CORSA

Corsa Coal Corp.

Unaudited Condensed Interim Consolidated Financial Statements
March 31, 2022 and 2021

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

Assets	**March 31, 2022**	**December 31, 2021**
Cash	$ 10,707	$ 12,714
Accounts receivable (note 3)	16,812	21,710
Prepaid expenses and other current assets	2,792	3,493
Inventories (note 4)	8,630	8,893
Current Assets	38,941	46,810
Restricted cash and investments (note 5)	42,454	43,334
Advance royalties and other assets	3,557	3,244
Property, plant and equipment, net (note 6)	120,007	122,108
Total Assets	$ 204,959	$ 215,496
Liabilities		
Accounts payable and accrued liabilities (note 7)	$ 18,402	$ 22,838
Lease liabilities – current (note 8)	1,222	1,255
Loans payable, net – current (note 9)	3,354	3,276
Other liabilities – current (note 10)	1,091	1,070
Reclamation and water treatment provision (note 11)	4,145	4,145
Current Liabilities	28,214	32,584
Revolving Credit Facility (note 9)	—	—
Loans payable, net – long-term (note 9)	25,287	26,115
Lease liabilities – long-term (note 8)	1,572	1,880
Other liabilities – long-term (note 10)	4,944	5,255
Reclamation and water treatment provision (note 11)	59,632	60,381
Total Liabilities	119,649	126,215
Equity		
Share capital (note 12)	225,091	225,091
Contributed surplus	1,764	1,758
Accumulated deficit	(141,545)	(137,568)
Total Shareholders' Equity	85,310	89,281
Total Liabilities and Equity	$ 204,959	$ 215,496

Commitments and Contingencies (note 23)

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 March 31,	
	2022	**2021**
Revenue (note 13)	$ 38,773	$ 24,619
Cost of sales (note 14)	(36,974)	(26,316)
Gross margin (loss)	1,799	(1,697)
Selling, general and administrative expense (notes 15 and 16)	(2,383)	(2,029)
Loss from operations	(584)	(3,726)
Finance expense (note 17)	(2,702)	(1,332)
Finance income (note 17)	15	401
Other (expense) income, net (note 18)	(706)	224
Loss before tax	(3,977)	(4,433)
Current income tax expense	—	—
Deferred income tax expense	—	—
Provision for income taxes	—	—
Net and comprehensive loss	$ (3,977)	$ (4,433)
Attributable to:		
Shareholders	$ (3,977)	$ (4,382)
Non-controlling interest	$ —	$ (51)
Basic loss per share (note 19)	$ (0.04)	$ (0.05)
Diluted loss per share (note 19)	$ (0.04)	$ (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 three months ended March 31, 2022					
	Number of Corsa Common Shares (000's)	**Share Capital**	**Contributed Surplus**	**Accumulated Deficit**	**Non-Controlling Interest**	**Total Equity**
Balance - January 1, 2022	103,275	$ 225,091	$ 1,758	$ (137,568)	$ —	$ 89,281
Stock-based compensation expense (note 16)	—	—	6	—	—	6
Net and comprehensive loss	—	—	—	(3,977)	—	(3,977)
Balance - March 31, 2022	103,275	$ 225,091	$ 1,764	$ (141,545)	$ —	$ 85,310

	For the three months ended March 31, 2021					
	Number of Corsa Common Shares (000's)	**Share Capital**	**Contributed Surplus**	**Accumulated Deficit**	**Non-Controlling Interest**	**Total Equity**
Balance - January 1, 2021	94,759	$ 180,130	$ 341	$ (137,856)	$ 45,102	$ 87,717
Stock-based compensation expense (note 16)	—	—	37	—	—	37
Stock option expiration/forfeiture	—	—	(33)	33	—	—
Net and comprehensive loss	—	—	—	(4,382)	(51)	(4,433)
Balance - March 31, 2021	94,759	$ 180,130	$ 345	$ (142,205)	$ 45,051	$ 83,321

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 March 31,	
	2022	**2021**
Operating Activities		
Net and comprehensive loss	$ (3,977)	$ (4,433)
Items not affecting cash:		
Amortization	3,079	3,849
Stock-based compensation expense (note 16)	6	37
Non-cash finance expense	1,502	55
Other non-cash operating expense	78	(367)
Cash spent on reclamation and water treatment activities (note 11)	(918)	(632)
Changes in working capital balances related to operations (note 20)	1,006	2,992
Cash provided by operating activities	776	1,501
Investing Activities		
Restricted cash and investments acquired	(702)	(761)
Advance royalties and other assets	(313)	(118)
Property, plant and equipment additions	(628)	(403)
Cash used in investing activities	(1,643)	(1,282)
Financing Activities		
Repayment of loan payable	(799)	(1,894)
Repayment of lease liabilities	(341)	(338)
Cash used in financing activities	(1,140)	(2,232)
Net decrease in cash for the period	(2,007)	(2,013)
Cash, beginning of period	12,714	24,480
Cash, end of period	$ 10,707	$ 22,467

Supplemental disclosure (note 20)

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 COVID-19 Matter

Corsa Coal Corp. ("Corsa" or the "Company") is in the business of mining, processing and selling 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.

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 has significantly impacted the global economy and commodity and financial markets. The ongoing impacts of the COVID-19 outbreak has and could continue to have a material adverse effect on the Company's business, financial condition, cash flows and results of operations. While demand and metallurgical coal prices have improved, to the extent that industry conditions decline due to the ongoing pandemic, the Company may 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 March 31, 2022, 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 David E. Yingling, Professional Engineer and the Company's mining engineer, 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 unaudited condensed 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, 2021 and the related notes thereto.

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on May 12, 2022.

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 or recently adopted accounting pronouncements

Certain amendments to existing standards issued by the IASB will impact the Company's financial statements and are mandatory for accounting periods after January 1, 2022. Updates that are not applicable or are not consequential to the Company have been excluded.

In May 2020, the IASB amended International Accounting Standard 16 – Property, Plant and Equipment ("IAS 16"), to prohibit a company from deducting, from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendment to this standard is effective for annual reporting periods beginning on or after January 1, 2022 and the Company adopted this amendment in its consolidated financial statements for the annual period beginning January 1, 2022. The impact of adopting the amendment to IAS 16 was not material.

2. Financial Instruments

The Company's financial instruments consist of cash, restricted cash and investments, accounts receivable, accounts payable and accrued liabilities, lease liabilities, Revolving Credit Facility (as defined herein), loan payable in connection with the Main Street Facility (as defined herein), loan payable in connection with the 36th Street Facility (as defined 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 cash, money market accounts and certificates of deposit. Restricted investments consist of 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, 2022 and 2021.

At March 31, 2022 and December 31, 2021, the Company had three and four customers, respectively, that owed the Company more than $1,000 each and accounted for approximately 70% and 66%, respectively, of total accounts receivable. At March 31, 2022 and December 31, 2021, 46% and 58%, respectively, of the Company's accounts receivables were covered by letters of credit or other forms of credit insurance.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include the Main Street Facility, the Revolving Credit Facility and restricted cash and investments.

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 March 31, 2022, the Company had a consolidated cash balance of $10,707, consolidated working capital of $10,727 and availability under the Revolving Credit Facility of $2,670. The future operations of the Company are dependent on the continued generation of positive cash flows from operations which in turn 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 cash flows from operations are less than required, the Company may need to incur additional debt or issue additional equity. From time-to-time, the Company may need to access the long-term and short-term capital markets to obtain financing. Although the Company believes it can currently finance its operations on acceptable terms and conditions, the Company's 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 the Company's existing debt agreements and any other future debt agreements. There can be no assurance that the Company will have or continue to have access to the capital markets on acceptable terms.

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

	Carrying Value at Mar. 31, 2022	Payments due by period				
		Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 18,402	$ 18,402	$ 18,402	$ —	$ —	$ —
Lease liabilities	2,794	2,794	1,222	1,391	181	—
Revolving Credit Facility	—	—	—	—	—	—
Loan payable - 36th Street Facility	3,354	3,398	3,398	—	—	—
Loan payable - Main Street Facility	25,287	25,780	—	7,734	18,046	—
Other liabilities	6,035	6,035	1,091	1,982	1,982	980
Asset retirement obligations - reclamation	40,261	40,261	2,966	4,555	6,421	26,319
Asset retirement obligations - water treatment	23,516	23,516	1,179	2,386	2,405	17,546
Purchase order firm commitments	—	985	985	—	—	—
Minimum royalty commitments	—	1,923	641	1,282	—	—
Reclamation bond restricted cash deposits	—	8,457	1,500	3,000	3,000	957
Total	$ 119,649	$ 131,551	$ 31,384	$ 22,330	$ 32,035	$ 45,802

<u>*Fair Value*</u>

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

	March 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan payable - Main Street Facility	$ 25,287	$ 18,166	$ 25,249	$ 17,686
Loan payable - 36th Street Facility	3,354	3,441	4,142	4,255
	$ 28,641	$ 21,607	$ 29,391	$ 21,941

The fair value of the loans payable 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. At March 31, 2022 and December 31, 2021, the discount rates were 11.3% and 9.0%, for the Main Street Facility and the 36th Street Facility, respectively.

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

Management's estimate of the fair value of the loans payable 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.

	March 31, 2022	December 31, 2021
	Level 1	Level 1
Restricted cash	$ 12,206	$ 11,917
Restricted investments		
Debt securities	6,336	8,725
Equity securities	23,912	22,692
	30,248	31,417
Total restricted cash and investments	$ 42,454	$ 43,334

At March 31, 2022 and December 31, 2021, the Company had no financial instruments which used Level 2 or 3 fair value measurements.

3. Accounts Receivable

Accounts receivable consist of the following:

	March 31, 2022	December 31, 2021
Trade receivables	$ 12,345	$ 14,805
Employee retention credit	4,404	6,832
Other	63	73
	$ 16,812	$ 21,710

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

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

4. Inventories

Inventories consist of the following:

	March 31, 2022	December 31, 2021
Metallurgical coal		
Clean coal stockpiles	$ 2,757	$ 2,843
Raw coal stockpiles	1,004	1,522
	3,761	4,365
Parts and supplies, net	4,869	4,528
	$ 8,630	$ 8,893

There was no net realizable value adjustment, measured as the inventory balances at full cost less net realizable value, for the three months ended March 31, 2022. The net realizable value adjustment for the three months ended March 31, 2021 was $144. An obsolescence reserve of $566 has been provided for the parts and supplies inventory at March 31, 2022 and December 31, 2021.

5. Restricted Cash and Investments

Restricted cash and investments consists of the following:

	March 31, 2022				December 31, 2021			
	Cash	Debt Securities	Equity Securities	Total	Cash	Debt Securities	Equity Securities	Total
Water treatment (a)	$ 320	$ 5,956	$ 23,478	$ 29,754	$ 400	$ 8,341	$ 22,232	$ 30,973
Reclamation bonds (b)	8,010	369	34	8,413	7,640	373	37	8,050
Workers' compensation (c)	3,876	—	400	4,276	3,877	—	423	4,300
Other restricted deposits	—	11	—	11	—	11	—	11
	$ 12,206	$ 6,336	$ 23,912	$ 42,454	$ 11,917	$ 8,725	$ 22,692	$ 43,334

(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 either held or invested in debt and equity securities 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. At March 31, 2022, all of the water treatment trusts were fully funded.

(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 held or invested in certificates of deposit, that are insured by the U.S. Federal Deposit Insurance Corporation, or in debt and equity security investments. The Company is required to increase the level of cash collateral over time to reach the target set by the surety of 25% of the issued bond amount. The collateral increase will be funded by quarterly installment payments of $375.

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

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

6. Property, Plant and Equipment, net

Property, plant and equipment consists of the following:

	Mineral Properties (a)	Plant and Equipment	Total
Cost			
Balance - January 1, 2021	$ 161,855	$ 154,835	$ 316,690
Additions	—	8,117	8,117
Capitalized development costs	968	—	968
Change in reclamation provision	3,828	—	3,828
Disposals	—	(9,742)	(9,742)
Balance - December 31, 2021	166,651	153,210	319,861
Additions	—	902	902
Capitalized development costs	100	—	100
Change in reclamation provision	—	(53)	(53)
Disposals	—	(546)	(546)
Balance - March 31, 2022	$ 166,751	$ 153,513	$ 320,264
Accumulated Amortization and Impairment Losses			
Balance - January 1, 2021	$ (67,140)	$ (124,130)	$ (191,270)
Amortization	(6,589)	(9,562)	(16,151)
Disposals	—	9,668	9,668
Balance - December 31, 2021	(73,729)	(124,024)	(197,753)
Amortization	(845)	(2,148)	(2,993)
Disposals	—	489	489
Balance - March 31, 2022	$ (74,574)	$ (125,683)	$ (200,257)
Net Book Value			
December 31, 2021	$ 92,922	$ 29,186	$ 122,108
March 31, 2022	$ 92,177	$ 27,830	$ 120,007

(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. The net book value of mineral properties that are not in production at March 31, 2022 and December 31, 2021 was $24,832 and $24,732, respectively.

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

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	March 31, 2022	December 31, 2021
Trade payables	$ 9,003	$ 8,628
Purchased coal payables	1,039	6,781
Freight payables	1,175	1,644
Other accrued liabilities	7,185	5,785
	$ 18,402	$ 22,838

8. Lease Liabilities

Lease liabilities consists of the following:

	Interest Rate	Maturity	March 31, 2022	December 31, 2021
Equipment - Preparation Plant (a)	11.0%	September 2023	$ 463	$ 532
Equipment - Surface	2.5% to 11%	May 2022 - Aug. 2026	2,319	2,588
Equipment - Information Technology	11.0%	July 2023	12	15
Balance, end of year			2,794	3,135
Less: Current portion			(1,222)	(1,255)
Total long-term lease liabilities			$ 1,572	$ 1,880

(a) Contingent rent related to these lease obligations is payable if the equipment exceeds certain operating levels. The contingent rent recognized in the three months ended March 31, 2022 and 2021 increased expense by $121 and decreased expense by $20, respectively. Contingent rent is included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss).

Lease liabilities and minimum lease payments at March 31, 2022 are as follows:

Less than 1 year	$ 1,432
1-3 years	1,507
4-5 years	184
Thereafter	—
Total payments	3,123
Less: Amounts representing interest	(329)
Total finance lease obligations	$ 2,794

For the three months ended March 31, 2022 and 2021, interest expense, which is included in 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 March 31, 2022	2021
Interest expense related to lease liabilities	$ 73	$ 110
Total cash outflows related to lease liabilities	$ 414	$ 448

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

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 consolidated balance sheets, consist of the following:

	Plant	Equipment Plant	Equipment Surface	Equipment IT	Total
Gross Right-of-Use Asset					
Balance – January 1, 2021	$ 1,696	$ 2,200	$ 4,302	$ 37	$ 8,235
Additions	—	—	481	—	481
Lease expiration	(1,696)	—	—	—	(1,696)
Balance – December 31, 2021	—	2,200	4,783	37	7,020
Additions	—	—	—	—	—
Balance – March 31, 2022	$ —	$ 2,200	$ 4,783	$ 37	$ 7,020
Accumulated Amortization					
Balance – January 1, 2021	$ (1,356)	$ (1,029)	$ (1,289)	$ (18)	$ (3,692)
Amortization	(340)	(426)	(985)	(7)	(1,758)
Lease expiration	1,696	—	—	—	1,696
Balance – December 31, 2021	—	(1,455)	(2,274)	(25)	(3,754)
Amortization	—	(106)	(258)	(2)	(366)
Balance – March 31, 2022	$ —	$ (1,561)	$ (2,532)	$ (27)	$ (4,120)
Net Book Value					
December 31, 2021	$ —	$ 745	$ 2,509	$ 12	$ 3,266
March 31, 2022	$ —	$ 639	$ 2,251	$ 10	$ 2,900

For the three months ended March 31, 2022 and 2021, amortization expense of $366 and $432, 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 and which was reduced to $5 million in December 2020 in connection with an amendment thereto (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 also includes a 0.50% unused facility fee. The Revolving Credit Facility contains customary financial covenants which were amended in December 2020 to align with the financial covenants of the Main Street Loan Facility (as defined below). The Revolving Credit Facility is secured against all currently owned and after acquired tangible and intangible assets of the borrowers and the guarantor. At March 31, 2022, the Company had no outstanding borrowings on the Revolving Credit Facility, a letter of credit had been issued to support historical workers compensation claims in the amount of $890 and the Company had additional availability to borrow $2,670. 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 March 31, 2022.

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

Loan Payable - 36th Street Facility

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, 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 "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 which were amended in December 2020 to align with the financial covenants of the Main Street Facility. The 36th Street Facility is secured by the Leased Property. The Company was in compliance with all financial covenants at March 31, 2022.

Loan Payable - Main Street Facility

On December 14, 2020, certain wholly-owned subsidiaries of the Company, as borrowers, entered into a five-year secured term loan with KeyBank for $25 million (the "Main Street Facility") through the Main Street Lending Program established by the board of governors of the U.S. Federal Reserve System. Under this program, lending is facilitated through a special purpose vehicle established by the Federal Reserve Bank of Boston which committed to purchase, on December 21, 2020, a participation interest equal to 95% of the Main Street Facility. The Main Street Facility bears interest, payable monthly, at LIBOR plus 3.00% and contains customary financial covenants as well as affirmative and negative covenants, including covenants that would restrict the ability to pay dividends, make distributions and transfer funds to the Canadian parent entity. The Main Street Facility is repayable on each of the third and fourth anniversaries of the closing date of the Main Street Facility in an amount equal to 15% of the principal amount, with the remaining balance due in full on the fifth anniversary of the closing date and is pre-payable at any time without any premium or penalty. The Main Street Facility is secured against certain real and personal property of the borrowers. The borrowers were in compliance with all financial covenants at March 31, 2022.

The changes in the loan payable balance are as follows:

	36th Street Facility			Main Street Facility			
	Principal	Unamortized Discount	Total	Principal	Unamortized Discount	Total	Total
Balance - January 1, 2021	$ 8,372	$ (90)	$ 8,282	$ 25,020	$ (714)	$ 24,306	$ 32,588
Accrued interest	604	—	604	800	—	800	1,404
Interest paid	(604)	—	(604)	—	—	—	(604)
Amortization of discount	—	35	35	—	143	143	178
Principal repayment	(4,175)	—	(4,175)	—	—	—	(4,175)
Balance - December 31, 2021	$ 4,197	$ (55)	$ 4,142	$ 25,820	$ (571)	$ 25,249	$ 29,391

	36th Street Facility			Main Street Facility			
	Principal	Unamortized Discount	Total	Principal	Unamortized Discount	Total	Total
Balance - January 1, 2022	$ 4,197	$ (55)	$ 4,142	$ 25,820	$ (571)	$ 25,249	$ 29,391
Accrued interest	98	—	98	204	—	204	302
Interest paid	(98)	—	(98)	(201)	—	(201)	(299)
Amortization of discount (note 17)	—	11	11	—	35	35	46
Principal repayment	(799)	—	(799)	—	—	—	(799)
Balance - March 31, 2022	$ 3,398	$ (44)	$ 3,354	$ 25,823	$ (536)	$ 25,287	$ 28,641
Less: current portion	(3,398)	44	(3,354)	—	—	—	(3,354)
Total long-term loan payable	$ —	$ —	$ —	$ 25,823	$ (536)	$ 25,287	$ 25,287

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

10. Other Liabilities

Other liabilities consist of the following:

	March 31, 2022	December 31, 2021
Workers' compensation provision (a)	$ 5,935	$ 6,266
Other (b)	100	59
	6,035	6,325
Less: current portion	(1,091)	(1,070)
Total Other Liabilities	$ 4,944	$ 5,255

(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 $991. 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) Other includes various accruals based on management's best estimate of other matters, all of which are expected to be settled within the next twelve months.

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, 2021	$ 36,909	$ 30,600	$ 67,509
Costs incurred	(1,758)	(2,297)	(4,055)
Change in estimate	5,053	(4,535)	518
Accretion expense	293	261	554
	3,588	(6,571)	(2,983)
Balance - December 31, 2021	$ 40,497	$ 24,029	$ 64,526
Costs incurred	(318)	(600)	(918)
Change in estimate	(53)	—	(53)
Accretion expense (note 17)	135	87	222
	(236)	(513)	(749)
Balance - March 31, 2022	$ 40,261	$ 23,516	$ 63,777
Less: current portion	(2,966)	(1,179)	(4,145)
Long-Term Reclamation and Water Treatment Provision	$ 37,295	$ 22,337	$ 59,632
Estimated costs (undiscounted cash flow basis)	$ 38,701	$ 22,604	$ 61,305
End of reclamation period	1-21 years	Perpetual	
Discount rate	0.39%-1.94%	0.39%-1.94%	
Inflation rate	2.0%	2.0%	

(a) Site reclamation and remediation

(i) The current portion represents the amount of costs expected to be incurred by the Company within one year from March 31, 2022.

(ii) At March 31, 2022, the Company had $64,590 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 is required to maintain separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is invested in debt and equity securities 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 of costs expected to be incurred by the Company within one year from March 31, 2022.

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 March 31, 2022 and December 31, 2021, the Company had 103,275,076 Common Shares outstanding and no preferred shares outstanding.

Shareholder Rights Plan

On December 17, 2021, the Company adopted a shareholder rights plan (the "Rights Plan") with immediate effect. The adoption of the Rights Plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any take-over bid for Corsa's common shares and to protect against acquisitions of control of Corsa through purchases of common shares that are exempt from applicable Canadian take-over bid rules, also referred to as "creeping" take-over bids. The Rights Plan is substantially similar to shareholder rights plans adopted by other Canadian issuers and, while it was not adopted in response to any specific proposal or intention to acquire control of the Company, Corsa's board of directors considered a number of relevant factors in connection with its adoption, including the potential for near-term pressure on the Company's share price given that on December 15, 2021, funds controlled by Quintana Capital Group L.P. had completed an in-kind distribution of common shares of the Company representing approximately 45% of the outstanding common shares of the Company to the limited partners of such funds.

Subject to the terms of the Rights Plan, in the event that rights become exercisable under the Rights Plan, holders of the rights (other than the acquiring person and certain other customary parties, including parties acting jointly or in concert with the acquiring person) will be permitted to exercise their rights to purchase additional common shares of the Company at a 50% discount to the then prevailing market price of the common shares. Pursuant to the Rights Plan, one right attaches to each issued and outstanding common share.

The Rights Plan was made effective immediately on December 17, 2021, but is subject to ratification by shareholders of the Company at Corsa's 2022 annual meeting of shareholders expected to be held in June 2022. If the Rights Plan is not ratified by Corsa shareholders prior to June 17, 2022, the Rights Plan will terminate and all rights issued thereunder will be cancelled.

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 March 31, 2022	2021
Metallurgical coal sales	$ 37,809	$ 23,654
Thermal coal sales	133	791
Tolling revenue	719	30
Limestone revenue	112	144
	$ 38,773	$ 24,619

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

	For the three months ended March 31, 2022	2021
Revenue from contracts with customers	$ 38,528	$ 24,359
Revenue from other sources	245	260
	$ 38,773	$ 24,619

Revenue from other sources is primarily thermal coal and limestone sold to various customers where control passes upon the loading of the coal or limestone 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 March 31, 2022			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 13,849	$ —	$ —	$ 13,849
United States	21,560	—	719	22,279
Europe	2,400	—	—	2,400
Total revenue from contracts with customers	$ 37,809	$ —	$ 719	$ 38,528

	For the three months ended March 31, 2021			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 6,444	$ —	$ —	$ 6,444
United States	17,210	675	30	17,915
Total revenue from contracts with customers	$ 23,654	$ 675	$ 30	$ 24,359

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

14. Cost of Sales

Cost of sales consists of the following:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Mining and processing costs	$ 25,186	$ 18,851
Purchased coal costs	4,158	1,058
Royalty expense	1,523	1,239
Amortization expense	3,079	3,849
Transportation costs from preparation plant to customer	1,942	1,310
Idle mine expense	240	152
Tolling costs	589	19
Limestone costs	77	168
Other costs	180	(330)
	$ 36,974	$ 26,316

15. Selling, General and Administrative Expense

Selling, general and administrative expense consists of the following:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Salaries and other compensation	$ 1,071	$ 912
Employee benefits	266	168
Selling expense	138	110
Professional fees	501	532
Office expenses and insurance	340	251
Other	67	56
	$ 2,383	$ 2,029

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 unless approved by the Company's Board of Directors. 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 months ended

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

March 31, 2022 and 2021. At March 31, 2022 and 2021, there were 6,227,008 and 4,269,380 stock options available for issuance under the stock option plan, respectively.

The following illustrates the changes in issued and outstanding stock options:

	Number of Stock Options (000's)	Weighted Average Exercise Price (C$)
Balance - January 1, 2021	5,277	$1.09
Options granted	150	0.45
Options cancelled/forfeited	(70)	1.08
Options expired	(1,106)	2.03
Balance - December 31, 2021	4,251	0.83
Options cancelled/forfeited	(150)	0.45
Balance - March 31, 2022	4,101	$0.84

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

Date of grant:	August 11, 2021
Options granted (000's):	150
Expected life in years:	2 to 4
Exercise price:	C$0.45
Risk-free interest rate:	0.23% to 0.63%
Common Share price:	C$0.45
Expected volatility:	93% to 114%
Dividend yield:	—%
Forfeiture rate:	14.85%

The risk-free interest rate used in 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 months ended March 31, 2022 and 2021, the Company recorded stock-based compensation expense on the outstanding stock options, which is included in selling, general and administrative expense, as follows:

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Stock-based compensation expense	$ 6	$ 37

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

17. Finance (Expense) and Income

Finance (expense) and income consists of the following:

	For the three months ended March 31,	
	2022	**2021**
Finance expense		
Amortization of discount on loan payable (note 9)	$ (46)	$ (43)
Amortization of Revolving Credit Facility fees	(36)	(36)
Bond premium expense	(657)	(447)
Interest expense	(573)	(669)
Accretion on reclamation and water treatment provision (note 11)	(222)	(137)
Loss on restricted investments	(1,168)	—
Total finance expense	$ (2,702)	$ (1,332)
Finance income		
Interest income	$ 15	$ —
Foreign exchange gain	—	2
Income on restricted investments	—	399
Total finance income	$ 15	$ 401
Net finance expense	$ (2,687)	$ (931)

18. Other Income and Expense

Other income (expense) consists of the following:

	For the three months ended March 31,	
	2022	**2021**
Restructuring charges	$ (886)	$ —
Filter cake sales and refuse disposal income	68	198
(Loss) gain on property dispositions	(56)	76
Royalty income	33	30
Other	135	(80)
	$ (706)	$ 224

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

19. Earnings per Share

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

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Basic and diluted earnings (loss) attributable to common shareholders	$ (3,977)	$ (4,382)
Basic weighted average number of Common Shares outstanding (000's)	103,275	94,759
Dilutive effect of weighted average of stock options (000's)	—	—
Diluted weighted average number of Common Shares outstanding (000's)	103,275	94,759
Basic loss per share	$ (0.04)	$ (0.05)
Diluted loss per share	$ (0.04)	$ (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 months ended March 31, 2022 and 2021, 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.

20. Supplemental Cash Flow Information

	For the three months ended March 31, 2022	For the three months ended March 31, 2021
Change in working capital balances related to operations:		
Accounts receivable	$ 4,821	$ (1,204)
Prepaid expenses and other current assets	701	929
Inventories	176	(1,755)
Accounts payable and accrued liabilities	(4,733)	5,201
Other liabilities	41	(179)
	$ 1,006	$ 2,992
Cash paid for interest	$ 569	$ 473
Cash paid (received) for income taxes	$ —	$ —
Noncash investing and financing activities:		
Purchase of property, plant and equipment		
Change in assets	$ 374	$ (3)
Change in liabilities	$ 374	$ (3)
Change in estimate of reclamation liability		
Change in assets	$ (53)	$ —
Change in liabilities	$ (53)	$ —

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

21. 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 until December 15, 2021, Quintana Energy Partners L.P. ("QEP"); transactions with companies who are under common control of the Company's minority shareholder, Sev.en Met Coal Corp. ("Sev.en") and transactions with close family members of key management personnel. Sev.en ceased being a related party in January 2022.

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 March 31,	
	2022	2021
Supplies purchased (a)	$ —	$ 37

(a) During the three months ended March 31, 2021, 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). Quality Magnetite is no longer considered a related party in the three months ended March 31, 2022.

Included in accounts payable and accrued liabilities due to related parties at December 31, 2021 was $22.

22. Segment Information

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 March 31, 2022		
	NAPP	Corporate	Total
Revenues	$ 38,773	$ —	$ 38,773
Cost of sales	(36,974)	—	(36,974)
Gross income	1,799	—	1,799
Selling, general and administrative expenses	(1,448)	(935)	(2,383)
Income (loss) from operations	351	(935)	(584)
Finance expense	(2,304)	(398)	(2,702)
Finance income	15	—	15
Other income (expense)	180	(886)	(706)
Loss before tax	(1,758)	(2,219)	(3,977)
Current income tax expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
Net loss	$ (1,758)	$ (2,219)	$ (3,977)

	For the three months ended March 31, 2021		
	NAPP	Corporate	Total
Revenues	$ 24,619	$ —	$ 24,619
Cost of sales	(26,316)	—	(26,316)
Gross loss	(1,697)	—	(1,697)
Selling, general and administrative expenses	(1,101)	(928)	(2,029)
Loss from operations	(2,798)	(928)	(3,726)
Finance expense	(843)	(489)	(1,332)
Finance income	399	2	401
Other income	224	—	224
Loss before tax	(3,018)	(1,415)	(4,433)
Current income tax (benefit) expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
Net loss	$ (3,018)	$ (1,415)	$ (4,433)

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

	For the period ended March 31, 2022			For the year ended December 31, 2021		
	NAPP	Corporate	Total	NAPP	Corporate	Total
Assets	$ 194,061	$ 10,898	$ 204,959	$ 202,485	$ 13,011	$ 215,496
Liabilities	$ 89,635	$ 30,014	$ 119,649	$ 96,185	$ 30,030	$ 126,215

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, total assets and total liabilities:

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	USA	Canada	Total	USA	Canada	Total
Revenue	$ 38,773	$ —	$ 38,773	$ 24,619	$ —	$ 24,619
Net loss	$ (3,868)	$ (109)	$ (3,977)	$ (4,300)	$ (133)	$ (4,433)

	At March 31, 2022			At December 31, 2021		
	USA	Canada	Total	USA	Canada	Total
Non-current assets	$ 166,018	$ —	$ 166,018	$ 168,686	$ —	$ 168,686
Total assets	$ 204,858	$ 101	$ 204,959	$ 215,382	$ 114	$ 215,496
Total liabilities	$ 119,581	$ 68	$ 119,649	$ 126,160	$ 55	$ 126,215

23. Commitments and Contingencies

Litigation

The Company and its subsidiaries are parties to a number of 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 Liability - Sales Agent Matter

In September 2020, the Company learned that an overseas third-party sales agent had been charged in an overseas jurisdiction in connection with allegedly unlawful benefits given to a representative of an overseas customer in relation to the sale of coal from operations of U.S. subsidiaries of the Company. A special committee of the Board of Directors of the Company (the "Special Committee") was promptly constituted, and the Special Committee engaged outside legal counsel to conduct an independent investigation as to whether any employees of the Company or any of its subsidiaries were aware of, or involved in, the alleged conduct and whether any such knowledge or involvement may have given rise to a violation of anti-corruption laws by the Company or any of its subsidiaries. On the basis of findings resulting from such investigation, the Company has taken corrective action to minimize risk. Furthermore, the Company reported the matter to the U.S. Department of Justice and the Royal Canadian Mounted Police, which are conducting investigations. The Company and its subsidiaries are cooperating with these investigations.

At this time, no charges have been brought against the Company, any of its subsidiaries, or any current employees thereof in any jurisdiction in respect of this matter. However, on November 3, 2021, a former employee, whom the Company had previously terminated, pleaded guilty to conspiracy to violate the Foreign Corrupt Practices Act during the period from late 2016 to 2020. The charges and guilty plea proceedings are publicly available. On March 31, 2022, a second former employee, who left the Company before commencement of the referenced investigation, was charged in an indictment with conspiracy to violate and violation of the Foreign Corrupt Practices Act and related charges of money laundering. The second former employee was also charged with wire fraud relating to his receipt of illegal payments, which were allegedly paid from a portion of commissions that the Company paid to an overseas third-party agent and which the second former employee allegedly concealed from others within the Company both during and after the second former employee's tenure. The charges related to the period from late 2016 to 2020. On April 19, 2022, the second former employee pleaded not guilty. The charges and related documents are publicly available.

The risks associated with any charges that may be brought against the Company or any of its subsidiaries or any related processes are uncertain. However, such risks may include resulting fines and penalties, as well as the disgorgement of profits on revenues received from the overseas customer. A range of potential exposure to the Company and its subsidiaries is uncertain and is not presently determinable.

The Company and its subsidiaries are committed to the highest standards of integrity and diligence in their business dealings and to the ethical and legally compliant business conduct by their employees and representatives. Potentially unlawful business conduct is in direct conflict with corporate and compliance policies. The Company and its subsidiaries will continue to cooperate with authorities with a view to a prompt and appropriate resolution.

Contingent Receivable - A Seam Condemnation

PBS filed five Petitions for the Appointment of Board of Viewers (each a "Petition") for the determination of all damages suffered by PBS, other than for the loss of support, in connection with the taking of leased land by the Pennsylvania Department of Transportation ("PennDOT"). Each Petition was in connection with a different property in which PBS held a leasehold interest at the time of condemnation by 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 was resolved in favor of PBS by the Pennsylvania Commonwealth Court, but on January 20, 2021, the Pennsylvania Supreme Court reversed the Commonwealth Court on this issue. The Pennsylvania Supreme Court, though, left open the possibility that PBS can prove consequential damages in this case due to PennDOT's action of cutting off access to this coal property. PBS requested reconsideration by the Pennsylvania Supreme Court of its decision but this request was denied. Therefore, on July 19, 2021, PBS filed a petition asking the United States Supreme Court to grant PBS certiorari to review the case. On October 4, 2021, the United States Supreme Court denied PBS' Petition for Certiorari. Therefore, PBS has asked the Court of Common Pleas of Somerset County to move forward in determining PBS' consequential damage claim. In the second De Facto Taking case, a hearing is scheduled for June 13 to 15, 2022, on the issue of whether or not a De Facto Taking occurred and if so, the extent. As to the three De Jure Taking cases, further proceedings are being planned in the form of Board of View hearings. The first Board of View hearing for one of the three properties is scheduled for June 21 through June 24, 2022. As such, the Company has not recognized this contingent receivable and cannot provide a reasonable estimate for the potential magnitude of these claims.