CORSA

Corsa Coal Corp.

Unaudited Condensed Interim Consolidated Financial Statements

June 30, 2020 and 2019

Corsa Coal Corp.
Unaudited Condensed Interim Consolidated Balance Sheets
Expressed in United States dollars, tabular amounts in thousands

Assets		**June 30, 2020**		**December 31, 2019**
Cash	$	15,001	$	4,296
Accounts receivable (note 3)		6,883		29,292
Prepaid expenses and other current assets		1,890		4,461
Inventories (note 4)		13,392		10,477
Current Assets		37,166		48,526
Restricted cash (note 5)		36,464		37,166
Advance royalties and other assets		2,645		3,905
Property, plant and equipment, net (note 6)		128,183		179,729
Total Assets	$	204,458	$	269,326
Liabilities				
Accounts payable and accrued liabilities (note 7)	$	13,376	$	22,552
Notes payable		—		7
Lease liabilities – current (note 8)		1,175		957
Loan payable – current (note 9)		2,709		2,576
Paycheck Protection Program loan payable - current (note 9)		1,090		—
Other liabilities (note 10)		2,059		2,684
Reclamation and water treatment provision (note 11)		3,419		3,419
Current Liabilities		23,828		32,195
Revolving credit facility (note 9)		—		14,490
Loan payable – long-term (note 9)		6,894		8,282
Paycheck Protection Program loan payable - long-term (note 9)		7,263		—
Lease liabilities – long-term (note 8)		2,697		2,564
Other liabilities (note 10)		4,757		4,885
Reclamation and water treatment provision (note 11)		54,798		55,752
Total Liabilities		100,237		118,168
Equity				
Share capital		180,130		180,130
Contributed surplus		967		988
Accumulated deficit		(122,416)		(82,063)
Total Shareholders' Equity		58,681		99,055
Non-controlling interest		45,540		52,103
Total Equity		104,221		151,158
Total Liabilities and Equity	$	204,458	$	269,326

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Approved by the Board of Directors:

/s/ Robert C. Sturdivant
Robert C. Sturdivant, Director

/s/ Alan M. De'Ath
Alan M. De'Ath, Director

Corsa Coal Corp.
Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
Expressed in United States dollars, tabular amounts in thousands except for per share amounts

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Revenue (note 13)	$ 40,908	$ 62,974	$ 87,633	$ 120,308
Cost of sales (note 14)	(40,075)	(55,017)	(85,158)	(104,919)
Cost of sales - asset impairment (note 14)	(41,684)	—	(41,684)	—
Total cost of sales	(81,759)	(55,017)	(126,842)	(104,919)
Gross Margin	(40,851)	7,957	(39,209)	15,389
Selling, general and administrative expense (notes 15 and 16)	(2,444)	(4,155)	(4,553)	(8,710)
(Loss) income from operations	(43,295)	3,802	(43,762)	6,679
Net finance income (expense) (note 17)	1,489	(1,019)	(3,935)	(1,387)
Other income	582	820	684	1,313
(Loss) income before tax	(41,224)	3,603	(47,013)	6,605
Current income tax (benefit) expense	89	—	89	—
Deferred income tax expense	—	—	—	—
Provision for income taxes	89	—	89	—
Net and comprehensive (loss) income	$ (41,313)	$ 3,603	$ (47,102)	$ 6,605
Attributable to:				
Shareholders	$ (34,383)	$ 2,712	$ (40,539)	$ 4,642
Non-controlling interest	$ (6,930)	$ 891	$ (6,563)	$ 1,963
Basic (loss) earnings per share (note 18)	$ (0.36)	$ 0.03	$ (0.43)	$ 0.05
Diluted (loss) earnings per share (note 18)	$ (0.36)	$ 0.03	$ (0.43)	$ 0.05

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Corsa Coal Corp.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Expressed in United States dollars, tabular amounts in thousands

	For the six months ended June 30, 2020					
	Number of Corsa Common Shares (000's)	**Share Capital**	**Contributed Surplus**	**Deficit**	**Non-Controlling Interest**	**Total Equity**
Balance - January 1, 2020	94,759	$ 180,130	$ 988	$ (82,063)	$ 52,103	$ 151,158
Stock based compensation (note 16)	—	—	165	—	—	165
Stock option expiration/forfeiture	—	—	(186)	186	—	—
Net and comprehensive (loss) income	—	—	—	(40,539)	(6,563)	(47,102)
Balance - June 30, 2020	94,759	$ 180,130	$ 967	$ (122,416)	$ 45,540	$ 104,221

	For the six months ended June 30, 2019					
	Number of Corsa Common Shares (000's)	**Share Capital**	**Contributed Surplus**	**Deficit**	**Non-Controlling Interest**	**Total Equity**
Balance - January 1, 2019	94,759	$ 180,130	$ 2,244	$ (81,274)	$ 49,896	$ 150,996
Stock based compensation (note 16)	—	—	652	—	—	652
Stock option expiration/forfeiture	—	—	(35)	35	—	—
Net and comprehensive income	—	—	—	4,642	1,963	6,605
Balance - June 30, 2019	94,759	$ 180,130	$ 2,861	$ (76,597)	$ 51,859	$ 158,253

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Corsa Coal Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
Expressed in United States dollars, tabular amounts in thousands

	For the three months ended June 30,		For the six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Operating Activities				
Net and comprehensive (loss) income	$ (41,313)	$ 3,603	$ (47,102)	$ 6,605
Items not affecting cash:				
Amortization	5,020	5,667	11,524	11,160
Stock-based compensation expense (note 16)	124	331	165	652
Net finance expense (income)	(2,381)	(254)	2,121	(1,203)
Asset impairment (note 6)	41,684	—	41,684	—
Change in estimate of reclamation provision	278	—	278	—
Write-off of advance royalties and other assets	(13)	—	419	—
Other non-cash operating expense	506	211	279	53
Cash spent on reclamation and water treatment activities (note 11)	(838)	(1,571)	(1,792)	(3,061)
Changes in working capital balances related to operations (note 19)	9,835	767	13,633	266
Cash provided by operating activities	12,902	8,754	21,209	14,472
Investing Activities				
Restricted cash	(373)	(820)	(1,269)	(1,280)
Advance royalties and other assets	(153)	(257)	(303)	(473)
Proceeds on sale of assets	—	173	—	287
Property, plant and equipment additions	(545)	(2,407)	(1,026)	(3,354)
Cash used in investing activities	(1,071)	(3,311)	(2,598)	(4,820)
Financing Activities				
Proceeds from Revolving Credit Facility borrowings	12,881	—	59,011	—
Repayments of Revolving Credit Facility borrowings	(21,265)	—	(73,500)	—
Proceeds from Paycheck Protection Program borrowings	8,353	—	8,353	—
Repayment of loan payable	(644)	—	(1,272)	(3,000)
Repayment of notes payable	—	(145)	(7)	(404)
Repayment of lease liabilities	(261)	(753)	(491)	(1,472)
Cash used in financing activities	(936)	(898)	(7,906)	(4,876)
Net increase in cash for the period	10,895	4,545	10,705	4,776
Cash, beginning of period	4,106	10,355	4,296	10,124
Cash, end of period	$ 15,001	$ 14,900	$ 15,001	$ 14,900

Supplemental disclosure (note 19)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. Basis of Presentation and Nature of Operations

Nature of Operations and Going Concern Matter

Corsa Coal Corp. ("Corsa" or the "Company") is in the business of mining, processing and selling of metallurgical coal, as well as exploring, acquiring and developing resource properties that are consistent with its existing coal business. The Company is a corporation existing under the *Canada Business Corporations Act* and is domiciled in Canada. The registered office of Corsa is located at 199 Bay Street, Suite 5300, Commerce Court West, Toronto, Ontario, Canada, M5L 1B9, and the head/corporate office of Corsa is located at 1576 Stoystown Road, P.O. Box 260, Friedens, Pennsylvania, USA, 15541.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business as they become due in the foreseeable future.

The Company's ability to continue as a going concern is largely dependent on the future demand and stability of metallurgical coal prices to fund its cash obligations through operations. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The current COVID-19 pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and rapidly evolving, and to date has resulted in, among other things, extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. In addition, many state and local governments in the U.S. continue to institute measures designed to decrease the spread of the virus. If the impacts of the COVID-19 outbreak, including the decrease in economic activity or restrictions on certain business activities, continue for an extended period of time or worsen, it could have a negative impact on the demand for metallurgical coal and/or business activities, which would have a material adverse effect on our business, financial condition, cash flows and results of operations.

As a result of the liquidity risks, due in large part to the COVID-19 pandemic, management has determined to reduce coal production to limit the amount of coal to be sold under depressed market conditions. To the extent that demand and metallurgical coal prices do not increase, or additional liquidity enhancing measures are not successful, the Company will have to obtain additional debt or equity financing. Although debt and equity financings have been successful in the past, there is no assurance that Corsa will be able to successfully complete such financings in the future.

Unless otherwise indicated, all dollar amounts in these unaudited condensed interim consolidated financial statements are expressed in United States dollars. References to "C$" are to Canadian dollars.

At June 30, 2020, the Company had one operating division, Northern Appalachia ("NAPP Division" or "NAPP"). The NAPP Division, based in Somerset, Pennsylvania, USA, produces and sells low volatile metallurgical coal used for the production of coke from its mines in the Northern Appalachia coal region of the USA. The Company's corporate office provides support and manages the mining investments, and is also deemed a reportable segment.

All scientific and technical information contained in these unaudited condensed interim consolidated financial statements has been reviewed and approved by Peter V. Merritts, Professional Engineer and the Company's Chief Executive Officer, who is a qualified person within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

Statement of Compliance

These unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual financial statements. The Company has consistently applied the same accounting policies throughout all periods presented.

Certain reclassifications of prior period data have been made to conform to the current interim consolidated financial statements.

These unaudited condensed interim consolidated financial statements are intended to be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 and the related notes thereto.

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on August 7, 2020.

Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

Future accounting pronouncements

No new standards, interpretations, amendments and improvements to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee 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.

2. Financial Instruments

The Company's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities, Revolving Credit Facility (as defined herein), loan payable in connection with the 36th Street Facility (as defined herein), loan payable in connection with the Paycheck Protection Program (as described herein) 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 and six months ended June 30, 2020 and 2019.

At June 30, 2020 and December 31, 2019, the Company had two and seven customers, respectively, that owed the Company more than $1,000 each and accounted for approximately 37% and 94%, respectively, of total accounts receivable. There were no customers with a balance greater than $10,000 at June 30, 2020 and December 31, 2019. At June 30, 2020 and December 31, 2019, 35% and 89%, 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.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At June 30, 2020, the Company had a consolidated cash balance of $15,001, consolidated working capital of $13,338 and availability under the Revolving Credit Facility of $6,793. 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. The Company plans to utilize expected operating cash flows to service the Company's debt obligations.

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.

The Company's commitments based on contractual terms are as follows:

	Carrying Value at June 30, 2020	Payments due by period				
		Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accruals	$ 13,376	$ 13,376	$ 13,376	$ —	$ —	$ —
Lease liabilities	3,872	3,872	1,175	2,132	565	—
Revolving Credit Facility	—	—	—	—	—	—
Loan payable	9,603	9,709	2,743	6,376	590	—
PPP loan payable	8,353	8,353	1,090	3,313	3,380	570
Other liabilities	6,816	6,831	2,055	2,422	2,322	32
Asset retirement obligations - reclamation	33,545	33,545	2,143	4,027	6,595	20,780
Asset retirement obligations - water treatment	24,672	24,672	1,276	2,566	2,578	18,252
Purchase order firm commitments	—	635	635	—	—	—
Water treatment trust funding	—	1,547	668	879	—	—
Reclamation bond restricted cash deposits	—	8,793	1,000	2,000	2,000	3,793
Operating leases and other obligations	—	18	16	2	—	—
Total	$ 100,237	$ 111,351	$ 26,177	$ 23,717	$ 18,030	$ 43,427

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Fair Value

The estimated fair values of all financial instruments approximate their respective carrying values except for the loans payable in connection with the 36th Street Facility and the Paycheck Protection Program. The loan payables are carried at amortized cost and the carrying amount and fair value is presented below:

	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan payable - 36th Street Facility	$ 9,603	$ 9,312	$ 10,858	$ 11,074
Paycheck Protection Program loan payable	8,353	6,002	—	—
	$ 17,956	$ 15,314	$ 10,858	$ 11,074

The fair value of the loan payables were 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 13.5% and 10.0% at June 30, 2020 and December 31, 2019, respectively. Management's estimate of the fair value of the loan payables are classified as level 2 in the fair value hierarchy, as explained below.

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 inputs derived from market 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.

	June 30, 2020		December 31, 2019	
	Level 1	Level 2	Level 1	Level 2
Cash	$ 15,001	$ —	$ 4,296	$ —
Restricted cash	36,464	—	37,166	—
	$ 51,465	$ —	$ 41,462	$ —

At June 30, 2020 and December 31, 2019, the Company had no financial instruments which used Level 3 fair value measurements.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

3. Accounts receivable

Accounts receivable consist of the following:

	June 30, 2020	December 31, 2019
Trade receivables	$ 4,897	$ 28,387
Income tax refundable credit	1,380	689
Other	606	216
	$ 6,883	$ 29,292

The Company has not recorded any allowance for credit losses for the periods presented above.

4. Inventories

Inventories consist of the following:

	June 30, 2020	December 31, 2019
Metallurgical coal		
Clean coal stockpiles	$ 4,935	$ 4,536
Raw coal stockpiles	4,035	1,365
	8,970	5,901
Parts and supplies	4,422	4,576
	$ 13,392	$ 10,477

5. Restricted cash

Restricted cash consists of the following:

	June 30, 2020	December 31, 2019
Water treatment trust funds (a)	$ 25,697	$ 27,568
Collateral posted for reclamation bonds (b)	6,408	5,483
Workers' compensation trust funds (c)	4,348	4,104
Other restricted deposits	11	11
	$ 36,464	$ 37,166

(a) 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. As a result of these agreements, the Company was required to establish separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is invested in fixed income and equities and income earned on such funds, under certain circumstances, may be used by the Company to pay for certain water treatment costs once the trust funds have been fully funded. As of June 30, 2020, the Company is required to contribute an additional $1,547 over the course of the next two years to fully fund the remaining unfunded trust, with $668 due in the next 12 months.

(b) The Company is required to post bonds to ensure reclamation is completed on its mining properties as required under U.S. state and federal regulations. The Company has agreements with insurers to provide these bonds. The cash collateral is invested in certificates of deposit that are insured by the U.S. Federal Deposit Insurance Corporation and are held in escrow, fixed income and equities. In January 2020, in connection with a request for a bond increase, the Company's previous surety bond provider, which had issued approximately $59,000 of reclamation and other bonds, required a substantial increase in the restricted cash posted as collateral against these bonds as well as the new bond. Due to the request for additional collateral, the Company entered into an agreement with a new surety bond provider to replace all of its existing reclamation and other bonds, as well as to issue the new bond at a future date when required. The new agreement required the transfer of the existing collateral of $5,000, an initial deposit of $1,000 and requires quarterly installment payments of $250 to increase the level of cash collateral over time to reach the target set by the new surety of 25% of the issued bond amount.

(c) The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation claims.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

6. Property, plant and equipment

Property, plant and equipment consists of the following:

	Mineral Properties (a)	Plant and Equipment	Total
Cost			
Balance - January 1, 2019	$ 156,410	$ 157,733	$ 314,143
Additions	—	10,121	10,121
Capitalized development costs	54	—	54
Change in reclamation provision	5,271	—	5,271
ROU asset termination	—	(1,134)	(1,134)
Disposals	(2,827)	(14,207)	(17,034)
Balance - December 31, 2019	158,908	152,513	311,421
Additions	—	1,761	1,761
Capitalized development costs	216	—	216
Disposals	—	(40)	(40)
Balance - June 30, 2020	$ 159,124	$ 154,234	$ 313,358
Accumulated Amortization			
Balance - January 1, 2019	$ (25,235)	$ (97,303)	$ (122,538)
Amortization	(8,750)	(17,248)	(25,998)
ROU asset termination	—	127	127
Disposals	2,827	13,890	16,717
Balance - December 31, 2019	(31,158)	(100,534)	(131,692)
Amortization	(3,879)	(7,960)	(11,839)
Asset impairment (b)	(30,205)	(11,479)	(41,684)
Disposals	—	40	40
Balance - June 30, 2020	$ (65,242)	$ (119,933)	$ (185,175)
Net Book Value			
December 31, 2019	$ 127,750	$ 51,979	$ 179,729
June 30, 2020	$ 93,882	$ 34,301	$ 128,183

(a) Mineral properties include the cost of obtaining the mineral and surface rights required to conduct mining operations. The two types of lease rights in the states of Maryland and Pennsylvania are surface rights, which provide access to the surface of a specific property, and mineral rights, which provide the right to extract the minerals from a specific property. The Company either purchases outright or leases these rights from various owners specific to each property. Mineral and surface rights which are leased are subject to royalty payments to the various owners based on the tons of coal extracted from that specific property. Royalty rates on leased mineral rights can range from 5% to 16%, although they typically range from 6% to 7%, of the selling price of the coal. Mineral and surface rights which are owned by the Company are not subject to royalties.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

(b) A triggering event was identified as a result of the continued deterioration of both the domestic and export metallurgical coal markets, driven in large part by the COVID-19 pandemic. Accordingly, an impairment charge of $41,684 was recognized in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss), reducing the carrying values of mineral properties and plant and equipment. The impairment loss reflects a strategic review of the NAPP Division performed by management, which resulted in an impairment analysis of the recoverable amount of the division's assets.

Key Assumptions

The recoverable amount of the NAPP Cash Generating Unit ("CGU") was $128,176 and was determined based on the fair value less cost of disposal ("FVLCD") using discounted cash flow projections. Key assumptions used in the calculation of recoverable amounts include discount rates, coal prices, future timing of production, including the date when a mineral property can be brought into production, the expected cost to produce coal, future care and maintenance and operating costs.

The assumed metallurgical coal prices used to determine the FVLCD were in a price range from $59-$110 per ton free-on-board at the Company's preparation plant for the period from the remainder of 2020 through 2041. The discount rate used of 14.8% was based on the Company's estimated weighted-average cost of capital for discounting the cash flow projections. Management's estimate of the FVLCD of the NAPP Division is classified as level 3 in the fair value hierarchy.

Sensitivity Assumptions

The projected cash flows and estimated FVLCD can be affected by any one or more changes in the estimates used. Changes in coal prices and discount rates have the greatest impact on value, where a 1% change impacts the FVLCD as follows:

Change to FVLCD			
1% Decrease in Coal Prices	**1% Increase in Coal Prices**	**1% Increase in Discount Rate**	**1% Decrease in Discount Rate**
$ (9,314)	$ 9,314	$ (10,666)	$ 11,965

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	June 30, 2020	**December 31, 2019**
Trade payables	$ 6,680	$ 7,595
Purchased coal payables	59	2,804
Freight payables	2,646	6,078
Income tax payable	89	—
Other accrued liabilities	3,902	6,075
	$ 13,376	$ 22,552

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

8. Lease Liabilities

Lease liabilities consists of the following:

	Interest Rate	Maturity	June 30, 2020	December 31, 2019
Equipment - Preparation Plant (a)	11.0%	September 2023	896	1,005
Equipment - Preparation Plant (a)	11.0%	December 2021	311	403
Equipment - Surface	10.8% to 11%	May 2021- Oct. 2024	2,639	2,084
Equipment - Information Technology	11.0%	July 2022	26	29
Balance, end of period			3,872	3,521
Less: Current portion			(1,175)	(957)
Total long-term lease liabilities			$ 2,697	$ 2,564

(a) Contingent rent related to these lease obligations is payable if the equipment exceeds certain operating levels. The contingent rent recognized in the three and six months ended June 30, 2020 was income of $3 and $1, respectively. The contingent rent recognized in the three and six months ended June 30, 2019 was expense of $72 and $82, respectively. Contingent rent is included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss).

Lease liabilities are payable as follows:

Less than 1 year	$ 1,547
1-3 years	2,485
4-5 years	594
Thereafter	—
Total payments	4,626
Less: Amounts representing interest	(754)
Total finance lease obligations	$ 3,872

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

For the three and six months ended June 30, 2020 and 2019, interest expense, which is included in net finance expense in the condensed interim consolidated statements of operations and comprehensive income (loss) and total cash outflows related to lease liabilities were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Interest expense related to lease liabilities	$ 104	$ 129	$ 201	$ 258
Total cash outflows related to lease liabilities	$ 365	$ 882	$ 692	$ 1,730

The expense relating to leases of low value assets was not material.

Right-of-use assets, which are included in property, plant and equipment, net, in the condensed interim consolidated balance sheets, consist of the following:

	Equipment					Office	
	U/G	Plant	Plant	Surface	IT	Lease	Total
Gross Right-of Use Asset							
Balance – January 1, 2019	$ 22,045	$ 1,696	$ 2,200	$ 838	$ 37	$ —	$ 26,816
IFRS 16 adoption	—	—	—	—	—	1,193	1,193
Accrued lease payments	—	—	—	—	—	(59)	(59)
Additions	—	—	—	1,682	—	—	1,682
ROU asset termination	—	—	—	—	—	(1,134)	(1,134)
ROU asset transfer	(22,045)	—	—	—	—	—	(22,045)
Balance – December 31, 2019	—	1,696	2,200	2,520	37	—	6,453
Additions	—	—	—	841	—	—	841
Balance – June 30, 2020	$ —	$ 1,696	$ 2,200	$ 3,361	$ 37	$ —	$ 7,294
Accumulated Amortization							
Balance – January 1, 2019	$ (21,494)	$ (678)	$ (177)	$ (105)	$ (3)	$ —	$ (22,457)
Amortization	(413)	(339)	(426)	(397)	(8)	(127)	(1,710)
ROU asset termination	—	—	—	—	—	127	127
ROU asset transfer	21,907	—	—	—	—	—	21,907
Balance – December 31, 2019	—	(1,017)	(603)	(502)	(11)	—	(2,133)
Amortization	—	(170)	(213)	(323)	(4)	—	(710)
Balance – June 30, 2020	$ —	$ (1,187)	$ (816)	$ (825)	$ (15)	$ —	$ (2,843)
Net Book Value							
December 31, 2019	$ —	$ 679	$ 1,597	$ 2,018	$ 26	$ —	$ 4,320
June 30, 2020	$ —	$ 509	$ 1,384	$ 2,536	$ 22	$ —	$ 4,451

For the three and six months ended June 30, 2020, amortization expense of $372 and $710, respectively, related to the right-of-use assets, is included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss). For the three and six months ended June 30, 2019, amortization expense of $432 and $844, respectively, related to the right-of-use assets, is included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss).

9. Debt

Revolving Credit Facility

On August 16, 2019, certain wholly-owned subsidiaries of the Company, as borrowers, entered into a three-year credit and security agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank") for up to $25 million (the "Revolving Credit Facility"). The Revolving Credit Facility bears interest at London Inter-Bank Offered Rate ("LIBOR") plus 350 basis points or the Base Rate plus 150 basis points. The Base Rate is the rate per annum equal to the highest of (i) the rate of interest established by KeyBank, from time-to-time, as its "prime rate," (ii) the Federal Funds Effective Rate, as defined in the Credit Agreement, in effect from time-to-time plus ½ of 1% per annum, and (iii) 100 basis points in excess of LIBOR for loans with an interest period of one month. The Revolving Credit Facility contains customary financial covenants. In December 2019, the Company entered into an amendment to update the calculation period of the financial covenants. In connection with the arrangement and subsequent amendment of the Revolving Credit Facility, the Company paid a commitment fee, upfront fee and administration fees totaling $403 which are included in prepaid expenses and other current assets and advance royalties and other assets in the consolidated balance sheets. The Revolving Credit Facility is secured against all currently owned and after acquired tangible and intangible assets of the borrowers and the guarantor. At June 30, 2020, the Company had no outstanding borrowings on the Revolving Credit Facility, a letter of credit had been issued to support historical workers compensation claims of $890 and the Company had additional availability to borrow $6,793. Total liquidity under the Revolving Credit Facility is subject to certain restrictions which include, among others, a percentage of accounts receivable and coal inventory. The Company was in compliance with all financial covenants at June 30, 2020.

Loan Payable

On August 16, 2019, Wilson Creek Holdings, Inc. ("WCH"), as lessee, and the Company along with all of the subsidiaries of WCH, as guarantors, entered into a lease financing agreement with Key Equipment Finance, as lessor and assignor, and 36th Street Capital Partners, LLC, as assignee ("36th Street"), for the sale and leaseback of various coal mining equipment (the "Leased Property") for a funding amount of $12 million (the "36th Street Facility" and together with the Revolving Credit Facility, the "New Credit Facilities"). The 36th Street Facility has an effective interest rate of 9.50%, a lease term of 48 months and contains customary financial covenants. In December 2019, the Company entered into an amendment to update the calculation period of the financial covenants. In connection with the 36th Street Facility, the Company paid certain fees in the amount of $135. The 36th Street Facility is secured by the Leased Property. The Company was in compliance with all financial covenants at June 30, 2020.

The New Credit Facilities replaced the $25 million senior secured term credit facility with Sprott Resource Lending Corp. entered into on August 19, 2014 (the "Sprott Facility"), which was repaid using a portion of the proceeds from the New Credit Facilities. As a result of the Sprott Facility refinancing, the Company recognized a loss on debt extinguishment of $1,238 which was included in other income and expense in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2019. The loss on debt extinguishment includes $1,024 of expense related to the unamortized fees on the Sprott Facility and $214 of related legal expenses.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

The changes in the loan payable balance for the six months ended June 30, 2020 are as follows:

	36th Street Facility			Sprott Facility			
	Principal	Unamortized Discount	Total	Principal	Unamortized Discount	Total	Total
Balance - January 1, 2019	$ —	$ —	$ —	$ 32,017	$ (1,565)	$ 30,452	$ 30,452
Initial borrowing	12,000	—	12,000	—	—	—	12,000
Accrued interest	338	—	338	2,501	—	2,501	2,839
Interest paid	(338)	—	(338)	(2,501)	—	(2,501)	(2,839)
Issuance costs	—	(135)	(135)	—	—	—	(135)
Accretion of discount	—	11	11	—	541	541	552
Loss on extinguishment	—	—	—	—	1,024	1,024	1,024
Principal repayment	(1,018)	—	(1,018)	(32,017)	—	(32,017)	(33,035)
Balance - December 31, 2019	10,982	(124)	10,858	—	—	—	10,858
Accrued interest	522	—	522	—	—	—	522
Interest paid	(522)	—	(522)	—	—	—	(522)
Accretion of discount (note 17)	—	17	17	—	—	—	17
Principal repayment	(1,272)	—	(1,272)	—	—	—	(1,272)
Balance - June 30, 2020	$ 9,710	$ (107)	$ 9,603	$ —	$ —	$ —	$ 9,603
Less: current portion	(2,743)	34	(2,709)	—	—		(2,709)
Total long-term loan payable	$ 6,967	$ (73)	$ 6,894	$ —	$ —	$ —	$ 6,894

Paycheck Protection Program Loan Payable

In connection with the COVID-19 pandemic, the U.S. Small Business Administration ("SBA"), an agency of the U.S. federal government, administered the Paycheck Protection Program (15 U.S.C. § 636(a)(36)), a loan program designed to incentivize qualifying businesses to keep their workers on payroll. Under the Paycheck Protection Program: (i) loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent and utilities (at least 60% of the forgiven amount must be used for payroll), and partially forgiven if full-time equivalent headcount declines, or if salaries and wages decrease; (ii) interest on the loans is charged at 1% and principal and interest payments are to begin seven months from the date of the loan, with a maturity date of five years from the date of the loan; (iii) no collateral is required; (iv) neither the U.S. federal government nor lenders will charge any fees; and (v) the loans are guaranteed by the SBA.

In April 2020, two of Corsa's U.S. subsidiaries, Wilson Creek Holdings, Inc. and Wilson Creek Energy, LLC, entered into loan agreements under the Paycheck Protection Program providing for loans in an aggregate amount of $8,353. The loan agreements are with KeyBank, as lender, and include standard terms and conditions under the Paycheck Protection Program. The Company used the funds as contemplated under the Paycheck Protection Program and, accordingly, expects the loans to be fully or substantially forgiven.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

10. Other Liabilities

Other liabilities consist of the following:

	June 30, 2020	December 31, 2019
Workers' compensation provision (a)	$ 5,836	$ 6,050
Transportation contract liquidated damages (b)	485	732
Other (c)	495	787
	6,816	7,569
Less: current portion (a,b,c)	(2,059)	(2,684)
Total Other Liabilities	$ 4,757	$ 4,885

(a) The provision relates to workers' compensation and occupational disease claims that have not yet been paid by the Company. The estimates use an actuarial valuation approach based on historical claims and known events, where such estimates may differ materially from the estimates used herein. The balance that is expected to be settled within the next twelve months is $1,160. The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation claims (note 5).

(b) The Company's subsidiary, PBS Coals, Inc. ("PBS"), had contractual agreements with a transportation provider, which indicated minimum levels of coal to be shipped via rail over an expired contract period, which was not met. Corsa acquired these contractual agreements as a result of an acquisition. The balance that is expected to be settled within the next twelve months is $404.

(c) Other includes various accruals based on management's best estimate of other matters.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

11. Reclamation and Water Treatment Provision

The Company's reclamation and water treatment provision arises from its obligations to undertake site reclamation and remediation as well as certain water treatment activities in connection with its historical operations.

The changes to the reclamation and water treatment provision were as follows:

	Site Reclamation and Remediation (a)	Water Treatment Obligation (b)	Total
Balance - January 1, 2019	$ 30,047	$ 27,269	$ 57,316
Costs incurred	(4,279)	(1,851)	(6,130)
Change in estimate	7,284	(824)	6,460
Accretion expense	796	729	1,525
	3,801	(1,946)	1,855
Balance - December 31, 2019	$ 33,848	$ 25,323	$ 59,171
Costs incurred	(899)	(893)	(1,792)
Change in estimate	278	—	278
Accretion expense	318	242	560
	(303)	(651)	(954)
Balance - June 30, 2020	$ 33,545	$ 24,672	$ 58,217
Less: current portion	(2,143)	(1,276)	(3,419)
Long-Term Reclamation and Water Treatment Provision	$ 31,402	$ 23,396	$ 54,798
Estimated costs (undiscounted cash flow basis)	$ 33,038	$ 24,520	$ 57,558
End of reclamation period	1-20 years	Perpetual	
Discount rate	0.16%-2.22%	1.59%-2.25%	
Inflation rate	2.0%	2.0%	

(a) Site reclamation and remediation

(i) The current portion represents the amount expected to be incurred by the Company within one year from June 30, 2020.

(ii) At June 30, 2020, the Company had $58,304 in surety bonds outstanding to secure reclamation obligations.

(b) Water treatment obligation

The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the 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.

Water treatment costs incurred are offset against the water treatment provision. At each reporting period, the Company makes a determination of the estimated costs of water treatment using assumptions effective as of the end of the reporting period. The change in estimate within the reporting period is charged to cost of sales.

Certain factors may cause the expected water treatment costs to vary materially from the estimates included herein, including, but not limited to, changes in water quality and changes in laws and regulations. The estimates used herein represent management's best estimates as of the end of the reporting period.

The Company was required to establish separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is invested in fixed income and equities and income earned on such funds, under certain circumstances, may be used by the Company to pay for certain water treatment costs once the trust funds have been fully funded. See note 5(a) for a further description of the water treatment trust funds.

The current portion represents the amount expected to be incurred by the Company within one year from June 30, 2020.

12. Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares issuable in series, with such rights, privileges, restrictions and conditions as the board of directors of the Company may determine from time to time. At June 30, 2020 and December 31, 2019, the Company had 94,759,245 Common Shares outstanding and no preferred shares outstanding. At June 30, 2020 and December 31, 2019, QKGI Legacy Holdings, LP ("Legacy QKGI") also owns 170,316,639 common membership units of Wilson Creek Energy, LLC ("Redeemable Units") entitling it to a 19% minority interest in the net assets, income and expenses of Wilson Creek Energy, LLC. Redeemable Units are redeemable at the option of Legacy QKGI for cash equal to the product of: (i) the number of membership units to be redeemed divided by 20; and (ii) the 10-day volume weighted average trading price, prior to date of notice of redemption, of the Company's Common Shares. The Company has the option to satisfy the redemption price for the Redeemable Units with Common Shares on a 20 to 1 basis. The Company is restricted from paying cash to Legacy QKGI for the redemption of Redeemable Units if a balance remains outstanding under the New Credit Facilities.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

13. Revenue

Revenue consists of the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Metallurgical coal sales	$ 40,359	$ 61,147	$ 86,522	$ 115,905
Thermal coal sales	44	107	209	523
Tolling revenue	505	1,720	902	3,880
	$ 40,908	$ 62,974	$ 87,633	$ 120,308

The following table displays revenue from contracts with customers and other sources:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Revenue from contracts with customers	$ 40,888	$ 62,957	$ 87,479	$ 120,058
Revenue from other sources	20	17	154	250
	$ 40,908	$ 62,974	$ 87,633	$ 120,308

Revenue from other sources is primarily thermal coal sold to various customers where control passes upon the loading of the coal at a point of sale transaction.

Corsa derives revenue from contracts with customers through the transfer of goods and services at a point in time in the following by type and geographical regions:

	For the three months ended June 30, 2020			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 23,251	$ —	$ —	$ 23,251
United States	13,241	24	505	13,770
South America	3,867	—	—	3,867
Europe	—	—	—	—
Total revenue from contracts with customers	$ 40,359	$ 24	$ 505	$ 40,888

	For the three months ended June 30, 2019			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 31,996	$ —	$ —	$ 31,996
United States	16,862	90	1,720	18,672
South America	10,694	—	—	10,694
Europe	1,595	—	—	1,595
Total revenue from contracts with customers	$ 61,147	$ 90	$ 1,720	$ 62,957

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Geographic Region	For the six months ended June 30, 2020 Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 39,226	$ —	$ —	$ 39,226
United States	29,815	55	902	30,772
South America	16,359	—	—	16,359
Europe	1,122	—	—	1,122
Total revenue from contracts with customers	$ 86,522	$ 55	$ 902	$ 87,479

Geographic Region	For the six months ended June 30, 2019 Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 63,679	$ —	$ —	$ 63,679
United States	32,105	273	3,880	36,258
South America	18,526	—	—	18,526
Europe	1,595	—	—	1,595
Total revenue from contracts with customers	$ 115,905	$ 273	$ 3,880	$ 120,058

14. Cost of Sales

Cost of sales consists of the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Mining and processing costs	$ 19,493	$ 25,249	$ 45,135	$ 47,299
Purchased coal costs	8,797	12,928	13,574	24,946
Royalty expense	1,794	1,826	3,695	3,406
Amortization expense	5,020	5,667	11,524	11,160
Transportation costs from preparation plant to customer	3,878	8,281	9,409	15,482
Idle mine expense	78	323	165	795
Tolling costs	313	802	572	1,871
Change in estimate of reclamation provision	278	—	278	—
Write-off of advance royalties and other assets	(13)	—	419	—
Other costs	437	(59)	387	(40)
Cost of sales	40,075	55,017	85,158	104,919
Cost of sales - asset impairment	41,684	—	41,684	—
Total cost of sales	$ 81,759	$ 55,017	$ 126,842	$ 104,919

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

15. Selling, General and Administrative Expense

Selling, general and administrative expense consists of the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Salaries and other compensation	$ 1,043	$ 1,824	$ 2,138	$ 3,946
Employee benefits	262	380	487	715
Selling expense	255	865	112	1,762
Professional fees	475	465	963	999
Office expenses and insurance	356	485	703	974
Other	53	136	150	314
	$ 2,444	$ 4,155	$ 4,553	$ 8,710

16. Stock Based Compensation

The Company has a stock option plan and a restricted share unit ("RSU") plan providing for the issuance of stock options and RSUs, respectively, to directors, officers, employees and service providers. The number of Common Shares reserved for issuance under the stock option plan may not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis on the grant date. Additionally, the number of Common Shares that may be acquired under a stock option or RSU granted to a certain participant is determined by the Company's Board of Directors and may not exceed 5% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis. The exercise price of the stock options granted shall comply with the requirements of the stock exchange on which the Common Shares are listed (currently the TSX Venture Exchange). The maximum term of any stock option may not exceed five years. Generally, stock options vest over three years. Each RSU granted entitles the participant to receive, from the Company, payment in cash or, at the option of the Company, payment in fully paid Common Shares. For a cash payment, the RSUs will be redeemed by the Company for cash equal to the market value of the Common Shares, determined based on the volume weighted average trading price of a Common Share on the stock exchange during the five trading days immediately preceding the payment date. In the event that the Company elects to satisfy all or part of its payment obligation in fully paid Common Shares, the Company will satisfy the payment obligation with the issuance, or delivery, of fully paid Common Shares on the payment date. No RSUs have been granted, including during the three and six months ended June 30, 2020 and 2019. At June 30, 2020 and 2019, there were 2,199,291 and 279,518 stock options available for issuance under the stock option plan, respectively.

The following illustrates the changes in issued and outstanding stock options during the period ended June 30, 2020:

	Number of Stock Options (000's)	Weighted Average Exercise Price (C$)
Balance - January 1, 2019	9,238	$ 1.43
Options granted (a)	2,005	0.38
Options cancelled/forfeited	(3,056)	1.45
Options expired	(228)	4.38
Balance - December 31, 2019	7,959	1.08
Options cancelled/forfeited	(682)	1.10
Balance - June 30, 2020	7,277	$ 1.08

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

The following illustrates the stock options granted. These stock options were granted to directors, officers and employees of the Company and were valued using a Black-Scholes pricing model at the date granted using the following valuation assumptions:

Date of Grant:	November 6, 2019
Options Granted (000's)	2,005
Expected life in years:	2 to 4
Exercise price:	C$0.38
Risk-free interest rate:	1.59% to 1.61%
Common Share price:	C$0.38
Expected volatility	68% to 102%
Dividend yield:	— %
Forfeiture rate:	12.43 %

The risk-free interest rate used is the United States Treasury Yield Curve Rate for the time period relating to the expected life of the options granted. The expected volatility is based on historic market data for the Company using a look-back period equivalent to the expected life of the stock options granted. The estimated forfeiture rate is based on the historical forfeiture rate.

For the three and six months ended June 30, 2020 and 2019, the Company recorded stock-based compensation expense on the outstanding stock options to selling, general and administrative expense as shown below:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2020	**2019**	**2020**	**2019**
Stock-based compensation expense	$ 124	$ 331	$ 165	$ 652

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

17. Net Finance (Expense) Income

Net finance (expense) income of the Company included in the condensed interim consolidated statements of operations and comprehensive income (loss) are summarized below.

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Accretion of discount on loan payable (note 9)	$ (8)	$ (232)	$ (17)	$ (461)
Accretion of Revolving Credit Facility fees	(35)	—	(71)	—
Bond premium expense	(509)	(365)	(877)	(729)
Interest expense	(500)	(966)	(1,106)	(1,989)
Interest income	10	40	24	67
Foreign exchange (loss) gain	(5)	1	(5)	(2)
Accretion on reclamation and water treatment provision (note 11)	(279)	(380)	(560)	(756)
Change in market value of restricted cash	2,815	885	(1,323)	2,488
Other	—	(2)	—	(5)
	$ 1,489	$ (1,019)	$ (3,935)	$ (1,387)

18. Earnings per Share

Basic and diluted earnings (loss) per Common Share is summarized as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Basic and diluted earnings (loss) attributable to common shareholders	$ (34,383)	$ 2,712	$ (40,539)	$ 4,642
Basic weighted average number of Common Shares outstanding (000's)	94,759	94,759	94,759	94,759
Dilutive effect of stock options (000's)	—	—	—	—
Diluted weighted average number of Common Shares outstanding (000's)	94,759	94,759	94,759	94,759
Basic earnings per share	$ (0.36)	$ 0.03	$ (0.43)	$ 0.05
Diluted earnings per share	$ (0.36)	$ 0.03	$ (0.43)	$ 0.05

In periods of net loss, the number of shares used to calculate diluted earnings per share is the same as basic earnings per share; therefore, the effect of the dilutive securities is zero for such periods. For the three and six months ended June 30, 2020, there were no instruments, including stock options, which would result in the issuance of Common Shares whose effect would be dilutive on loss per share.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

19. Supplemental Cash Flow Information

	For the three months ended June 30,		For the six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Change in working capital balances related to operations:				
Accounts receivable	$ 18,303	$ 3,350	$ 23,099	$ 7,593
Prepaid expenses and other current assets	1,149	(469)	2,626	475
Inventories	(1,816)	(1,277)	(2,266)	(4,023)
Accounts payable and accrued liabilities	(7,655)	(640)	(9,286)	(674)
Other liabilities	(146)	(197)	(540)	(3,105)
	$ 9,835	$ 767	$ 13,633	$ 266
Cash paid for interest	$ 519	$ 966	$ 1,156	$ 1,989
Cash paid (received) for income taxes	$ —	$ —	$ —	$ —
Noncash investing and financing activities:				
Lease liabilities				
Change in assets	$ 841	$ 841	$ 841	$ 1,988
Change in liabilities	$ 841	$ 841	$ 841	$ 1,988
Purchase of property, plant and equipment				
Change in assets	$ 110	$ (300)	$ 110	$ (400)
Change in liabilities	$ 110	$ (300)	$ 110	$ (400)
Change in estimate of reclamation liability				
Change in assets	$ —	$ 658	$ —	$ 1,172
Change in liabilities	$ —	$ 658	$ —	$ 1,172

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

20. 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") and transactions with close family members of key management personnel.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Supplies purchased (a)	$ 47	$ 69	$ 74	$ 189
Purchased coal (b)	—	—	—	74
	$ 47	$ 69	$ 74	$ 263

(a) During the three and six months ended June 30, 2020 and 2019, the Company purchased supplies used in the coal separation process from Quality Magnetite, which is significantly influenced by key management personnel of QEP. These amounts were included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss).

(b) During the six months ended June 30, 2019, the Company purchased coal from Kopper Glo Mining, LLC, which is considered a related party as it is significantly influenced by key management personnel of QEP. This amount was recognized in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss).

Included in accounts payable and accrued liabilities at June 30, 2020 was $9 due to related parties, as a result of the transactions noted above. No accounts payable and accrued liabilities due to related parties existed at December 31, 2019. Included in accounts receivable at June 30, 2020 and December 31, 2019 is $60 and $10, respectively, related to tax withholdings paid by the Company on behalf of QEP, which are to be reimbursed. These amounts are unsecured and non-interest bearing.

21. Segment Disclosures

Management has identified its operating segments based on geographical location and product offerings. Management has identified two distinct operating segments which require separate disclosures under IFRS 8 – *Operating Segments*. The two operating segments, NAPP and the Company's corporate office, are reported on the same basis as the internal reporting of the Company, using accounting policies consistent with the annual consolidated financial statements.

NAPP is a distinct operating segment based on its metallurgical coal operations and location in the U.S. along the Northern Appalachia coal belt. The Company's corporate office provides support and manages the mining investments. The amounts charged for transactions between reportable segments were measured at the exchange value, which represented the amount of consideration established and agreed to by the reportable segments.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

	For the three months ended June 30, 2020		
	NAPP	**Corporate**	**Total**
Revenues	$ 40,908	$ —	$ 40,908
Cost of sales	(40,075)	—	(40,075)
Cost of sales - asset impairment	(41,684)	—	(41,684)
Total cost of sales	(81,759)	—	(81,759)
Gross margin	(40,851)	—	(40,851)
Selling, general and administrative expenses	(1,674)	(770)	(2,444)
Loss from operations	(42,525)	(770)	(43,295)
Net finance income (expense)	1,864	(375)	1,489
Other income	582	—	582
Loss before tax	(40,079)	(1,145)	(41,224)
Current income tax expense	—	89	89
Deferred income tax expense	—	—	—
Provision for income taxes	—	89	89
Net loss	$ (40,079)	$ (1,234)	$ (41,313)

	For the six months ended June 30, 2020		
	NAPP	**Corporate**	**Total**
Revenues	$ 87,633	$ —	$ 87,633
Cost of sales	(85,158)	—	(85,158)
Cost of sales - asset impairment	(41,684)	—	(41,684)
Total cost of sales	(126,842)	—	(126,842)
Gross margin	(39,209)	—	(39,209)
Selling, general and administrative expenses	(2,973)	(1,580)	(4,553)
Loss from operations	(42,182)	(1,580)	(43,762)
Net finance expense	(3,126)	(809)	(3,935)
Other income (expense)	685	(1)	684
Loss before tax	(44,623)	(2,390)	(47,013)
Current income tax expense	—	89	89
Deferred income tax expense	—	—	—
Provision for income taxes	—	89	89
Net loss	$ (44,623)	$ (2,479)	$ (47,102)

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

	For the three months ended June 30, 2019		
	NAPP	**Corporate**	**Total**
Revenues	62,974	—	$ 62,974
Cost of sales	(54,984)	(33)	(55,017)
Gross margin	7,990	(33)	7,957
Selling, general and administrative expenses	(2,749)	(1,406)	(4,155)
Income (loss) from operations	5,241	(1,439)	3,802
Net finance expense	(39)	(980)	(1,019)
Other income	820	—	820
Income (loss) before tax	6,022	(2,419)	3,603
Current income tax (benefit) expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
Net income (loss)	$ 6,022	$ (2,419)	$ 3,603

	For the six months ended June 30, 2019		
	NAPP	**Corporate**	**Total**
Revenues	$ 120,308	$ —	$ 120,308
Cost of sales	(104,855)	(64)	(104,919)
Gross margin	15,453	(64)	15,389
Selling, general and administrative expenses	(5,632)	(3,078)	(8,710)
Income (loss) from operations	9,821	(3,142)	6,679
Net finance income (expense)	642	(2,029)	(1,387)
Other income	1,313	—	1,313
Income (loss) before tax	11,776	(5,171)	6,605
Current income tax (benefit) expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
Net income (loss)	$ 11,776	$ (5,171)	$ 6,605

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

All of the Company's mining properties are located in the U.S. The following geographic data includes revenues, net income (loss), non-current assets and total assets:

	For the three months ended June 30, 2020			For the three months ended June 30, 2019		
	USA	Canada	Total	USA	Canada	Total
Revenue	$ 40,908	$ —	$ 40,908	$ 62,974	$ —	$ 62,974
Net (loss) income	$ (40,821)	$ (492)	$ (41,313)	$ 4,362	$ (759)	$ 3,603

	For the six months ended June 30, 2020			For the six months ended June 30, 2019		
	USA	Canada	Total	USA	Canada	Total
Revenue	$ 87,633	$ —	$ 87,633	$ 120,308	$ —	$ 120,308
Net (loss) income	$ (46,143)	$ (959)	$ (47,102)	$ 8,215	$ (1,610)	$ 6,605

	At June 30, 2020			At December 31, 2019		
	USA	Canada	Total	USA	Canada	Total
Non-current assets	$ 167,292	$ —	$ 167,292	$ 220,800	$ —	$ 220,800
Total assets	$ 204,436	$ 22	$ 204,458	$ 269,254	$ 72	$ 269,326

22. Commitments and Contingencies

Miscellaneous Litigation

The Company and its subsidiaries are parties to a number of other lawsuits arising in the ordinary course of their businesses. The Company records costs relating to these matters when a loss is probable and the amount can be reasonably estimated. The effect of the outcome of these matters on the Company's future results of operations cannot be predicted with certainty as any such effect depends on future results of operations and the amount and timing of the resolution of such matters. While the results of litigation cannot be predicted with certainty, the Company believes that the final outcome of such other litigation will not have a material adverse effect on the Company's consolidated financial statements.

Contingent Receivable - A Seam Condemnation

PBS filed five Petitions for the Appointment of Board of Viewers for the determination of all damages suffered by PBS other than for the loss of support. Each Petition was in connection with a different property in which PBS held a leasehold interest at the time of condemnation by the Pennsylvania Department of Transportation ("PennDOT") or at the time when the coal was taken but no Declaration of Taking was filed by PennDOT. Three of the cases involve Declarations of Taking filed by PennDOT, also known as De Jure Condemnations, and two of the properties involve De Facto Takings, where no Declaration of Taking was filed by PennDOT but the coal was in effect taken by actions relating to the construction of the road. In one of the De Facto Taking cases, the issue of whether or not a taking occurred has been resolved in favor of PBS by the Pennsylvania Commonwealth Court, but the matter is before the Pennsylvania Supreme Court for review. In the second De Facto Taking case, the matter is awaiting a hearing on that issue. As to the three De Jure Taking cases, further proceedings are awaiting a decision by the Pennsylvania Supreme Court in the prior referenced case, which involves issues that will affect the proceedings in the three De Jure Condemnation cases. A ruling by the Pennsylvania Supreme Court is expected later this year. As such, the Company has not recognized this contingent receivable and cannot provide a reasonable estimate for the potential magnitude of these claims.