Corsa Coal Corp.

Management's Discussion and Analysis

March 31, 2019

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For the three months ended March 31, 2019

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, 2019 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, 2019 and 2018 and the related notes thereto and the audited consolidated financial statements at and for the years ended December 31, 2018 and 2017 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, 2019 and 2018 have been prepared in accordance with IFRS 34 – *Interim Financial Reporting* 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 tonnage 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 ("FOB") mine site basis. Please refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Measures of Performance". This MD&A is dated as of May 8, 2019.

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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” (collectively, “forward looking statements”) 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 2019 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; the ability to resolve litigation and similar matters involving the Company and/or its assets; 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.

SCIENTIFIC AND TECHNICAL INFORMATION

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.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE FIRST QUARTER ENDED MARCH 31, 2019

- Corsa reported net and comprehensive income from continuing operations of $3.0 million, or $0.02 per share attributable to shareholders, for the first quarter 2019, compared to $2.0 million, or $0.01 per share attributable to shareholders, for the first quarter 2018.
- Corsa's adjusted EBITDA(1) was $9.2 million for the first quarter 2019 compared to $10.9 million for the first quarter 2018. Corsa's EBITDA(1) was $9.5 million for the first quarter 2019 compared to $9.1 million for the first quarter 2018.
- Cash production cost per ton sold(1) was $83.21 for the first quarter 2019, a decrease of $8.25 per ton, or 9%, as compared to the first quarter 2018.
- Operating cash flows provided by continuing operations for the first quarter 2019 were $5.7 million compared to $7.8 million for the first quarter 2018. Operating cash flows for the first quarter 2019 included a payment of $2.7 million to settle the previously disclosed $52 million claim made by Lucchini S.p.A. against PBS Coals, Inc. related to shipments made prior to Corsa's ownership of PBS Coals, Inc.
- In March 2019, Corsa reduced the principal balance on the loan payable to Sprott Resource Lending Corp. ("SRLC") under the secured term loan (the "Facility") by $3.0 million.
- Low volatile metallurgical coal sales tons, comprised of "Company Produced" tons and "Value Added Services" purchased coal tons, were 358,854 in the first quarter 2019 compared to 388,367 in the first quarter 2018. In the first quarter 2019, Corsa sold a total of 49,982 "Sales & Trading" tons, which are treated as pass-through from a profitability perspective, compared to 169,354 tons in the first quarter 2018.
- Corsa achieved an average realized price per ton of metallurgical coal sold(1) of $116.47 for all metallurgical qualities in the first quarter 2019 compared to $118.46 in the first quarter 2018. This average realized price is the approximate equivalent of $167 to $172 on an FOB vessel basis.(2) For low volatile metallurgical coal sold, Corsa achieved the approximate equivalent of $170 to $176 on an FOB vessel basis. For the first quarter 2019, Corsa's sales mix included 31% of sales to domestic customers and 69% of sales to international customers.

(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 (or "FOB vessel 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 $35-$40 per short ton. Historically, freight rates rise and fall as market prices rise and fall. The low volatile metallurgical coal sales price is approximated at 3-4% above the equivalent metallurgical coal price on an FOB vessel basis. 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. As of the date of this MD&A, Corsa produces coal from five mines, operates two preparation plants and has approximately 400 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 NAPP Division 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").

NAPP Division

Mines

NAPP currently operates the Casselman mine, an underground mine utilizing the room and pillar mining method; the Acosta mine, an underground mine utilizing the room and pillar mining method; the Horning mine, an underground mine utilizing the room and pillar mining method; the Schrock Run mine, a surface mine using contour mining methods; and the Schrock Run Extension mine, a surface mine using contour mining methods. The Casselman mine is located in Garrett County, Maryland and the Acosta, Horning, Schrock Run and Schrock Run Extension 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 NAPP 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. Our future spending on development of coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability.

Name	Type of Mine	Status
Keyser Project	Underground	Permit in Process
North Mine Project	Underground	Permit in Process
A Seam Project	Underground	Permitted

COAL PRICING TRENDS AND OUTLOOK

Overall, the metallurgical coal market remains well supported as steel production remains at elevated levels and as supply disruptions continue to arise. Entering the first quarter of 2019, global macroeconomic growth fears, combined with Chinese import restrictions on Australian coals, put downward pressure on coal prices. Since then, the spot market stabilized and remained relatively stable over the quarter. Metallurgical coal producers, particularly the largest players, have shown supply discipline over the course of this cycle, which bodes well for future market balance. We believe a high cost of capital for coal producers, a growing emphasis to have environmental, social and governance factors impact production and investment decisions, and a preference for dividends and share repurchases from major investors of coal producers will collectively serve to dampen new production of metallurgical coal going forward. This, in combination with ongoing mine depletion, should support a rise in the global cost curve in the year ahead, which historically has led to higher metallurgical coal prices.

There is continued speculation that the U.S. and China will soon come to a trade pact which should benefit the global economy to support stronger global growth which would in turn lift steel demand. China also imposed import restrictions on Australian coals which slowed clearing customs from 20 days to a reported 40-60 days. Both events led to spot prices for Australian premium low volatile metallurgical coal finished at $205/metric ton ("mt") FOBT from beginning the quarter at $211/mt while U.S. East Coast low volatile coal finished at $189/mt from beginning the quarter at $197/mt. The futures market for Q2 2019 remains steady with prices currently at $200/mt. Currently, the futures market for calendar 2020 is $190/mt and for 2021 is at $178.75/mt. These are profitable levels for almost all of the global cost curve.

The World Steel Association recently issued its short-range outlook forecasting steel demand to be up by 1.3% in 2019. Growth in Asia, excluding China, is forecasted to remain robust with 6.5% growth expected in 2019. Through March, Chinese steel production was up 9.9% due to strong infrastructure spending. China represented 52% of global steel production. Global steel production was up 4.9% which was thirty-fifth straight month of positive annual growth. Preliminary U.S. metallurgical coal export data shows a 1.5% decline for a total of 8 million tons year-to-date through February. Steam coal exports are expected to weaken throughout the year as steam coal prices have weakened globally. If this trend continues, it should free up rail and terminal capacity and lessen congestion risks at the ports for metallurgical coal exports.

The end use of our coal by our customers in coke plants and steel making, the combustion of fuel by equipment used in coal production and the transportation of 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 CO_2, 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 February 21, 2019 for the year ended December 31, 2018 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)	2019	2018	Variance
Revenue	$ 57,334	$ 80,448	$ (23,114)
Cost of sales	(49,902)	(70,729)	20,827
Gross margin	7,432	9,719	(2,287)
Selling, general and administrative expense	(4,555)	(6,457)	1,902
Income from operations	2,877	3,262	(385)
Net finance expense	(368)	(1,667)	1,299
Other income	493	362	131
Income before tax	3,002	1,957	1,045
Income tax (benefit)	—	—	—
Net and comprehensive income from continuing operations	$ 3,002	$ 1,957	$ 1,045
Diluted earnings per share from continuing operations	$ 0.02	$ 0.01	$ 0.01

Operations Summary

	For the three months ended March 31,		
(in thousands)	**2019**	**2018**	**Variance**
Coal sold - tons			
NAPP - metallurgical coal	409	558	(149)
Realized price per ton sold[1]			
NAPP - metallurgical coal	$ 116.47	$ 118.46	$ (1.99)
Cash production cost per ton sold[1][2]			
NAPP - metallurgical coal	$ 83.21	$ 91.46	$ 8.25
Cash cost per ton sold[1][3]			
NAPP - metallurgical coal	$ 86.18	$ 90.65	$ 4.47
Cash margin per ton sold[1]			
NAPP - metallurgical coal	$ 30.29	$ 27.81	$ 2.48
EBITDA[1]			
NAPP	$ 11,415	$ 11,128	$ 287
Corporate	(1,897)	(2,022)	125
Total	$ 9,518	$ 9,106	$ 412
Adjusted EBITDA[1]			
NAPP	$ 10,460	$ 12,219	$ (1,759)
Corporate	(1,276)	(1,358)	82
Total	$ 9,184	$ 10,861	$ (1,677)

(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

(in thousands)	For the three months ended March 31, 2019 NAPP	Corporate	Consolidated
Revenue	$ 57,334	$ —	$ 57,334
Cost of sales	(49,871)	(31)	(49,902)
Gross margin	7,463	(31)	7,432
Selling, general and administrative expense	(2,883)	(1,672)	(4,555)
Income (loss) from operations	4,580	(1,703)	2,877
Net finance income (expense)	681	(1,049)	(368)
Other income	493	—	493
Income (loss) before tax	5,754	(2,752)	3,002
Income tax (benefit)	—	—	—
Net and comprehensive income (loss) from continuing operations	$ 5,754	$ (2,752)	$ 3,002

(in thousands)	For the three months ended March 31, 2018 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 (benefit)	—	—	—
Net and comprehensive income (loss) from continuing operations	$ 4,779	$ (2,822)	$ 1,957

(in thousands)	Dollar variance for the three months ended March 31, 2019 versus 2018 NAPP	Corporate	Consolidated
Revenue	$ (23,114)	$ —	$ (23,114)
Cost of sales	20,858	(31)	20,827
Gross margin	(2,256)	(31)	(2,287)
Selling, general and administrative expense	1,283	619	1,902
(Loss) income from operations	(973)	588	(385)
Net finance (expense) income	1,817	(518)	1,299
Other income	131	—	131
(Loss) income before tax	975	70	1,045
Income tax (benefit)	—	—	—
Net and comprehensive (loss) income from continuing operations	$ 975	$ 70	$ 1,045

Operating Segments

Corsa's two distinct operating segments are NAPP and Corporate. The financial results of the continuing operating segments for the three months ended March 31, 2019 and 2018 are as follows:

<u>NAPP Division</u>

Revenue - NAPP Division

	For the three months ended March 31,		
(in thousands)	**2019**	**2018**	**Variance**
Metallurgical coal revenue (at preparation plant)	$ 47,636	$ 66,100	$ (18,464)
Thermal coal revenue (at preparation plant)	337	255	82
Transportation revenue	7,201	12,901	(5,700)
Tolling revenue	2,160	1,192	968
	$ 57,334	$ 80,448	$ (23,114)

- Metallurgical coal revenue, net of transportation charges, decreased $18,464 as a result of lower sales volumes which decreased revenue by $17,650 and a lower sales price per ton sold which decreased revenue by $814. Metallurgical coal sold was 409 tons and 558 tons for the three months ended March 31, 2019 and 2018, respectively, a decrease of 149 tons. The decrease was primarily due to reduced export blend shipments in the three months ended March 31, 2019. Realized price per ton sold decreased $1.99 primarily due to a retraction in market prices for metallurgical coal.

- Revenue associated with the transportation of coal to the loading terminal or customer decreased $5,700 as a result of reduced export volumes in the three months ended March 31, 2019 as compared to the 2018 period and reduced demurrage charges incurred during the 2019 period. Demurrage charges totaled $342 in the three months ended March 31, 2019 compared to $1,403 in the three months ended March 31, 2018.

- Tolling revenue increased $968 as a result of the Company processing additional third-party coal through its preparation plant during the three months ended March 31, 2019.

Cost of sales - NAPP Division

Cost of sales consists of the following:

	For the three months ended March 31,		
(in thousands)	**2019**	**2018**	**Variance**
Mining and processing costs	$ 22,050	$ 20,340	$ 1,710
Purchased coal costs	12,018	28,415	(16,397)
Royalty expense	1,580	2,083	(503)
Amortization expense	5,462	6,189	(727)
Transportation costs from preparation plant to customer	7,201	12,901	(5,700)
Idle mine expense	472	109	363
Tolling costs	1,069	435	634
Write-off of advance royalties and other assets	—	5	(5)
Other costs	19	252	(233)
	$ 49,871	$ 70,729	$ (20,858)

- Mining and processing costs increased primarily due to additional volumes produced and sold during the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. This increase was partially offset by lower costs per ton as a result of improved operating performance at all of the Company's underground mines.
- Purchased coal costs decreased primarily due to reduced volumes of purchased metallurgical coal sold during the three months ended March 31, 2019 as compared to the three months ended March 31, 2018.
- Royalty expense decreased as a result of selling coal in which the Company owns rather than leases in the three months ended March 31, 2019.
- Amortization expense decreased primarily as a result of the Quecreek mine closure where the assets were fully depreciated subsequent to the first quarter of 2018.
- Transportation costs decreased due to reduced volumes of coal sold directly to customers in which Corsa is obligated to provide transportation to the vessel loading port and lower demurrage charges as a result of rail and port congestion easing in the first quarter 2019. Demurrage charges totaled $342 in the three months ended March 31, 2019 compared to $1,403 in the three months ended March 31, 2018.
- Tolling costs increased as a result of the Company processing additional third-party coal through its preparation plant during the three months ended March 31, 2019.

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)	**2019**	**2018**	**Variance**
Salaries and other compensations	$ 1,039	$ 1,347	$ (308)
Employee benefits	260	259	1
Selling expense	897	1,480	(583)
Professional fees	203	291	(88)
Office expenses and insurance	366	557	(191)
Other	118	232	(114)
	$ 2,883	$ 4,166	$ (1,283)

- Selling, general and administrative expense related to the NAPP Division decreased primarily due a reduction in selling expense for export sales commissions paid to third party agents, a decrease in letter of credit fees as a result of fewer export vessels that required letters of credit during the three months ended March 31, 2019 and a reduction in the anticipated incentive compensation in the three months ended March 31, 2019.

Net finance expense (income) - NAPP Division

	For the three months ended March 31,		
(in thousands)	**2019**	**2018**	**Variance**
Bond premium expense	$ 364	$ 339	$ 25
Interest expense	199	160	39
Interest income	(20)	(8)	(12)
Accretion on reclamation provision	376	378	(2)
Change in market value of restricted cash (income) expense	(1,603)	234	(1,837)
Other	3	33	(30)
	$ (681)	$ 1,136	$ (1,817)

- 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 monthly basis and market gains were recognized during the three months ended March 31, 2019 and market losses were recognized for the three months ended March 31, 2018.

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)	**2019**	**2018**	**Variance**
Salaries and other compensations	$ 1,083	$ 1,020	$ 63
Employee benefits	75	57	18
Professional fees	331	948	(617)
Office expenses and insurance	123	244	(121)
Other	60	22	38
	$ 1,672	$ 2,291	$ (619)

- Selling, general and administrative expenses decreased primarily due to reduced expenses related to business development activities in the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

Net finance expense (income) - Corporate Division

Net finance expense (income) consists of the following:

	For the three months ended March 31,		
(in thousands)	**2019**	**2018**	**Variance**
Warrant financial liability (gain) loss	$ —	$ (564)	$ 564
Interest expense	824	800	24
Accretion of discount on loan payable	229	333	(104)
Foreign exchange loss	3	2	1
Interest income	(7)	(40)	33
	$ 1,049	$ 531	$ 518

- The warrant financial liability had no impact in the three months ended March 31, 2019 as the liability continues to have no carrying value as the warrants will expire on August 19, 2019 and have a strike price of C$3.90 per warrant. The three months ended March 31, 2018 included income of $564 as a result of changes in the underlying assumptions used to value the liability.

FINANCIAL CONDITION

(in thousands)	March 31, 2019	December 31, 2018	Variance
Current assets	$ 53,833	$ 55,628	$ (1,795)
Non-current assets	226,290	227,672	(1,382)
Total assets	$ 280,123	$ 283,300	$ (3,177)
Current liabilities	$ 47,895	$ 51,403	$ 3,508
Non-current liabilities	77,909	80,901	2,992
Total liabilities	$ 125,804	$ 132,304	$ 6,500
Total equity	$ 154,319	$ 150,996	$ 3,323

- Current assets decreased primarily due to cash flows from operations used to reduce the Facility and the settlement of a claim made by Lucchini S.p.A. against PBS Coals Inc., as described in the notes to the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 and 2018 (the "Lucchini Litigation"). These decreases were partially offset by increased inventory as a result of the operations producing additional coal and timing of shipments.
- Non-current assets decreased as a result of amortization of property, plant and equipment partially offset by capital expenditures, the initial recognition of a right-of-use asset as a result of the implementation of the new lease accounting standard and market gains on the restricted cash investments.
- Current liabilities decreased primarily due to the settlement of the Lucchini Litigation and scheduled principal payments for notes payable and lease liabilities.
- Non-current liabilities decreased primarily due to the principal payment on the Facility and reclamation and water treatment payments made. These decreases were partially offset by the recognition of a lease liability as a result of the implementation of the new lease accounting standard.
- Total equity increased as a result of net and comprehensive income that occurred during the period and the impact of stock-based compensation.

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 existing operations, capital expenditures, reclamation and water treatment obligations, water treatment trust funding, debt service costs and professional fees. We expect to fund maintenance capital, debt service and liquidity requirements with cash on hand and projected cash flow from operations. Our future spending on growth capital expenditures and development of 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, 2019	December 31, 2018	Variance
Cash	$ 10,355	$ 10,124	$ 231
Working capital	$ 5,938	$ 4,225	$ 1,713
Total Debt			
Notes payable	$ 165	$ 425	$ (260)
Lease liabilities	5,003	4,525	478
Loan payable	27,681	30,452	(2,771)
	$ 32,849	$ 35,402	$ (2,553)

Working Capital

Working capital increased primarily due to increased inventory as a result of the operations producing additional coal and timing of shipments and cash flows from operations exceeding the principal repayment on the Facility, the Lucchini Litigation settlement, capital expenditures and debt service payments related to notes payable and lease liabilities.

As a result of the amended Facility requiring principal payments within the next twelve months, we may defer maintenance and growth capital expenditures in order to service the Facility.

We maintain a sufficient 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 as a result of principal payments on the Facility and payments made on the existing notes payable and lease liabilities partially offset by the recognition of a lease liability as a result of the implementation of the new lease accounting standard.

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. The hearings were completed in September 2018 and a ruling from the SMC is expected within the next three months. 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,		
	2019	**2018**	**Change**
Cash Flows:			
Provided by operating activities	$ 5,718	$ 7,771	$ (2,053)
Used in investing activities	(1,509)	(7,684)	6,175
Used in financing activities	(3,978)	(778)	(3,200)
Increase (decrease) in cash	231	(691)	922
Cash at beginning of period	10,124	20,607	(10,483)
Cash at end of period	$ 10,355	$ 19,916	$ (9,561)

- Cash flow provided by operating activities decreased $2,053 in the three months ended March 31, 2019 compared to the same period in the prior year. This decrease was primarily due to the settlement of the Lucchini Litigation but was partially offset by other working capital changes and reduced reclamation and water treatment expenditures.

- Cash used in investing activities was lower for the three months ended March 31, 2019 primarily due to reduced capital expenditures in the 2019 period as compared to the 2018 period which included significant growth capital related to the development of the Horning mine.

- Cash used in financing activities increased for the three months ended March 31, 2019 as a result of the first principal payment on the Facility and additional payments related to lease liabilities for leases entered into subsequent to the three months ended March 31, 2018.

Capital Expenditures

The equipment and development added to property, plant and equipment and the cash flow impact (adjusting the increase to property plant and equipment for non-cash transactions) for the three months ended March 31, 2019 were as follows:

	Increase to PP&E	Cash Flow Impact
Maintenance capital expenditures		
Deep mines	$ 1,001	$ 1,102
Surface mines	513	513
Plant	156	153
Administrative	4	4
	1,674	1,772
Growth capital expenditures		
Deep mines	(1,194)	(1,429)
Surface mines	624	595
Plant	9	9
	(561)	(825)
Corporate right-of-use asset	1,134	—
Total capital expenditures	$ 2,247	$ 947

Corsa's capital expenditures for the three months ended March 31, 2019 were primarily focused on maintenance capital to replace mining equipment and growth capital to develop the Schrock Run Extension mine. Growth capital for deep mines included the capitalization of revenue related to the coal produced at the Horning mine in 2018, when the mine was under development. Corsa's future spending on property, plant and equipment at its operations and development of coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability.

GUIDANCE[a]

Corsa's updated guidance for the year ending December 31, 2019 is as follows:

(all dollar amounts in U.S. dollars and tonnage in short tons)	**Updated Guidance Full Year 2019**	**Previous Guidance Full Year 2019**	**Change to Previous Guidance**
Metallurgical Coal Sales Tons			
Company Produced	1.25 to 1.40 million	1.25 to 1.40 million	—
Purchased - Value Added Services	0.30 to 0.40 million	0.30 to 0.40 million	—
Purchased - Sales and Trading	0.325 to 0.425 million	0.45 to 0.60 million	(0.125) to (0.175) million
Total Metallurgical Coal Sales Tons	1.875 to 2.225 million	2.0 to 2.4 million	(0.125) to (0.175) million
Share of Metallurgical Coal Sales Tons			
% Domestic Sales at the mid-point	29%	29%	—%
% Export Sales at the mid-point	71%	71%	—%
Metallurgical Coal Sales Tons Commitments[e]			
Committed at the mid-point	79%	69%	10%
Committed and Priced at the mid-point	50%	46%	4%
Cash Production Cost per ton sold (FOB Mine)[b][c]			
NAPP Division Metallurgical Coal	$78 - $82	$78 - $82	—
General and Administrative Expenses[d]			
NAPP Division	$8.5 - $9.0 million	$8.5 - $9.0 million	—
Corporate Division	$5.0 - $5.5 million	$5.0 - $5.5 million	—
Total Corsa	$13.5 - $14.5 million	$13.5 - $14.5 million	—
Note: Selling expenses are forecasted to be covered by margins from Sales and Trading tons sold.			
Net and comprehensive income	$13 to $15 million	$13 to $15 million	—
Adjusted EBITDA[e]	$42 - $46 million	$42 - $46 million	—
Capital Expenditures per ton sold[f]			
Maintenance capital expenditures	$5	$5	—
Total capital expenditures	$5	$6	($1)

(a) 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.

(b) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" starting on page 20 of this MD&A for more information.

(c) Cash production cost per ton sold excludes purchased coal.

(d) Exclusive of stock-based compensation and selling related commissions, bank fees and finance charges.

(e) This is a non-GAAP financial measure. For a reconciliation, please see the Company's press release dated December 10, 2018.

(f) Tons sold excludes purchased coal used in the Sales and Trading platform.

2019 Net Income and Adjusted EBITDA Guidance Assumptions	
Price Case: $190/metric ton FOB Vessel	Net and comprehensive income $13 - $15 million Adj. EBITDA $42 - $46 million
Current TSI FOB Aus. Spot Price	$206.25/metric ton FOB Vessel
Forward TSI FOB Aus. Curve ($/mt FOB Vessel)	
Calendar Year 2019 (Average)	$198.00
Adjusted EBITDA sensitivity to movement in seaborne price:	
$10/metric ton FOB Vessel:	$7.0 - $7.5 million

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 March 31, 2019.

Corporate loan payable

The covenants required to be met under the Facility are described below. Such measurements are made with reference to the consolidated results of Corsa.

- Maintain a minimum cash balance of $1 million (measured monthly)
- Maintain a positive working capital balance, exclusive of the Facility (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, lease liabilities and other institutional debt.

CONTRACTUAL OBLIGATIONS

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

	Carrying Value at March 31, 2019	Payments due by period				
		Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accruals	$ 28,174	$ 28,174	$ 28,174	$ —	$ —	$ —
Notes payable	165	165	165	—	—	—
Lease liabilities	5,003	5,009	2,075	1,532	773	629
Loan payable	27,681	29,017	10,000	19,017	—	—
Other liabilities	8,065	8,134	2,806	2,716	2,216	396
Asset retirement obligations - reclamation	29,810	29,810	4,027	3,839	4,301	17,643
Asset retirement obligations - water treatment	26,906	26,906	1,588	2,892	2,862	19,564
Purchase order firm commitments	—	4,027	4,027	—	—	—
Water treatment trust funding	—	5,045	1,871	3,174	—	—
Operating leases and other obligations	—	54	29	25	—	—
Total	$ 125,804	$ 136,341	$ 54,762	$ 33,195	$ 10,152	$ 38,232

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 IFRS, 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 IFRS.

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, i.e., Sales and Trading purchased coal. 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;
- **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 site 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 IFRS, but relate directly to the costs incurred to produce coal and sell it on an FOB mine site 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 and 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 measure to assess coal purchases against the market price at which this coal will be sold and the performance of the 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; and
- **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 IFRS measure as follows:

EBITDA and Adjusted EBITDA for the three months ended March 31, 2019 and 2018

(in thousands)	For the three months ended March 31, 2019 NAPP	Corp.	Total	For the three months ended March 31, 2018 NAPP	Corp.	Total
Net and comprehensive income (loss) from continuing operations	$ 5,754	$ (2,752)	$ 3,002	$ 4,779	$ (2,822)	$ 1,957
Add (Deduct):						
Amortization expense	5,462	31	5,493	6,189	—	6,189
Interest expense	199	824	1,023	160	800	960
Income tax benefit	—	—	—	—	—	—
EBITDA	11,415	(1,897)	9,518	11,128	(2,022)	9,106
Add (Deduct):						
Write-off of advance royalties and other assets	—	—	—	5	—	5
Stock-based compensation	—	321	321	—	430	430
Net finance (income) expense, excluding interest expense	(880)	225	(655)	976	(269)	707
Gain on disposal of assets	(71)	—	(71)	(47)	—	(47)
Other (income) costs	(4)	75	71	157	503	660
Adjusted EBITDA	$ 10,460	$ (1,276)	$ 9,184	$ 12,219	$ (1,358)	$ 10,861

Realized price per ton sold for the three months ended March 31, 2019 and 2018

(in thousands except per ton amounts)	For the three months ended March 31, 2019 NAPP Met	NAPP Thermal	Total	For the three months ended March 31, 2018 NAPP Met	NAPP Thermal	Total
Revenue	$ 56,918	$ 416	$ 57,334	$ 80,193	$ 255	$ 80,448
Add (Deduct):						
Tolling revenue	(2,160)	—	(2,160)	(1,192)	—	(1,192)
Transportation costs from preparation plant to customer	(7,122)	(79)	(7,201)	(12,901)	—	(12,901)
Net coal sales (at preparation plant)	$ 47,636	$ 337	$ 47,973	$ 66,100	$ 255	$ 66,355
Coal sold - tons	409	6	415	558	4	562
Realized price per ton sold (at preparation plant)	$ 116.47	$ 56.17	$ 115.60	$ 118.46	$ 63.75	$ 118.07

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, 2019 and 2018

	For the three months ended March 31, 2019			For the three months ended March 31, 2018		
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total**
Cost of Sales:						
Mining and processing costs	$ 21,803	$ 247	$ 22,050	$ 20,141	$ 199	$ 20,340
Purchased coal costs	11,866	152	12,018	28,359	56	28,415
Royalty expense	1,580	—	1,580	2,083	—	2,083
Total cash costs of tons sold	$ 35,249	$ 399	$ 35,648	$ 50,583	$ 255	$ 50,838
Total tons sold	409	6	415	558	4	562
Cash cost per ton sold (at preparation plant)	$ 86.18	$ 66.50	$ 85.90	$ 90.65	$ 63.75	$ 90.46
Total cash costs of tons sold	$ 35,249	$ 399	$ 35,648	$ 50,583	$ 255	$ 50,838
Less: Sales and Trading purchased coal	(11,866)	—	(11,866)	(28,359)	—	(28,359)
Cash cost of produced coal sold	$ 23,383	$ 399	$ 23,782	$ 22,224	$ 255	$ 22,479
Tons sold - produced	281	6	287	243	4	$ 247
Cash production cost per ton sold (at preparation plant)	$ 83.21	$ 66.50	$ 82.86	$ 91.46	$ 63.75	$ 91.01
Sales and Trading purchased coal	$ 11,866	$ —	$ 11,866	$ 28,359	$ —	$ 28,359
Tons sold - Sales and Trading	128	—	128	315	—	315
Cash cost per Sales and Trading purchased coal per ton sold (at preparation plant)	$ 92.70	$ —	$ 92.70	$ 90.03	$ —	$ 90.03

Cash margin per ton sold for the three months ended March 31, 2019 and 2018

	For the three months ended March 31, 2019			For the three months ended March 31, 2018		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total NAPP
Realized price per ton sold (at preparation plant)	$ 116.47	$ 56.17	$ 115.60	$ 118.46	$ 63.75	$ 118.07
Cash cost per ton sold (at preparation plant)	$ 86.18	$ 66.50	$ 85.90	$ 90.65	$ 63.75	$ 90.46
Cash margin per ton sold	$ 30.29	$ (10.33)	$ 29.70	$ 27.81	$ —	$ 27.61

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	94,759,245
Common Shares issuable upon exercise of stock options	9,196,407
Common Shares issuable upon redemption of Redeemable Units	8,515,831
Common Shares issuable upon exercise of Bonus Warrants	1,805,000
Total	114,276,483

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 (expiring on August 19, 2019) and is exercisable for one Common Share at an exercise price of C$3.90. The effective interest rate, including accretion charged on the discounts of the loan payable pursuant to the Facility, is 13.5%.

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, 2019**	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**
Revenue from continuing operations	$ 57,334	$ 66,513	$ 61,561	$ 57,331
Net and comprehensive income (loss)				
Continuing operations	$ 3,002	$ 10,273	$ (1,470)	$ (4,889)
Discontinued operations	—	—	—	—
	$ 3,002	$ 10,273	$ (1,470)	$ (4,889)
Earnings (loss) per share:				
Basic - continuing operations	$ 0.02	$ 0.09	$ (0.02)	$ (0.05)
Basic - discontinued operations	—	—	—	—
Basic - total	$ 0.02	$ 0.09	$ (0.02)	$ (0.05)
Diluted - continuing operations	$ 0.02	$ 0.09	$ (0.02)	$ (0.05)
Diluted - discontinued operations	—	—	—	—
Diluted - total	$ 0.02	$ 0.09	$ (0.02)	$ (0.05)

	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

Our recent financial results reflect the impact of the improved metallurgical coal market and 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 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. The first two quarterly periods of 2018 were impacted by increased costs at the Company's mines as a result of difficult geological conditions. The full year 2018 period was also impacted by increased demurrage expense as a result of port and rail congestion and increased amortization expense as a result of the increased carrying values due to the impairment reversal in December 2017. These negatively impacted earnings. Net and comprehensive income for the quarter ended December 31, 2017 was also impacted by the net asset impairment reversal of $66,224 which is primarily due to the improvement in the metallurgical coal market and partially offset by an impairment charge at the CAPP Division as a result of the divestiture of this division.

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 completion of the divestiture of the Company's thermal and industrial coal division in Tennessee by way of the sale of Kopper Glo Mining, LLC (the "CAPP Division Divestiture") 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 condensed interim consolidated statement of operations and comprehensive income (loss) and condensed interim consolidated balance sheets of the Company are summarized below:

	For the three months ended March 31,	
	2019	**2018**
Royalties and property taxes (a)	$ —	$ 185
Supplies purchase (b)	120	81
Purchased coal (c)	74	3,037
	$ 194	$ 3,303

(a) During the three months ended March 31, 2018, 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 condensed interim consolidated statements of operations and comprehensive income (loss). No related party royalties and property taxes were paid during the three months ended March 31, 2019.

(b) During the three months ended March 31, 2019 and 2018, the Company purchased supplies used in the coal separation process from Quality Magnetite, which is significantly influenced by key management personnel of QEP. During the three months ended March 31, 2019 and 2018, amounts purchased by the NAPP Division, totaling $120 and $74, respectively, were included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss), respectively. Additionally, amounts purchased by the CAPP Division, totaling $7 were included in net and comprehensive loss from discontinued operations, net in the condensed interim consolidated statements of operations and comprehensive income (loss) for the three months ended March 31, 2018.

(c) During the three months ended March 31, 2018, 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 totaled $1,150 for the three months ended March 31, 2018. These amounts were reflected in net and comprehensive loss from discontinued operations, net in the condensed interim consolidated statements of operations and comprehensive income (loss). Subsequent to the completion of the CAPP Division Divestiture, 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, 2019 and 2018, the Company recognized $74 and $1,887 in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss) related to these coal purchases, respectively.

Included in accounts payable and accrued liabilities at March 31, 2019 and December 31, 2018 are $69 and $43, respectively, due to related parties, as a result of the transactions noted above. Included in accounts receivable at March 31, 2019 is $19 related to income tax withholdings paid on behalf of QEP, which are to be reimbursed to the Company. These amounts are unsecured and non-interest bearing.

At March 31, 2019 and December 31, 2018, the Company had a loan payable to SRLC of $27,681 and $30,452 under the Facility, respectively. SRLC is a minority shareholder of the Company as a result of the issuance of the 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

Recently adopted accounting pronouncements

In June 2017, the IASB issued International Financial Reporting Interpretations Committee interpretation 23 – *Uncertainty over income tax treatments* ("IFRIC 23"). 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. Corsa adopted IFRIC 23 on January 1, 2019, and adoption of this interpretation did not have a material impact on the Company's financial statements.

In January 2016, the IASB issued IFRS 16 – *Leases* ("IFRS 16"). IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, and Corsa adopted IFRS 16 on January 1, 2019 by applying the cumulative catch-up approach as defined in IFRS 16. 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, Corsa has recognized: (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 for the period beginning January 1, 2019. The Company has not restated comparative financial information on transition to IFRS 16. The adoption of IFRS 16 resulted in an increase in the right-of-use asset of $1,134 and additional lease liabilities of $1,193.

Future accounting pronouncements

No new standards, interpretations, amendments and improvements to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that will impact the Company's financial statements and are mandatory for future accounting periods have been issued. Updates that are not applied or are not consequential to the Company have been excluded.

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 is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. These deposit 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.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. The Company trades only with recognized creditworthy third parties who are subject to credit verification procedures, and often times are backed by letters of credit or trade credit insurance. In addition, outstanding receivable balances are regularly monitored on an ongoing basis. The Company has not recorded any allowance for credit losses for the three months ended March 31, 2019 and 2018.

At March 31, 2019 and 2018, the Company had six customers that each owed the Company more than $1,000 each and accounted for approximately 90% and 92%, respectively, of total accounts receivable. At December 31, 2018, there was one customer with a balance greater than $10,000 accounting for 45% of total accounts receivable. There were no customers with a balance greater than $10,000 at March 31, 2019. At March 31, 2019 and December 31, 2018, 87% and 90%, respectively, of the Company's total accounts receivables were covered by letters of credit and other forms of credit insurance.

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, 2019, the Company had a consolidated cash balance of $10,355 and consolidated working capital of $5,938. 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. In December 2018, the Company entered into an amending agreement to extend the maturity of the Facility from August 2019 to August 2020 and amend certain other terms of the credit agreement. The Company plans to utilize expected operating cash flows to service the debt.

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:

	March 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan payable	$ 27,681	$ 25,311	$ 30,452	$ 27,444

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 12.5% at March 31, 2019 and December 31, 2018. Management's estimate of the fair value of the loan payable is classified as level 2 in the fair value hierarchy.

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, 2019		December 31, 2018	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Cash	$ 10,355	$ —	$ 10,124	$ —
Restricted cash	34,350	—	32,503	—
	$ 44,705	$ —	$ 42,627	$ —
Financial liabilities				
Warrant financial liability	$ —	$ —	$ —	$ —

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

At March 31, 2019 and December 31, 2018, the Company had no financial instruments which used Level 3 fair value measurements.

ADDITIONAL INFORMATION

Additional information regarding Corsa, including its annual information form dated February 21, 2019, is available under Corsa's profile at www.sedar.com.