906
Idle mine expense	109	315	(206)
Tolling costs	435	—	435
Write-off of advance royalties and other assets	5	58	(53)
Other costs	252	1,207	(955)
	$ 70,729	$ 36,879	$ 33,850

- Mining and processing costs increased primarily due to less favorable geological conditions at the Casselman Mine and the Acosta Deep Mine.
- 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 three months ended March 31, 2017, for further details surrounding the sales and trading platform, see "Non-GAAP Financial Measures" on page 20 of this MD&A.
- Amortization expense increased as a result of increased carrying values of assets which resulted from the impairment reversal that was recorded subsequent to the 2017 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. Corsa incurred significant demurrage costs in the three months ended March 31, 2018 as a result of delays in rail service and port congestion.
- Other costs decreased due to various items, none of which were individually material.

Selling, general and administrative expense - NAPP Division

Selling, general and administrative expense consists of the following:

	For the three months ended March 31,		
(in thousands)	**2018**	**2017**	**Variance**
Salaries and other compensations	$ 1,666	$ 1,322	$ 344
Selling expense	1,480	673	807
Professional fees	228	45	183
Office expenses and insurance	557	93	464
Other	235	177	58
	$ 4,166	$ 2,310	$ 1,856

- 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.

Net finance expense (income) - NAPP Division

	For the three months ended March 31,		
(in thousands)	2018	2017	Variance
Bond premium expense	$ 339	$ 330	$ 9
Interest expense	160	223	(63)
Interest income	(8)	—	(8)
Accretion on reclamation provision	378	344	34
Other	267	(635)	902
	$ 1,136	$ 262	$ 874

- Net finance expense increased 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.

Corporate Division

Selling, general and administrative expense - Corporate Division

Selling, general and administrative expense consists of the following:

	For the three months ended March 31,		
(in thousands)	2018	2017	Variance
Salaries and other compensations	$ 1,077	$ 792	$ 285
Professional fees	948	409	539
Office expenses and insurance	244	171	73
Other	22	34	(12)
	$ 2,291	$ 1,406	$ 885

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

Net finance expense (income) - Corporate Division

Net finance expense (income) consists of the following:

	For the three months ended March 31,		
	2018	2017	Variance
Warrant financial liability (gain) loss	$ (564)	$ (1,247)	$ 683
Interest expense	800	800	—
Accretion of discount on loan payable	333	326	7
Foreign exchange gain	2	(124)	126
Interest income	(40)	(32)	(8)
	$ 531	$ (277)	$ 808

- The warrant financial liability resulted in income of $564 in the three months ended March 31, 2018 compared with $1,247 in the three months ended March 31, 2017 due to changes in the underlying assumptions used to value the liability.

FINANCIAL CONDITION

(in thousands)	March 31, 2018	December 31, 2017	Variance
Current assets	$ 71,691	$ 73,108	$ (1,417)
Non-current assets	229,085	234,418	(5,333)
Total assets	$ 300,776	$ 307,526	$ (6,750)
Current liabilities	$ 54,285	$ 55,432	$ (1,147)
Non-current liabilities	100,635	107,812	(7,177)
Total liabilities	$ 154,920	$ 163,244	$ (8,324)
Total equity	$ 145,856	$ 144,282	$ 1,574

- Current assets decreased primarily due to operating cash flows invested in capital equipment and debt service costs as well as amortization of prepaid expenses.
- Non-current assets decreased as a result of the divestiture of the CAPP Division and increased accumulated depreciation as a result of the asset impairment reversal recorded in the 2017 period, partially offset by capital expenditures.
- Current liabilities decreased primarily due to the timing of trade payables, which includes purchased coal payables, as a result of the sales and trading platform and the divestiture of the CAPP Division.
- Non-current liabilities decreased as a result of the divestiture of the CAPP Division as well as normal debt service of the notes payable and finance lease obligations.
- Total equity increased primarily due to net and comprehensive income that occurred during the period.

LIQUIDITY AND CAPITAL RESOURCES

Our historical sources of cash have been coal sales to customers, processing fees earned 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)	March 31, 2018	December 31, 2017	Variance
Cash	$ 19,916	$ 20,721	$ (805)
Working capital	$ 17,406	$ 17,676	$ (270)
Total Debt			
Notes payable	$ 676	$ 1,562	$ (886)
Finance lease obligations	3,161	4,502	(1,341)
Loan payable	30,096	29,763	333
	$ 33,933	$ 35,827	$ (1,894)

Working capital
Working capital remained consistent throughout the period, decreasing slightly as a result of various changes, none of which were individually material.

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 the divestiture of the CAPP Division where the purchaser assumed these debt obligations and payments made on the existing notes payable and finance lease obligations partially offset by 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 September 17-21, 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 from Continuing Operations

	For the three months ended March 31,		
	2018	2017	Change
Cash Flows:			
Provided by (used in) operating activities	$ 7,771	$ 14,894	$ (7,123)
Used in investing activities	(7,684)	(3,523)	(4,161)
(Used in) provided by financing activities	(778)	(717)	(61)
(Decrease) increase in cash	(691)	10,654	(11,345)
Cash at beginning of period	20,607	20,786	(179)
Cash at end of period	$ 19,916	$ 31,440	$ (11,524)

- Cash flow provided by operating activities decreased $7.1 million for the three months ended March 31, 2018 compared to the same period in the prior year, primarily due to the decrease in net and comprehensive income which was driven by the increase in mining costs as a result of difficult geological conditions encountered at the Casselman and Acosta Deep mines partially offset by increased revenues as a result of sales volume increases. The decrease was also impacted by increased spending on reclamation and water treatment activities as a result of various reclamation initiatives and various changes in working capital.

- The increase in cash used in investing activities for the three months ended March 31, 2018 was primarily due to increased capital expenditures in the 2018 period related to the Horning Mine and increased maintenance capital where the Company is investing in the mines to improve efficiency and replace equipment.

Capital Expenditures

The equipment and development added to property, plant and equipment for the three months ended March 31, 2018 were as follows:

	NAPP	Corporate	Total
Maintenance capital expenditures			
Deep mines	$ 2,020	$ —	$ 2,020
Surface mines	360	—	360
Plant	203	—	203
Administrative	7		7
	2,590	—	2,590
Growth capital expenditures			
Deep mines	4,462	—	4,462
Surface mines	65	—	65
	4,527	—	4,527
	$ 7,117	$ —	$ 7,117

Corsa's capital expenditures for the three months ended March 31, 2018 were primarily focused on growth capital to develop the Horning 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 three months ended March 31, 2018 and 2017.

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)	**Updated Guidance Full Year 2018**	**Previous Guidance[2] Full Year 2018**	**Change to Previous Guidance**
Metallurgical Coal Sales Tons[3]			
Company Produced	1.0 - 1.2 million	1.1 - 1.3 million	(0.1) million
Purchased - Value Added Services	0.4 - 0.5 million	0.3 - 0.4 million	0.1 million
Purchased - Sales and Trading	0.7 - 1.1 million	0.7 - 1.1 million	—
Total Metallurgical Coal Sales Tons	2.1 - 2.8 million	2.1 - 2.8 million	—
Share of Metallurgical Coal Sales Tons			
% Domestic Sales at the mid-point	21%	19%	2%
% Export Sales at the mid-point	79%	81%	(2)%
Metallurgical Coal Sales Tons Commitments[7]			
Committed at the mid-point	80%	73%	7%
Committed and Priced at the mid-point	61%	42%	19%
Cash Production Cost per ton sold (FOB Mine)[4]			
NAPP Division Metallurgical Coal[5]	\$78 - \$82	\$70 - \$74	\$8
CAPP Division Metallurgical and Thermal Coal	N/A	\$64 - \$70	N/A
General and Administrative Expenses[6]			
NAPP Division	\$8.0 - \$10.0 million	\$8.0 - \$10.0 million	—
CAPP Division	N/A	< \$1.0 million	N/A
Corporate Division	\$5.0 - \$7.0 million	\$5.0 - \$7.0 million	—
Total Corsa	\$13.0 - \$17.0 million	\$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[7]			
2018 Full Year	\$9	\$7	\$2
2018-2020 Forecasted Average	\$4	\$3-\$4	—

(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 months and full year ended December 31, 2017 dated March 13, 2018.

(3) 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").

(4) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" starting on page 20 of this MD&A for more information.
(5) Cash Production Cost per ton sold excludes purchased coal.
(6) Exclusive of stock-based compensation and selling related commissions, bank fees and finance charges.
(7) Tons sold excludes purchased coal used in the Sales and Trading platform.

Corsa updated Company Produced sales volumes downward to reflect the difficult geological conditions encountered during the quarter ended March 31, 2018. An offsetting upward adjustment was made to Purchased - Value Added Services metallurgical coal sales tons to reflect the expected delivery improvements experienced. The domestic and export percentage share was adjusted based on information as of the date of this MD&A. Company Produced cash cost per ton sold was revised upwards to reflect the increased costs incurred during the quarter ended March 31, 2018 as a result of difficult geological conditions and the impact on the full year guidance. As a result of the divestiture of the CAPP Division during the quarter ended March 31, 2018, no guidance has been provided as a result of this division being classified as a discontinued operation. Corsa also revised the 2018 maintenance capital expenditures per ton as a result of the CAPP Division divestiture impacting the calculation.

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 unaudited condensed interim consolidated statements of operations and comprehensive income (loss) or condensed interim 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 March 31, 2018.

Corporate loan payable

The covenants required to be met under the Company's $25 million secured term loan (the "Facility") with Sprott Resource Lending Corp. ("SRLC") are described below. Such measurements are made on the consolidated results of Corsa.

- Maintain a minimum cash balance of $1 million (measured monthly)
- Maintain a positive working capital balance (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.

- 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 basis (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

	Carrying Value at March 31, 2018	Payments due by period				
		Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accruals	$ 42,057	$ 42,057	$ 42,057	$ —	$ —	$ —
Notes payable	676	676	642	34	—	—
Finance lease obligations	3,161	3,180	1,709	1,308	163	—
Loan payable	30,096	32,017	—	32,017	—	—
Other liabilities	14,342	14,853	4,775	6,040	3,696	342
Purchase order firm commitments	—	19,861	19,861	—	—	—
Water treatment trust funding	—	5,722	1,871	3,741	110	—
Operating leases and other obligations	—	1,815	167	358	371	919
Total	$ 90,332	$ 120,181	$ 71,082	$ 43,498	$ 4,340	$ 1,261

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 site 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 March 31, 2018 and 2017

	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
(in thousands)	**NAPP**	**Corp.**	**Total**	**NAPP**	**Corp.**	**Total**
Net and comprehensive income (loss)	$ 4,779	$ (2,822)	$ 1,957	$ 12,998	$ (1,129)	$ 11,869
Add (Deduct):						
Amortization expense	6,189	—	6,189	3,248	—	3,248
Interest expense	161	800	961	223	800	1,023
Income tax expense	—	—	—	—	—	—
EBITDA	11,129	(2,022)	9,107	16,469	(329)	16,140
Add (Deduct):						
Write-off of advance royalties and other assets	5	—	5	58	—	58
Stock-based compensation	—	430	430	—	356	356
Net finance (income) expense, excluding interest expense	975	(269)	706	39	(1,077)	(1,038)
Gain on disposal of assets	(47)	—	(47)	(27)	—	(27)
Other costs	157	503	660	665	—	665
Adjusted EBITDA	$ 12,219	$ (1,358)	$ 10,861	$ 17,204	$ (1,050)	$ 16,154

Realized price per ton sold for the three months ended March 31, 2018 and 2017

	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
(in thousands except per ton amounts)	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total
Revenue	$ 80,193	$ 255	$ 80,448	$ 49,050	$ 3,329	$ 52,379
Add (Deduct):						
Tolling revenue	(1,192)	—	(1,192)	—	—	—
Transportation costs from preparation plant to customer	(12,901)	—	(12,901)	(2,995)	—	(2,995)
Net coal sales (at preparation plant)	$ 66,100	$ 255	$ 66,355	$ 46,055	$ 3,329	$ 49,384
Coal sold - tons	558	4	562	295	77	372
Realized price per ton sold (at preparation plant)	$ 118.46	$ 63.75	$ 118.07	$ 156.12	$ 43.23	$ 132.75

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 March 31, 2018 and 2017

	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total**
Cost of Sales:						
Mining and processing costs	$ 20,204	$ 136	$ 20,340	$ 12,874	$ 136	$ 13,010
Purchased coal costs	28,395	20	28,415	11,382	2,795	14,177
Royalty expense	2,083	—	2,083	1,836	33	1,869
Total cash costs of tons sold	$ 50,682	$ 156	$ 50,838	$ 26,092	$ 2,964	$ 29,056
Total tons sold	558	4	562	295	77	372
Cash cost per ton sold (at preparation plant)	$ 90.83	$ 39.00	$ 90.46	$ 88.45	$ 38.49	$ 78.11
Total cash costs of tons sold	$ 50,682	$ 156	$ 50,838	$ 26,092	$ 2,964	$ 29,056
Less: Sales and Trading purchased coal	(28,395)	—	(28,395)	(11,382)	—	(11,382)
Cash cost of produced coal sold	$ 22,287	$ 156	$ 22,443	$ 14,710	$ 2,964	$ 17,674
Tons sold - produced	243	4	247	197	77	$ 274
Cash production cost per ton sold (at preparation plant)	$ 91.72	$ 39.00	$ 90.86	$ 74.67	$ 38.49	$ 64.50
Sales and Trading purchased coal	$ 28,395	$ —	$ 28,395	$ 11,382	$ —	$ 11,382
Tons sold - Sales and Trading	315	—	315	98	—	98
Cash cost per Sales and Trading purchased coal per ton sold (at preparation plant)	$ 90.14	$ —	$ 90.14	$ 116.14	$ —	$ 116.14

Cash margin per ton sold for the three months ended March 31, 2018 and 2017

	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total NAPP
Realized price per ton sold (at preparation plant)	$ 118.46	$ 63.75	$ 118.07	$ 156.12	$ 43.23	$ 132.75
Cash cost per ton sold (at preparation plant)	$ 90.83	$ 39.00	$ 90.46	$ 88.45	$ 38.49	$ 78.11
Cash margin per ton sold	$ 27.63	$ 24.75	$ 27.61	$ 67.67	$ 4.74	$ 54.64

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

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, 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 audited consolidated financial statements or unaudited 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 IASB.

	Quarter Ended			
(in thousands except per share amounts)	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Revenue from continuing operations	$ 80,448	$ 47,846	$ 62,944	$ 54,338
Net and comprehensive income (loss)				
Continuing operations	$ 1,957	$ 83,527	$ 7,536	$ 5,665
Discontinued operations	(813)	(21,293)	(721)	(1,114)
	$ 1,144	$ 62,234	$ 6,815	$ 4,551
Earnings (loss) per share:				
Basic - continuing operations	$ 0.01	$ 0.75	$ 0.07	$ 0.04
Basic - discontinued operations	(0.01)	(0.18)	(0.01)	(0.01)
Basic - total	$ —	$ 0.57	$ 0.06	$ 0.03
Diluted - continuing operations	$ 0.01	$ 0.74	$ 0.07	$ 0.04
Diluted - discontinued operations	(0.01)	(0.18)	(0.01)	(0.01)
Diluted - total	$ —	$ 0.56	$ 0.06	$ 0.03

	Quarter Ended			
(in thousands except per share amounts)	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Revenue from continuing operations	$ 52,379	$ 28,844	$ 15,461	$ 12,562
Net and comprehensive income (loss)				
Continuing operations	$ 11,869	$ (10,442)	$ (6,870)	$ (7,208)
Discontinued operations	(1,785)	(243)	(236)	(844)
	$ 10,084	$ (10,685)	$ (7,106)	$ (8,052)
Earnings (loss) per share:				
Basic - continuing operations	$ 0.10	$ (0.13)	$ (0.09)	$ (0.09)
Basic - discontinued operations	(0.02)	—	—	(0.01)
Basic - total	$ 0.08	$ (0.13)	$ (0.09)	$ (0.10)
Diluted - continuing operations	$ 0.08	$ (0.13)	$ (0.09)	$ (0.09)
Diluted - discontinued operations	(0.01)	—	—	(0.01)
Diluted - total	$ 0.07	$ (0.13)	$ (0.09)	$ (0.10)

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 prior to 2017. 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 for the quarter ended December 31, 2017 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 the first quarter of 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 Coal Holdings Corp. Related party activities which took place before the sale of the CAPP Division on March 13, 2018 are reflected in the amounts below. Post-divestiture, Kopper Glo Mining, LLC is considered a related party as key management of QEP have significant influence over this entity. As such, transactions with Kopper Glo Mining, LLC after March 13, 2018 are considered related party transactions and reflected in the amounts below.

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

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Royalties and property taxes (a)	$ 185	$ 327
Supplies purchase (b)	81	83
Purchased coal (c)	3,037	1,514
	$ 3,303	$ 1,924

(a) During the three months ended March 31, 2018 and 2017, 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 net and comprehensive loss from discontinued operations, net in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss).

(b) During the three months ended March 31, 2018 and 2017, the Company purchased supplies used in the coal separation process from Quality Magnetite, which is significantly influenced by key management personnel of QEP. Amounts purchased by the NAPP Division, totaling $74, were included in cost of sales in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss). Amounts purchased by the CAPP Division, totaling $7, were included in net and comprehensive loss from discontinued operations, net in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss).

(c) During the three months ended March 31, 2018 and 2017, 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 former president of the CAPP Division, Hunter Hobson. These amounts, totaling $1,150 and $1,514, respectively, were reflected in net and comprehensive loss from discontinued operations, net in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss). Subsequent to the divestiture of the CAPP Division, the Company purchased coal from Kopper Glo Mining, LLC, which is now considered a related party as it is significantly influenced by key management personnel of QEP. During the three months ended March 31, 2018, the Company recognized $1,888 in cost of sales in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss) related to these coal purchases.

Included in accounts payable and accrued liabilities at March 31, 2018 and December 31, 2017 is $1,041 and $327, respectively, due to related parties, as a result of the transactions noted above. These amounts are unsecured and non-interest bearing.

At March 31, 2018, the Company has an outstanding purchase order firm commitment with Kopper Glo Mining, LLC for the purchase of a rebuilt continuous haulage system. During the three months ended March 31, 2018, Company has made one installment payment of $400 for the continuous haulage system, which has been capitalized and included in property, plant and equipment.

At March 31, 2018 and December 31, 2017, the Company had a loan payable to SRLC of $30,096 and $29,763, respectively. SRLC is a minority shareholder of the Company as a result of the issuance of shares to SRLC in connection with an amendment of the Facility.

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

Recently adopted accounting pronouncements

In May 2014, the IASB issued International Financial Reporting Standard ("IFRS") 15 – *Revenue from contracts with customers* ("IFRS 15"). IFRS 15 clarifies the principles for recognizing revenue from contracts with customers and Corsa adopted IFRS 15 on January 1, 2018 utilizing the full retrospective method of transition. Adoption of IFRS 15 resulted in changes to our accounting policies for revenue recognition and accounts receivable. The guidance requires disclosure of sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. The adoption of IFRS 15 had an immaterial impact on our financial statements.

Significant accounting policies updated with the adoption of IFRS 15

a. Accounts receivable – a receivable is recognized when coal is delivered to the customer at the delivery point indicated in the customer contract, or coal is processed at the Company's processing facility, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Any allowance for uncollectible receivables are offset against the accounts receivable with an offsetting charge to the consolidated statement of operations.

b. Revenue recognition – revenue associated with the sale of coal or processing service is recognized when control passes to the customer and the amount of revenue can be measured reliably. Transportation costs from preparation plants to customers are included in cost of sales in the consolidated statements of operations and comprehensive income (loss) and amounts billed by the Company to its customers for these transportation costs are included in revenue.

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 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.

(b) 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.

(a) Financial risk management

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has 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 three months ended March 31, 2018 and 2017.

Commodity Risk

The value of the Company's mineral properties is related to the price of metallurgical coal and the outlook for this commodity, 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 March 31, 2018 the Company had a consolidated cash balance of $19,916 and consolidated working capital of $17,406. 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 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):

	March 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan Payable	$ 30,096	$ 26,524	$ 29,763	$ 25,676

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% at March 31, 2018 and December 31, 2017.

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.

	March 31, 2018		December 31, 2017	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Cash	$ 19,916	$ —	$ 20,721	$ —
Restricted cash	34,350	—	34,526	—
	$ 54,266	$ —	$ 55,247	$ —
Financial liabilities				
Warrant financial liability	$ —	$ 205	$ —	$ 769

The inputs used to measure the warrant financial liability (note 11(b)) are based on observable unadjusted market prices for identical assets and are therefore classified as Level 2 inputs under the financial instruments hierarchy.

At March 31, 2018 and December 31, 2017, 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.