Corsa Coal Corp.

Management's Discussion and Analysis

December 31, 2022

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For the three months and year ended December 31, 2022

The purpose of the Corsa Coal Corp. ("Corsa" or the "Company") Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2022 is to provide a narrative explanation of Corsa's operating and financial results for the period, Corsa's financial condition at the end of the period and Corsa's future prospects. This MD&A is intended to be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all dollar amounts in this MD&A are expressed in United States dollars, all tonnage amounts are short tons (2,000 pounds per ton) and all amounts are shown in thousands. Pricing and cost per ton information is expressed on a free on board ("FOB") mine site basis. Please refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Measures of Performance." This MD&A is dated as of April 13, 2023.

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

CAUTIONARY STATEMENT REGARDING CERTAIN MEASURES OF PERFORMANCE

This MD&A presents certain measures, including "EBITDA"; "Adjusted EBITDA"; "realized price per ton sold"; "cash production cost per ton sold"; "cash cost per ton sold"; "cash cost purchased coal per ton sold", and "cash margin per ton sold", that are not recognized measures under IFRS. This data may not be comparable to data presented by other coal producers. For a definition and reconciliation of these measures to the most directly comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, see "Non-GAAP Financial Measures" starting on page 26 of this MD&A. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in performing year-over-year comparisons. However, these non-GAAP measures should be considered together with other data prepared in accordance with IFRS, and these measures, taken by themselves, are not necessarily indicative of operating costs or cash flow measures prepared in accordance with IFRS.

SCIENTIFIC AND TECHNICAL INFORMATION

All scientific and technical information contained in this MD&A has been reviewed and approved by 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*.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2022

- Key financial results and operational statistics are shown below:

(in millions except per share, per ton and sales tons)	Three months ended December 31, 2022	Three months ended December 31, 2021	Years ended December 31, 2022	Years ended December 31, 2021
Net and comprehensive (loss) income	$(16.3)	$2.8	$(27.7)	$1.4
Diluted (loss) earnings per share	$(0.16)	$0.03	$(0.27)	$0.02
Cash (used in) provided by operating activities	$(0.2)	$1.0	$7.8	$4.0
Total revenue	$38.9	$40.1	$165.9	$131.5
Non-GAAP Financial Measures				
Adjusted EBITDA[1]	$(2.2)	$2.0	$7.1	$9.0
EBITDA[1]	$(12.8)	$7.0	$(12.9)	$20.3
Average realized price per ton of metallurgical coal sold[1]	$152.48	$131.64	$158.03	$105.81
Cash production cost per ton sold[1]	$143.51	$101.65	$134.07	$87.07
Company produced metallurgical coal sales tons	192,442	230,315	828,242	1,058,575
Purchased metallurgical coal sales tons	28,445	47,612	131,722	79,445
Total metallurgical coal sales tons	220,887	277,927	959,964	1,138,020

- Corsa's average realized price for the fourth quarter 2022 is the approximate equivalent of between $218 to $223 per metric ton on an FOB vessel basis[2]. For the fourth quarter 2022, Corsa's sales mix included 62% of sales to domestic customers and 38% of sales to international customers.

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" starting on page 26 of this MD&A.

(2) Similar to most U.S. metallurgical coal producers, Corsa reports sales and costs per ton on an FOB mine site basis and denominated in short tons. Many international metallurgical coal producers report prices and costs on a delivered-to-the-port basis (or "FOB vessel basis"), thereby including freight costs between the mine and the port. Additionally, Corsa reports sales and costs per short ton, which is approximately 10% lower than a metric ton. For the purposes of this figure, we have used an illustrative freight rate of $45-$50 per short ton. Historically, freight rates rise and fall as market prices rise and fall. As a note, most published indices for metallurgical coal report prices on a delivered-to-the-port basis and denominated in metric tons.

BUSINESS OVERVIEW

Corsa is one of the leading United States suppliers of premium quality metallurgical coal, an essential ingredient in the production of steel. Corsa's core business is supplying premium quality metallurgical coal to domestic and international steel and coke producers. As of the date of this MD&A, Corsa produces coal from five mines, operates one preparation plant (the Cambria Plant) and has approximately 380 employees. Corsa's common shares ("Common Shares") are listed on the TSX Venture Exchange under the symbol "CSO". The Common Shares also trade on the OTCQX Best Market under the symbol "CRSXF".

The Company's coal operations are conducted through its Northern Appalachia Division ("NAPP" or "NAPP Division") based in Somerset, Pennsylvania, U.S.A. The NAPP Division is primarily focused on metallurgical coal production in the states of Pennsylvania and Maryland. Corsa markets and sells its NAPP coal to customers in North America, South America, Asia and Europe.

Corsa's metallurgical coal sales figures are comprised of two types of sales: (i) selling coal that Corsa produces; and (ii) selling coal that Corsa purchases from third-parties and may provide value added services (storing, washing, blending, loading) to make the coal saleable.

<u>NAPP Division</u>

Mines

NAPP currently operates the Casselman mine, an underground mine utilizing the room and pillar mining method; the Acosta mine, an underground mine utilizing the room and pillar mining method; the Horning mine, an underground mine utilizing the room and pillar mining method; the Byers mine, a surface mine using contour and auger mining methods; and the Schrock Run Extension mine, a surface mine using contour and highwall mining methods (collectively, the "NAPP Mines"). The Casselman mine is located in Garrett County, Maryland and the Acosta, Horning, Byers and Schrock Run Extension mines are located in Somerset County, Pennsylvania.

Preparation Plants

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

Growth Projects

NAPP has several significant projects which are in various stages of permitting. Our future spending on development of coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability.

Name	Type of Mine	Status
North Mine	Underground	In Development
Keyser Project	Underground	Permit in Process
A Seam Project	Underground	Permitted
Shaffer D	Surface	Permitted
Will Farm	Surface	Permit in Process
Roytown Expansion	Underground	Permit in Process

COAL PRICING TRENDS AND OUTLOOK

Price levels opened the fourth quarter 2022 at $270.50/metric ton ("mt") delivered-to-the-port ("FOBT") for spot deliveries of Australian premium low volatile metallurgical coal and closed the quarter at $294.50/mt FOBT. The quarterly average price for the fourth quarter of 2022 was $282.39/mt FOBT for Australian premium low volatile metallurgical coal, compared to $249.17/mt FOBT in the third quarter of 2022, and traded in a range from a high of $350.50/mt FOBT to a low of $245.25/mt FOBT.

The World Steel Association reported that through December, global crude steel production decreased by 4.3% in 2022 versus 2021 with Turkey down 12.9%, Germany down 8.4%, Japan down 7.4%, Russia down 7.2%, South Korea down 6.5%, United States down 5.9%, Brazil down 5.8%, China down 2.1%, while Iran and India were both up by 8.0% and 5.5%, respectively. All steel producing regions except for the Middle East reported decreases with noteworthy changes in Russia and other Commonwealth of Independent States ("CIS") and Ukraine down 20.2%, Europe other down 12.2%, the EU down 10.5%, North America down 5.5%, South America down 5.0%, and Asia and Oceania (including China) down 2.3%. Fourth quarter 2022 hot-rolled steel coil prices increased in China by 4% and decreased in the United States and Europe by 11% and 7%, respectively. The increase in China was supported by easing of COVID-19 restrictions and stimulus activities while inflationary environments, geopolitical tensions and monetary policy controls aimed at slowing inflation contributed to changes in steel demand and continued downward pressure on steel prices in the United States and Europe during the quarter.

Global steel demand is forecasted to increase by 1.0% in 2023 over 2022 according to the World Steel Association Short Range Outlook released in October 2022 with increases in all major geographical areas, except for the European Union, United Kingdom and Russia, other CIS countries and the Ukraine. Growth will be driven primarily by India 6.7%, United States 1.6%, Turkey 1.3% and Brazil 1.2%, while China and South Korea are expected to be flat, and Russia and Germany are expected to decrease by 10.0% and 3.9%, respectively. Comparing the expected 2023 global steel demand to the pre-COVID-19 pandemic 2019 steel demand levels indicates an increase of 2.7% with increases in most of the regional areas, driven primarily by growth in Turkey, India, China, and the United States.

The price for spot deliveries of Australian premium low volatile metallurgical coal opened the first quarter of 2023 at $294.50/mt FOBT and closed the quarter at $301/mt FOBT. The quarterly average price for the first quarter of 2023 was $342.57/mt FOBT and traded in a range from a high of $390.00/mt FOBT to a low of $294.50/mt FOBT. Forward curve pricing for the balance of 2023 is trading at an average of $300.00/mt FOBT with the second quarter at a high of $309.00/mt FOBT and the fourth quarter at a low of $288.06/mt FOBT. The forward curve for 2024 is indicating pricing at an average of $289.13/mt FOBT. First quarter 2023 hot-rolled steel coil prices increased in the United States by 61%, in Europe by 25% and in China by 12%. Increased global steel demand and high levels of global steel production are driving the demand and supporting higher prices for metallurgical coal. Limited supply-side response, constrained logistics and inflationary mining cost pressures continue to support high metallurgical coal prices in the near future.

Through February 2023, the World Steel Association reported that global crude steel production decreased by 0.8% versus 2022. Notable geographic decreases were reported by Europe Other down 21.8%, Russia and other CIS and Ukraine down 20.7%, the EU down 14.3% and North America down 5.7% while Asia and Oceania reported an increase of 3.0%. Individual country significant changes include Turkey down 23.1%, Germany down 8.6%, Japan down 6.1%, Brazil down 5.8%, the United States down 5.6% and Russia down 5.4%, while China was up 5.6% and India was up 1.0%. Through mid-March 2023, hot-rolled steel coil prices in the United States, Europe and China have increase by 61%, 25% and 13%, respectively.

According to the U.S. Energy Information Administration, domestic coke plant coal consumption is expected to increase slightly in 2023 at 16.0 million tons when compared to 15.8 million tons in 2022. Domestic coke plant coal consumption is forecasted to decrease slightly in 2024 to 15.8 million tons. Metallurgical coal exports from the United State are expected to be 48.4 million tons in 2023, or a 4.4% increase from 2022 and are expected to increase in 2024 to 53.8 million tons for a 11.1% increase over 2023.

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

See "Risk Factors" in the Company's annual information form dated April 13, 2023 for the year ended December 31, 2022 for an additional discussion regarding certain factors that could impact coal pricing trends and outlook, as well as the Company's ongoing operations.

SELECTED ANNUAL INFORMATION

	For the years ended December 31,		
	2022	2021	2020
Total revenue	$ 165,891	$ 131,475	$ 128,486
Net and comprehensive income (loss) - total			
Attributable to shareholders	$ (27,729)	$ 1,550	$ (56,722)
Attributable to non-controlling interest	—	(141)	(7,001)
Total net and comprehensive income (loss)	$ (27,729)	$ 1,409	$ (63,723)
Basic earnings (loss) per share	$ (0.27)	$ 0.02	$ (0.60)
Diluted earnings (loss) per share	$ (0.27)	$ 0.02	$ (0.60)
Total assets	$ 192,638	$ 215,496	$ 210,152
Total non-current financial liabilities	$ 91,526	$ 93,631	$ 102,019
Dividends per share	$ —	$ —	$ —

Corsa's 2022 revenue is reflective of an improved metallurgical coal market environment which began in the second half of 2021 although total revenue for the year ended 2022 was impacted by various coal production challenges which resulted in fewer sales tons and thus the full impact of the metallurgical coal price increase was not realized. The various production challenges resulted in significantly increased mining costs due to low productivity and inflationary cost increases. The inflationary cost increases also affected the Company's reclamation and water treatment provisions and resulted in additional expense of $10,837, recognized in the year ended December 31, 2022. As a result of the deterioration of the metallurgical coal market in 2020, management reduced production to limit the number of tons sold under the existing market conditions. Additionally, as a result of the market weakness, the Company incurred an asset impairment charge in 2020 of $41,684.

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

FINANCIAL AND OPERATIONAL RESULTS

(in thousands)	For the three months ended December 31, 2022	2021	Variance
Revenue	$ 38,854	$ 40,050	$ (1,196)
Cost of sales	(51,442)	(36,128)	(15,314)
Gross (loss) income	(12,588)	3,922	(16,510)
Selling, general and administrative expense	(3,301)	(3,330)	29
(Loss) income from operations	(15,889)	592	(16,481)
Finance expense	(1,740)	(1,343)	(397)
Finance income	4	1	3
Gain on restricted investments	2,494	1,428	1,066
Other income	(1,171)	2,078	(3,249)
(Loss) income before tax	(16,302)	2,756	(19,058)
Income tax expense	—	—	—
Net and comprehensive (loss) income	$ (16,302)	$ 2,756	$ (19,058)
Diluted (loss) earnings per share	$ (0.16)	$ 0.03	$ (0.19)

(in thousands)	For the years ended December 31, 2022	2021	Variance
Revenue	$ 165,891	$ 131,475	$ 34,416
Cost of sales	(172,499)	(128,366)	(44,133)
Gross (loss) income	(6,608)	3,109	(9,717)
Selling, general and administrative expense	(10,204)	(9,853)	(351)
Loss from operations	(16,812)	(6,744)	(10,068)
Finance expense	(6,419)	(5,595)	(824)
Finance income	178	4	174
(Loss) gain on restricted investments	(2,804)	2,748	(5,552)
Other (expense) income	(1,872)	10,996	(12,868)
(Loss) income before tax	(27,729)	1,409	(29,138)
Income tax expense	—	—	—
Net and comprehensive (loss) income	$ (27,729)	$ 1,409	$ (29,138)
Diluted (loss) earnings per share	$ (0.27)	$ 0.02	$ (0.29)

Operations Summary

(in thousands)	For the three months ended December 31, 2022	2021	Variance	For the years ended December 31, 2022	2021	Variance
Coal sold - tons						
NAPP - metallurgical coal	221	278	(57)	960	1,138	(178)
Realized price per ton sold[1]						
NAPP - metallurgical coal	$ 152.48	$ 131.64	$ 20.84	$ 158.03	$ 105.81	$ 52.22
Cash production cost per ton sold[1][2]						
NAPP - metallurgical coal	$ 143.51	$ 101.65	$ (41.86)	$ 134.07	$ 87.07	$ (47.00)
Cash cost per ton sold[1][3]						
NAPP - metallurgical coal	$ 144.98	$ 113.61	$ (31.37)	$ 138.44	$ 90.50	$ (47.94)
Cash margin per ton sold[1]						
NAPP - metallurgical coal	$ 7.50	$ 18.03	$ (10.53)	$ 19.59	$ 15.31	$ 4.28
EBITDA[1]						
NAPP	$ (11,849)	$ 8,276	$ (20,125)	$ (8,676)	$ 24,517	$ (33,193)
Corporate	(903)	(1,239)	336	(4,247)	(4,170)	(77)
Total	$ (12,752)	$ 7,037	$ (19,789)	$ (12,923)	$ 20,347	$ (33,270)
Adjusted EBITDA[1]						
NAPP	$ (1,487)	$ 2,981	$ (4,468)	$ 9,404	$ 12,128	$ (2,724)
Corporate	(698)	(985)	287	(2,334)	(3,165)	831
Total	$ (2,185)	$ 1,996	$ (4,181)	$ 7,070	$ 8,963	$ (1,893)

(1) This is a non-GAAP financial measure. See “Non-GAAP Financial Measures” starting on page 26 of this MD&A.

(2) Cash production cost per ton sold excludes purchased coal. This non-GAAP financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 26 of this MD&A.

(3) Cash cost per ton sold includes purchased coal. This non-GAAP Financial measure is defined in more detail in “Non-GAAP Financial Measures” starting on page 26 of this MD&A.

REVIEW OF FOURTH QUARTER FINANCIAL RESULTS

	For the three months ended December 31, 2022		
(in thousands)	**NAPP**	**Corporate**	**Consolidated**
Revenue	$ 38,854	$ —	$ 38,854
Cost of sales	(51,442)	—	(51,442)
Gross loss	(12,588)	—	(12,588)
Selling, general and administrative expense	(2,445)	(856)	(3,301)
Loss from operations	(15,033)	(856)	(15,889)
Finance expense	(1,221)	(519)	(1,740)
Finance income	3	1	4
Gain on restricted investments	2,494	—	2,494
Other income	(1,171)	—	(1,171)
Loss before tax	(14,928)	(1,374)	(16,302)
Income tax expense	—	—	—
Net and comprehensive loss	$ (14,928)	$ (1,374)	$ (16,302)

	For the three months ended December 31, 2021		
(in thousands)	**NAPP**	**Corporate**	**Consolidated**
Revenue	$ 40,050	$ —	$ 40,050
Cost of sales	(36,128)	—	(36,128)
Gross income	3,922	—	3,922
Selling, general and administrative expense	(2,177)	(1,153)	(3,330)
Income (loss) from operations	1,745	(1,153)	592
Finance expense	(921)	(422)	(1,343)
Finance income	—	1	1
Gain on restricted investments	1,428	—	1,428
Other income	2,078	—	2,078
Income (loss) before tax	4,330	(1,574)	2,756
Income tax expense	—	—	—
Net and comprehensive income (loss)	$ 4,330	$ (1,574)	$ 2,756

	Dollar variance for the three months ended December 31, 2022 versus 2021		
(in thousands)	**NAPP**	**Corporate**	**Consolidated**
Revenue	$ (1,196)	$ —	$ (1,196)
Cost of sales	(15,314)	—	(15,314)
Gross loss	(16,510)	—	(16,510)
Selling, general and administrative expense	(268)	297	29
(Loss) income from operations	(16,778)	297	(16,481)
Finance expense	(300)	(97)	(397)
Finance income	3	—	3
Gain on restricted investments	1,066	—	1,066
Other expense	(3,249)	—	(3,249)
(Loss) income before tax	(19,258)	200	(19,058)
Income tax expense	—	—	—
Net and comprehensive (loss) income	$ (19,258)	$ 200	$ (19,058)

Operating Segments

Corsa's two distinct segments are NAPP and Corporate. The financial results of the continuing operating segments for the three months ended December 31, 2022 and 2021 are as follows:

NAPP Division

Revenue - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Metallurgical coal revenue (at preparation plant)	$ 33,698	$ 36,596	$ (2,898)
Thermal coal revenue (at preparation plant)	2,861	212	2,649
Transportation revenue	1,982	2,356	(374)
Tolling revenue	183	594	(411)
Limestone revenue	130	292	(162)
	$ 38,854	$ 40,050	$ (1,196)

- Metallurgical coal revenue, net of transportation charges, decreased $2,898 as a result of lower sales volumes which decreased revenue by $7,503 and was partially offset by increased sales prices which caused revenue to increase by $4,605. Metallurgical coal sold was 221 and 288 tons for the three months ended December 31, 2022 and 2021, respectively, representing a decrease of 57 tons. Realized price per ton sold increased $20.84 due to the improved metallurgical coal market as the demand for steel increased with a limited supply of metallurgical coal.

- Thermal coal revenue increased primarily due to increased sales volumes and improved thermal coal pricing in the three months ended December 31, 2022.

- Revenue associated with the transportation of coal to the loading terminal decreased primarily due to fewer tons sold to customers where the Company provides the freight. This decrease was partially offset by increased freight rates in the three months ended December 31, 2022.

- Tolling revenue decreased as fewer third-party tons were processed during the three months ended December 31, 2022 compared to the 2021 period.

Cost of sales - NAPP Division

Cost of sales consists of the following:

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Mining and processing costs	$ 26,650	$ 22,043	$ 4,607
Purchased coal costs	6,639	8,116	(1,477)
Royalty expense	1,741	1,636	105
Amortization expense	2,635	3,682	(1,047)
Transportation costs from preparation plant to customer	1,982	2,356	(374)
Idle mine expense	316	284	32
Tolling costs	272	442	(170)
Limestone costs	134	201	(67)
Change in estimate of reclamation and water treatment provision	10,837	(3,310)	14,147
Other costs	236	678	(442)
Total cost of sales	$ 51,442	$ 36,128	$ 15,314

- Mining and processing costs increased for the three months ended December 31, 2022 compared to the 2021 period primarily due to the shortage of skilled labor and unanticipated geological conditions which caused the delays in the efficient production of coal at multiple mining operations. The Horning mine experienced both overly wet conditions and degraded roof conditions which impeded productivity and in mid-October due to these conditions, the mining section was relocated to develop a new access point to reach the southern part of the reserves. During this time, a mining crew was transferred to the Acosta and Casselman mines and mining at the Horning mine continued on one shift per day to minimize the impact of low productivity and a significant section move. Conditions began to improve in November and a significant improvement in productivity was realized during the month of December. During the three months ended December 31, 2022, the surface mines continued to develop long, open pits to facilitate the return of the highwall mining machine, projected for the second quarter of 2023. In addition, inclement weather conditions caused productivity to decline, leading to reduced overburden removal rates resulting in elevated mining costs. The Acosta mine incurred increased costs during the month of November 2022 due to a construction project in the main development section. The project was needed to provide adequate ventilation for the production units as they are relocated due to mine development. This project led to increased costs in November 2022 and productivity improved in all three mining sections in December 2022.
- Purchased coal costs decreased primarily due to decreased volumes of metallurgical coal purchased during the three months ended December 31, 2022 as well as decreased spot market prices of coal purchased. These increases were partially offset by additional thermal coal purchased due to increased demand for this type of coal.
- Amortization expense decreased primarily due to the lower volumes of coal sold.
- Change in estimate of reclamation and water treatment provision increased as the result of changes in the underlying assumptions utilized to measure the liability which were significantly influenced by cost inflation.
- Other costs decreased due to various items, none of which were individually material.

Selling, general and administrative expense - NAPP Division

Selling, general and administrative expense consists of the following:

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Salaries and other compensations	$ 1,249	$ 1,158	$ 91
Employee benefits	420	283	137
Selling expense	141	186	(45)
Professional fees	267	185	82
Office expenses and insurance	283	274	9
Other	85	91	(6)
	$ 2,445	$ 2,177	$ 268

- Selling, general and administrative expenses related to the NAPP Division increased primarily due to various wage and benefit increases to retain employees and increased legal and other professional expenses.

Finance (income) expense, net - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Bond premium expense	$ 550	$ 517	$ 33
Accretion on reclamation and water treatment provision	227	140	87
Interest expense	444	264	180
Interest income	(3)	—	(3)
	$ 1,218	$ 921	$ 297

- Interest expense increased primarily due to the invoice factoring arrangement that the Company entered into in July 2022.

Gain on restricted investments - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Gain on restricted investments	$ 2,494	$ 1,428	$ 1,066
	$ 2,494	$ 1,428	$ 1,066

- Gain on restricted investments increased primarily due to the change in market value of the water treatment trust fund accounts. The value of these trust funds are marked to market on a monthly basis and increased market gains were recognized in the three months ended December 31, 2022 compared to the 2021 period.

Other income (expense) - NAPP Division

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
U.S. Department of Justice Disgorgement	(1,200)	—	(1,200)
Filter cake sales and refuse disposal income	28	277	(249)
(Loss) gain on property dispositions	(38)	1,750	(1,788)
Royalty income	34	34	—
Other	5	17	(12)
	$ (1,171)	$ 2,078	$ (3,249)

- Other income decreased primarily due to the recognition of U.S. Department of Justice disgorgement amount in the three months ended December 31, 2022 as well as the sale of surplus equipment that occurred during the three months ended December 31, 2021.

Corporate Division

Selling, general and administrative expense - Corporate Division

Selling, general and administrative expense consists of the following:

	For the three months ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Salaries and other compensations	$ 513	$ 733	$ (220)
Employee benefits	20	44	(24)
Professional fees	231	283	(52)
Office expenses and insurance	87	84	3
Other	5	9	(4)
	$ 856	$ 1,153	$ (297)

- Selling, general and administrative expenses decreased primarily due to the reduced staffing levels and reduced investigation expenses.

Finance expense, net - Corporate Division

(in thousands)	For the three months ended December 31, 2022	2021	Variance
Interest expense	$ 471	$ 335	$ 136
Amortization of discount on loan payable	47	46	1
Amortization of deferred financing costs	—	41	(41)
Foreign exchange loss (gain)	1	(1)	2
Interest income	(1)	—	(1)
	$ 518	$ 421	$ 97

- Interest expense increased primarily due to the increased interest rate on the Main Street Facility (as defined below) partially offset by a reduction of the 36th Street Facility (as defined below). Amortization of deferred financing costs decreased due to the expiration of the Revolving Credit Facility (as defined below) in August 2022.

REVIEW OF YEAR-TO-DATE FINANCIAL RESULTS

(in thousands)	For the year ended December 31, 2022 NAPP	Corporate	Consolidated
Revenue	$ 165,891	$ —	$ 165,891
Cost of sales	(172,499)	—	(172,499)
Gross loss	(6,608)	—	(6,608)
Selling, general and administrative expense	(7,128)	(3,076)	(10,204)
Loss from operations	(13,736)	(3,076)	(16,812)
Finance expense	(4,598)	(1,821)	(6,419)
Finance income	176	2	178
Loss on restricted investments	(2,804)	—	(2,804)
Other income (expense)	(986)	(886)	(1,872)
Loss before tax	(21,948)	(5,781)	(27,729)
Income tax expense	—	—	—
Net and comprehensive loss	$ (21,948)	$ (5,781)	$ (27,729)

(in thousands)	For the year ended December 31, 2021 NAPP	Corporate	Consolidated
Revenue	$ 131,475	$ —	$ 131,475
Cost of sales	(128,366)	—	(128,366)
Gross income	3,109	—	3,109
Selling, general and administrative expense	(5,945)	(3,908)	(9,853)
Loss from operations	(2,836)	(3,908)	(6,744)
Finance expense	(3,762)	(1,833)	(5,595)
Finance income	—	4	4
Gain on restricted investments	2,748	—	2,748
Other income	10,898	98	10,996
Income (loss) before tax	7,048	(5,639)	1,409
Income tax expense	—	—	—
Net and comprehensive income (loss)	$ 7,048	$ (5,639)	$ 1,409

(in thousands)	Dollar variance for the year ended December 31, 2022 versus 2021 NAPP	Corporate	Consolidated
Revenue	$ 34,416	$ —	$ 34,416
Cost of sales	(44,133)	—	(44,133)
Gross income	(9,717)	—	(9,717)
Selling, general and administrative expense	(1,183)	832	(351)
Income from operations	(10,900)	832	(10,068)
Finance expense	(836)	12	(824)
Finance income	176	(2)	174
(Loss) gain on restricted investments	(5,552)	—	(5,552)
Other income	(11,884)	(984)	(12,868)
Loss before tax	(28,996)	(142)	(29,138)
Income tax expense	—	—	—
Net and comprehensive loss	$ (28,996)	$ (142)	$ (29,138)

Operating Segments

Corsa's two distinct segments are NAPP and Corporate. The financial results of the continuing operating segments for the years ended December 31, 2022 and 2021 are as follows:

NAPP Division

Revenue - NAPP Division

	For the years ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Metallurgical coal revenue (at preparation plant)	$ 151,713	$ 120,409	$ 31,304
Thermal coal revenue (at preparation plant)	4,584	1,803	2,781
Transportation revenue	7,296	6,650	646
Tolling revenue	1,664	1,543	121
Limestone revenue	634	1,070	(436)
	$ 165,891	$ 131,475	$ 34,416

- Metallurgical coal revenue, net of transportation charges, increased $31,304 as a result of increased sales prices which caused revenue to increase by $50,138 and was partially offset by lower sales volumes which decreased revenue by $18,834. Metallurgical coal sold was 960 and 1,138 tons for the years ended December 31, 2022 and 2021, respectively, representing a decrease of 178 tons. Realized price per ton sold increased $52.22 due to the improved metallurgical coal market as the demand for steel increased with a limited supply of metallurgical coal.

- Thermal coal revenue increased primarily due to increased sales volumes and improved thermal coal pricing in the 2022 period.

- Revenue associated with the transportation of coal to the loading terminal or customer increased $646 as a result of increased sales to customers where the Company provides the freight.

- Limestone revenue decreased primarily due to lower sales volumes during the year ended December 31, 2022 compared to the 2021 period.

Cost of sales - NAPP Division

Cost of sales consists of the following:

	For the years ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Mining and processing costs	$ 106,385	$ 86,728	$ 19,657
Purchased coal costs	24,570	12,118	12,452
Royalty expense	6,623	5,858	765
Amortization expense	11,833	16,408	(4,575)
Transportation costs from preparation plant to customer	7,296	6,650	646
Idle mine expense	1,427	777	650
Tolling costs	1,503	960	543
Limestone costs	620	909	(289)
Change in estimate of reclamation and water treatment provision	10,837	(3,310)	14,147
Other costs	1,405	1,268	137
Total cost of sales	$ 172,499	$ 128,366	$ 44,133

- Mining and processing costs for the year ended December 31, 2022 were significantly influenced by an overall shortage of skilled labor and unanticipated geological conditions which negatively influenced productivity at the Company's mining operations. The Company is actively working to increase staffing levels and train the inexperienced miners. Various adverse geological conditions were encountered during the year ended December 31, 2022 at each of the underground mines. The Casselman mine experienced several roof falls, encountered adverse roof conditions and thinning coal seams which slowed production and led to increased roof control costs. Main development intended to access the North mine consistently encountered sandstone in the immediate roof, significantly slowing the installation of roof supports which led to lower productivity and increased roof control costs. The Horning mine experienced poor roof conditions and wet mining conditions throughout the year. An alternate mine plan was implemented in response to these conditions and significantly higher productivity was realized in the last few months of 2022. The Acosta mine encountered thinning coal seams in one area of the mine and adverse roof conditions in other areas. The mining conditions significantly lowered productivity resulting in increased costs. The Company's surface operations cost increases and production shortfalls were due to the excavation of long pits, to support highwall mining operations, and lengthy overburden hauls.
- Purchased coal costs increased primarily due to increased volumes of metallurgical coal purchased as well as market increases in the price of coal purchased in the spot market during the year ended December 31, 2022 compared to the 2021 period. This increase was primarily due to higher demand for metallurgical coal. The increase was also due to additional thermal coal purchased as a result of increased demand for this type of coal.
- Royalty expense increased primarily due to the increased sales price partially offset by lower volumes of coal sold during the year ended December 31, 2022 compared to the 2021 period.
- Amortization expense decreased primarily due to the lower volumes of coal sold.
- Transportation costs increased as a result of increased sales to customers where the Company provides the freight.
- Idle mine expense increased due to additional maintenance activities on idle properties.
- Tolling costs increased due to additional third-party volumes processed and increased processing costs.
- Change in estimate of reclamation and water treatment provision increased as the result of changes in the underlying assumptions utilized to measure the liability which were significantly influenced by cost inflation.

Selling, general and administrative expense - NAPP Division

Selling, general and administrative expense consists of the following:

(in thousands)	**For the years ended December 31,** 2022		2021		Variance	
Salaries and other compensations	$	3,217	$	2,795	$	422
Employee benefits		1,242		909		333
Selling expense		599		535		64
Professional fees		758		522		236
Office expenses and insurance		992		918		74
Other		320		266		54
	$	7,128	$	5,945	$	1,183

- Selling, general and administrative expenses related to the NAPP Division increased primarily due to various wage and benefit increases to retain employees and increased legal fees and insurance expense.

Finance (income) expense, net - NAPP Division

(in thousands)	**For the years ended December 31,** 2022		2021		Variance	
Bond premium expense	$	2,260	$	2,147	$	113
Accretion on reclamation and water treatment provision		899		554		345
Interest expense		1,439		1,061		378
Interest income		(176)		—		(176)
	$	4,422	$	3,762	$	660

- Interest expense increased primarily due to the invoice factoring arrangement that the Company entered into in July 2022.
- Accretion on reclamation and water treatment provision increased as a result of changes in the discount rates.
- Interest income increased primarily due to interest received on the collection of the employee retention credit receivables.

(Loss) gain on restricted investments - NAPP Division

(in thousands)	**For the years ended December 31,** 2022		2021		Variance	
(Loss) gain on restricted investments	$	(2,804)	$	2,748	$	(5,552)
	$	(2,804)	$	2,748	$	(5,552)

- Loss on restricted investments increased primarily due to the change in market value of the water treatment trust fund accounts. The value of these trust funds are marked to market on a monthly basis and increased market losses were recognized in the year ended December 31, 2022 compared to market gains in the 2021 period.

Other income - NAPP Division

	For the years ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Employee retention credit	$ —	$ 6,769	$ (6,769)
Paycheck Protection Program grant income	—	1,126	(1,126)
U.S. Department of Justice Disgorgement	(1,200)	—	(1,200)
Filter cake sales and refuse disposal income	96	933	(837)
Gain (loss) on property dispositions	(186)	1,982	(2,168)
Royalty income	137	128	9
Other	167	(40)	207
	$ (986)	$ 10,898	$ (11,884)

- Other income decreased primarily due to the recognition of the refundable tax credit and the Paycheck Protection Program (as defined below) grant income in the 2021 period.
- The Company entered into a declination agreement in which the U.S. Department of Justice declined to prosecute the Company and the Company agreed to pay the disgorgement amount.
- Filter cake sales and refuse disposal income decreased due to a reduction in the quantity of third-party refuse received.
- Gain (Loss) on property dispositions decreased due to the sale of surplus equipment that occurred during the 2021 period.

Corporate Division

Selling, general and administrative expense - Corporate Division

Selling, general and administrative expense consists of the following:

	For the years ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Salaries and other compensations	$ 1,370	$ 2,078	$ (708)
Employee benefits	100	130	(30)
Professional fees	1,226	1,353	(127)
Office expenses and insurance	364	314	50
Other	16	33	(17)
	$ 3,076	$ 3,908	$ (832)

- Selling, general and administrative expenses decreased primarily due to the reduced staffing levels and reduced investigation costs.

Other income (expense) - Corporate Division

	For the years ended December 31,		
(in thousands)	**2022**	**2021**	**Variance**
Employee restructuring	$ (886)	$ —	$ (886)
Employee retention credit	—	98	(98)
	$ (886)	$ 98	$ (984)

- Other expense increased as a result of employee restructuring charges associated with the Company's previous President and Chief Executive Officer and Chief Operating Officer and the employee retention credit recognized in the 2021 period.

FINANCIAL CONDITION

(in thousands)	December 31, 2022	December 31, 2021	Variance
Current assets	$ 30,237	$ 46,810	$ (16,573)
Non-current assets	162,401	168,686	(6,285)
Total assets	$ 192,638	$ 215,496	$ (22,858)
Current liabilities	$ 39,504	$ 32,584	$ 6,920
Non-current liabilities	91,526	93,631	(2,105)
Total liabilities	$ 131,030	$ 126,215	$ 4,815
Total equity	$ 61,608	$ 89,281	$ (27,673)

- Current assets decreased due to collection of the employee retention credit receivable, reduced trade receivables due to timing of shipments and a decrease in cash.
- Non-current assets decreased primarily due to the amortization of property, plant and equipment, market losses on the water treatment trust restricted cash investments and a decrease in the asset retirement obligation asset due to changes in estimates. These decreases were partially offset by maintenance capital expenditures and the recognition of a new right-of-use asset.
- Current liabilities increased due to the reclassification of the current portion of the Main Street Facility, general timing of payables, the accrued U.S. Department of Justice disgorgement accrual, an increase in the current portion of the reclamation and water treatment provision and increases to various other miscellaneous accruals.
- Non-current liabilities decreased primarily due to reclamation and water treatment payments, scheduled debt service payments related to the 36th Street Facility and lease liabilities and a reclassification of the Main Street Facility to current. These decreases were partially offset by a change in estimate of the reclamation and water treatment provision.
- Total equity decreased as a result of the net and comprehensive loss that occurred during the period.

LIQUIDITY AND CAPITAL RESOURCES

Our historical sources of cash have been coal sales to customers, limestone sales, processing fees earned, borrowings on the 36th Street Facility, borrowings made pursuant to our credit and security agreement between KeyBank National Association (“KeyBank”), as lender, and certain wholly-owned subsidiaries of the Company, as borrowers (the “Revolving Credit Facility”), with such facility now expired, borrowings under the U.S. Small Business Administration’s Paycheck Protection Program (the “Paycheck Protection Program”) in April 2020, borrowings on the Main Street Facility in December 2020, proceeds from the LSQ Financing (as defined below) since July 28, 2022 and proceeds received from the issuance of securities. Our primary uses of cash have been for funding existing operations, capital expenditures, reclamation and water treatment obligations, water treatment trust funding, debt service costs and professional fees. We expect to fund maintenance capital, debt service, bonding collateral increases and liquidity requirements with cash on hand, projected cash flow from operations and proceeds from the LSQ Financing. Our future spending on growth capital expenditures and development of coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment and financing availability.

If 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.

(in thousands)	December 31, 2022	December 31, 2021	Variance
Cash	$ 7,028	$ 12,714	$ (5,686)
Working capital	$ (9,267)	$ 14,226	$ (23,493)
Revolving Credit Facility unused availability (expired)	$ —	$ 4,110	$ (4,110)
Total Debt			
Lease liabilities	$ 4,062	$ 3,135	$ 927
Loan payable - 36th Street Facility	866	4,142	(3,276)
Loan payable - Main Street Facility	25,352	25,249	103
	$ 30,280	$ 32,526	$ (2,246)

Working Capital

Working capital decreased primarily due to a decrease in accounts receivable due to the collection of the employee retention credit as well as timing of customer receivables, a reduction in cash and the increase in the current portion of the Main Street Facility and reclamation and water treatment provision.

As a result of the various covenants related to the Main Street Facility and the 36th Street Facility, the Company intends to manage maintenance and growth capital expenditures in order to service the Main Street Facility and 36th Street Facility and comply with their financial covenants.

The Main Street Facility contains covenants that would restrict the ability to pay dividends, make distributions as well as restrictions on the ability of certain of the Company's subsidiaries, as borrowers under the facility, to transfer funds to the Company. The Company does anticipate the need to receive funds for the purposes of liquidity management and various corporate initiatives.

On July 28, 2022, the Company's subsidiary, Wilson Creek Energy, LLC ("WCE") entered into a 24-month Invoice Purchase Agreement (the "LSQ Financing") with LSQ Funding Group, L.C. ("LSQ"), pursuant to which LSQ may elect to purchase up to $15,000 of eligible customer invoices from WCE. WCE's obligations under the LSQ Financing are secured by a lien on all accounts receivable and rights to payment arising from the sale of goods and inventory pursuant to a subordination agreement with KeyBank in connection with the Main Street Facility.

Advances by LSQ may be made at an advance rate of up to 85% of the face value of the eligible receivables being sold. LSQ may require WCE to repurchase accounts receivable if LSQ determines, in its sole discretion, that the accounts are uncollectible for any reason. LSQ will receive fees equal to 0.0750% of the receivables purchased in addition to a funds usage daily fee of 0.0222% of the outstanding balance purchased. The transfer does not result in derecognition of the accounts receivable because WCE retains substantially all the risks and rewards of ownership of the transferred asset.

Total Debt

Debt decreased as a result of scheduled debt service payments related to the loan payable in connection with the 36th Street Facility and lease liabilities, partially offset by the recognition of a new lease liability.

Cash Flows from Operations

	For the three months ended December 31,			For the years ended December 31,		
	2022	2021	Change	2022	2021	Change
Cash Flows:						
(Used in) provided by operating activities	$ (174)	$ 979	$ (1,153)	$ 7,793	$ 3,955	$ 3,838
Used in investing activities	(3,009)	(4,459)	1,450	(8,931)	(10,113)	1,182
Used in financing activities	(1,159)	(1,163)	4	(4,548)	(5,608)	1,060
Decrease in cash	(4,342)	(4,643)	301	(5,686)	(11,766)	6,080
Cash at beginning of period	11,370	17,357	(5,987)	12,714	24,480	(11,766)
Cash at end of period	$ 7,028	$ 12,714	$ (5,686)	$ 7,028	$ 12,714	$ (5,686)

- Cash flow from operating activities decreased during the three months ended December 31, 2022 compared to the 2021 period primarily due to mining cost increases due to adverse geological conditions and increased spending and cost inflation on reclamation and water treatment activities partially offset by changes in working capital items.
- Cash flow from operating activities increased during the year ended December 31, 2022 compared to the 2021 period due to changes in working capital items partially offset by increased mining costs due to adverse geological conditions and increased spending and cost inflation on reclamation and water treatment activities.
- Cash used in investing activities for the three months and year ended December 31, 2022 compared to the 2021 periods decreased due to a reduction in maintenance capital, which was reduced to manage liquidity partially offset by a reduction in proceeds from the sale of surplus equipment, as that transaction occurred in the 2021 period and there were no sales of surplus equipment in the three months ended December 31, 2022.
- Cash used in financing activities remained consistent for the three months ended December 31, 2022 but improved in the year ended December 31, 2022 compared to the 2021 period primarily due to lower debt service payments as the 2021 period included an additional principal payment that was required under the 36th Street Facility.

U.S. Department of Justice Declination Agreement and Disgorgement

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 have conducted investigations and with whom the Company and its subsidiaries have cooperated and will continue to cooperate as necessary.

No charges were 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 United States’ 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 United States’ 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.

On March 9, 2023, the U.S. Department of Justice and the Company entered into a declination agreement in which the U.S. Department of Justice declined to prosecute the Company and the Company agreed to pay a $1,200 disgorgement amount. According to the declination letter issued by the U.S. Department of Justice, which is publicly available, the decision to decline prosecution was based on a number of factors, including, but not limited to, Corsa’s timely and voluntary self-disclosure, full and proactive cooperation, and timely and appropriate remediation, as well as Corsa's agreement to pay the disgorgement amount. The agreed-upon disgorgement amount reflects the U.S. Department of Justice policies concerning "inability to pay."

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.

Contingent Liability - Canadian Tax Audit

Corsa and its subsidiaries file income tax returns in Canada and in the United States. An examination was performed in relation to Corsa's October 22, 2015, December 31, 2015 and 2016 Canadian income tax returns. The Canada Revenue Agency ("CRA") disputed the bad debt deductions taken in respect of the accrued interest on various intercompany notes that had become uncollectible in those years. The CRA issued notices of reassessment for these tax years and resulted in total tax, penalties and interest of C$1,200. In December 2021, Corsa filed a notice of objection and accordingly did not recognize the uncertain tax position. In June 2022, Corsa received notification from the CRA that the Company's objection was allowed in full and the reassessments for these tax years was reversed.

Capital Expenditures

The equipment and development added to property, plant and equipment and the cash flow impact (adjusting the increase to property plant and equipment for non-cash transactions) for the year ended December 31, 2022 were as follows:

	Increase to PP&E	Cash Flow Impact
Maintenance capital expenditures		
Deep mines	$ 1,357	$ 1,357
Surface mines	1,155	1,155
Plant	4,807	2,500
Administrative	—	—
	7,319	5,012
Growth capital expenditures		
Deep mines	176	205
Surface mines	20	20
Plant	—	—
	196	225
Total capital expenditures	$ 7,515	$ 5,237

Corsa's capital expenditures for the year ended December 31, 2022 were primarily focused on maintenance capital to replace mining and processing equipment and growth capital to develop the North mine. Corsa's future spending on property, plant and equipment at its operations and development of coal properties will be dependent upon market conditions, achieving acceptable rates of return on investment, compliance with financial covenants and financing availability. For disclosure regarding Corsa's purchase order firm commitments, relating to the procurement of replacement mining equipment to maintain Corsa's capacity, see "Contractual Obligations".

DEBT COVENANTS

Corsa has certain covenants it is required to meet under the Main Street Facility and the 36th Street Facility. Certain measures included in the covenant calculations are not readily identifiable from Corsa's consolidated statements of operations and comprehensive income (loss) or consolidated balance sheets. These measures are considered to be non-GAAP financial measures and, as such, a further description of the covenant calculations is included below. Corsa was in compliance with all covenants at December 31, 2022.

Main Street Facility

The covenants required to be met under the facility (the "Main Street Facility") available under the five-year credit agreement dated December 14, 2020, as subsequently amended, between KeyBank, as lender, and certain wholly-owned subsidiaries of the Company, as borrowers, are described below. Such measurements are made with reference to the consolidated results of Corsa.

- Liquidity, as defined as the sum of unrestricted cash and cash equivalents, above $1,500 from December 31, 2022 through June 30, 2023, above $3,000 from July 1, 2023 through January 31, 2024, above $4,500 from February 1, 2024 until March 31, 2024 and $6,250 thereafter.
- The Company is required to achieve various adjusted EBITDA targets, measured on a year-to-date basis at each quarter end, commencing on June 30, 2023 and ending on December 31, 2023.
- Capital expenditures of not more than $11,000 on an annual basis.
- If liquidity, at any time, is less than the required amount, or adjusted EBITDA is less than the required amount, then a trailing twelve month Minimum Fixed Charge Coverage Ratio(1) of not less than 1.10 to 1.00 (measured monthly).

(1) Minimum Fixed Charge Coverage Ratio is measured as EBITDA(2) *less* the sum of: (i) capital expenditures, (ii) taxes paid,(iii) dividends and distributions, (iv) water treatment and reclamation payments and (v) water treatment trust funding, divided by the sum of (a) interest expense paid in cash *plus* (b) scheduled principal payments on indebtedness.

(2) EBITDA is defined as the sum of consolidated net and comprehensive income (or loss) *plus* (i) interest expense, (ii) provision for taxes based on income or profits (net of any income tax refunds), (iii) depletion, depreciation and impairment charges, (iv) amortization expense, (v) non-cash stock-based compensation expense, (vi) losses (or minus gains) for such period from the early extinguishment of indebtedness, (vii) transaction expenses, (viii) non-recurring transaction expenses, (ix) non-cash costs (or minus non-cash income) related to a change in estimate of water treatment or reclamation provision, (x) expense (or minus income) related to the change in market value of restricted cash, (xi) accretion expense related to asset retirement obligations and (xii) any other non-cash charges (or minus income) which have been subtracted in calculating net and comprehensive income from continuing operations.

Loan Payable - 36th Street Facility

The covenants required to be met under the lease financing agreement dated August 16, 2019, as amended on December 21, 2020 between Key Equipment Finance, as lessor and assignor, Wilson Creek Holdings, Inc. ("WCH"), as lessee, and the Company along with all of the subsidiaries of WCH, as guarantors (the "36th Street Facility") include similar covenants as described above related to the Main Street Facility. The additional covenants, described below, have been waived so long as the Main Street Facility shall remain in effect.

- Total debt(1) to EBITDA ratio of not more than 1.50 to 1.00 (waived so long as the Main Street Facility is still in effect).

(1) Total debt is defined as (a) the outstanding principal amount of all obligations, (b) all purchase money indebtedness, (c) all lease obligations, (d) any indebtedness incurred to finance the acquisition or construction of any fixed assets, (e) the present value of future rental payments under all operating leases and (f) all direct obligations arising under letters of credit, bankers' acceptances, bank guarantees, surety bonds and similar instruments.

CONTRACTUAL OBLIGATIONS

The purchase order firm commitments primarily relate to the procurement of replacement mining equipment to maintain Corsa's capacity. These expenditures are expected to be funded from cash on hand, cash flows from operations or proceeds from the LSQ Financing.

	Carrying Value at Dec. 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	$ 23,219	$ 23,219	$ 23,219	$ —	$ —	$ —
Recourse obligation	1,906	1,906	1,906	—	—	—
Lease liabilities	4,062	4,062	1,422	1,468	1,172	—
Loan payable - 36th Street Facility	866	878	878	—	—	—
Loan payable - Main Street Facility	25,352	25,780	4,867	20,913	—	—
Other liabilities	5,911	5,911	1,673	2,239	1,999	—
Asset retirement obligations - reclamation	40,611	40,611	3,578	9,698	6,801	20,534
Asset retirement obligations - water treatment	29,103	29,103	1,973	3,332	3,222	20,576
Purchase order firm commitments	—	2,215	2,215	—	—	—
Minimum royalty commitments	—	1,794	598	1,196	—	—
Reclamation bond restricted cash deposits	—	6,973	1,500	3,000	2,473	—
Total	$ 131,030	$ 142,452	$ 43,829	$ 41,846	$ 15,667	$ 41,110

NON-GAAP FINANCIAL MEASURES

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

Historically, the Company's business model included a Sales and Trading platform where the Company purchased and then sold coal on a clean or finished goods basis from suppliers outside of the Company's main operating area. This Sales and Trading platform is no longer a part of the Company's business model as of January 1, 2021 and therefore the Company has simplified the reporting of coal purchased and sold and revised the non-GAAP financial measure's description (i.e., cash cost purchased coal per ton sold). This measure is presented separately due to the purchases being derived from market prices and the Company believes that providing a breakdown of the cost of coal that the Company produces provides a meaningful metric to investors as this non-GAAP financial measure is utilized in evaluating the operational effectiveness of the Company's mines.

Management uses the following non-GAAP financial measures:

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

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

EBITDA and Adjusted EBITDA for the three months ended December 31, 2022 and 2021

(in thousands)	For the three months ended December 31, 2022			For the three months ended December 31, 2021		
	NAPP	Corp.	Total	NAPP	Corp.	Total
Net and comprehensive income (loss) from continuing operations	$ (14,928)	$ (1,374)	$ (16,302)	$ 4,330	$ (1,574)	$ 2,756
Add (Deduct):						
Amortization expense	2,635	—	2,635	3,682	—	3,682
Interest expense	444	471	915	264	335	599
Income tax expense	—	—	—	—	—	—
EBITDA	(11,849)	(903)	(12,752)	8,276	(1,239)	7,037
Add (Deduct):						
U.S. Department of Justice Disgorgement (a)	1,200	—	1,200	—	—	—
Change in estimate of reclamation and water treatment provision (b)	10,837	—	10,837	(3,310)	—	(3,310)
Stock-based compensation (c)	—	44	44	—	29	29
Net finance (income) expense, excluding interest expense (d)	(1,720)	47	(1,673)	(771)	86	(685)
Loss (gain) on disposal of assets (e)	38	—	38	(1,750)	—	(1,750)
Other costs (f)	7	114	121	536	139	675
Adjusted EBITDA	$ (1,487)	$ (698)	$ (2,185)	$ 2,981	$ (985)	$ 1,996

(a) The Company entered into a declination agreement in which the U.S. Department of Justice declined to prosecute the Company and the Company agreed to pay the disgorgement amount.
(b) A component of cost of sales and results from changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the reclamation and water treatment provision for properties where mining has ceased.
(c) Reflects the non-cash expense related to the vesting of stock options.
(d) Components of finance expense and income excluding interest expense.
(e) Reflects the amounts included in other income and expense related to the disposal of assets not utilized in the Company's mining operations.
(f) Reflects various adjustments, none of which were individually material, related to adjusting the Company's workers' compensation liability, costs incurred for the Company's internal investigation of the sales agent matter and legal settlements.

EBITDA and Adjusted EBITDA for the years ended December 31, 2022 and 2021

	For the year ended December 31, 2022			For the year ended December 31, 2021		
(in thousands)	**NAPP**	**Corp.**	**Total**	**NAPP**	**Corp.**	**Total**
Net and comprehensive income (loss) from continuing operations	$ (21,948)	$ (5,781)	$ (27,729)	$ 7,048	$ (5,639)	$ 1,409
Add (Deduct):						
Amortization expense	11,833	—	11,833	16,408	—	16,408
Interest expense	1,439	1,534	2,973	1,061	1,469	2,530
Income tax expense	—	—	—	—	—	—
EBITDA	(8,676)	(4,247)	(12,923)	24,517	(4,170)	20,347
Add (Deduct):						
Employee retention credit (a)	—	—	—	(6,769)	(98)	(6,867)
U.S. Department of Justice Disgorgement (b)	1,200	—	1,200	—	—	—
Paycheck Protection Program grant income (c)	—	—	—	(1,126)	—	(1,126)
Change in estimate of reclamation and water treatment provision (d)	10,837	—	10,837	(3,310)	—	(3,310)
Restructuring charges (e)	—	886	886	—	—	—
Stock-based compensation (f)	—	56	56	—	155	155
Net finance (income) expense, excluding interest expense (g)	5,787	285	6,072	(47)	360	313
Loss (gain) on disposal of assets (h)	186	—	186	(1,982)	—	(1,982)
Other costs (i)	70	686	756	845	588	1,433
Adjusted EBITDA	$ 9,404	$ (2,334)	$ 7,070	$ 12,128	$ (3,165)	$ 8,963

(a) A component of other income which reflects the amounts the Company is expected to receive related to a refundable tax credit.
(b) The Company entered into a declination agreement in which the U.S. Department of Justice declined to prosecute the Company and the Company agreed to pay the disgorgement amount.
(c) Reflects the amounts forgiven associated with loans received by the Company.
(d) A component of cost of sales and results from changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the reclamation and water treatment provision for properties where mining has ceased.
(e) Reflects the separation costs associated with the Company's previous President and Chief Executive Officer and Chief Operating Officer.
(f) Reflects the non-cash expense related to the vesting of stock options.
(g) Components of finance expense and income excluding interest expense.
(h) Reflects the amounts included in other income and expense related to the disposal of assets not utilized in the Company's mining operations.
(i) Reflects various adjustments, none of which were individually material, related to adjusting the Company's workers' compensation liability, costs incurred for the Company's internal investigation of the sales agent matter and legal settlements.

Realized price per ton sold for the three months ended December 31, 2022 and 2021

(in thousands except per ton amounts)	For the three months ended December 31, 2022			For the three months ended December 31, 2021		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total
Revenue	$ 35,993	$ 2,861	$ 38,854	$ 39,838	$ 212	$ 40,050
Add (Deduct):						
Tolling revenue	(183)	—	(183)	(594)	—	(594)
Transportation costs from preparation plant to customer	(1,982)	—	(1,982)	(2,356)	—	(2,356)
Limestone revenue	(130)	—	(130)	(292)	—	(292)
Net coal sales (at preparation plant)	$ 33,698	$ 2,861	$ 36,559	$ 36,596	$ 212	$ 36,808
Coal sold - tons	221	27	248	278	3	281
Realized price per ton sold (at preparation plant)	$ 152.48	$ 105.96	$ 147.42	$ 131.64	$ 70.67	$ 130.99

Realized price per ton sold for the years ended December 31, 2022 and 2021

(in thousands except per ton amounts)	For the year ended December 31, 2022			For the year ended December 31, 2021		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total
Revenue	$ 161,285	$ 4,606	$ 165,891	$ 129,669	$ 1,806	$ 131,475
Add (Deduct):						
Tolling revenue	(1,664)	—	(1,664)	(1,543)	—	(1,543)
Transportation costs from preparation plant to customer	(7,274)	(22)	(7,296)	(6,647)	(3)	(6,650)
Limestone revenue	(634)	—	(634)	(1,070)	—	(1,070)
Net coal sales (at preparation plant)	$ 151,713	$ 4,584	$ 156,297	$ 120,409	$ 1,803	$ 122,212
Coal sold - tons	960	44	1,004	1,138	47	1,185
Realized price per ton sold (at preparation plant)	$ 158.03	$ 104.18	$ 155.67	$ 105.81	$ 38.36	$ 103.13

Cash cost per ton sold, cash production cost per ton sold, and cash cost per purchased coal per ton sold for the three months ended December 31, 2022 and 2021

(in thousands except per ton amounts)	For the three months ended December 31, 2022 NAPP Met	NAPP Thermal	Total	For the three months ended December 31, 2021 NAPP Met	NAPP Thermal	Total
Cost of Sales:						
Mining and processing costs	$ 25,837	$ 813	$ 26,650	$ 21,846	$ 197	$ 22,043
Purchased coal costs	4,487	2,152	6,639	8,102	14	8,116
Royalty expense	1,717	24	1,741	1,636	—	1,636
Total cash costs of tons sold	$ 32,041	$ 2,989	$ 35,030	$ 31,584	$ 211	$ 31,795
Total tons sold	221	27	248	278	3	281
Cash cost per ton sold (at preparation plant)	$ 144.98	$ 110.70	$ 141.25	$ 113.61	$ 70.33	$ 113.15
Total cash costs of tons sold	$ 32,041	$ 2,989	$ 35,030	$ 31,584	$ 211	$ 31,795
Less: purchased coal	(4,487)	—	(4,487)	(8,102)	—	(8,102)
Cash cost of produced coal sold	$ 27,554	$ 2,989	$ 30,543	$ 23,482	$ 211	$ 23,693
Tons sold - produced	192	27	219	231	3	234
Cash production cost per ton sold (at preparation plant)	$ 143.51	$ 110.70	$ 139.47	$ 101.65	$ 70.33	$ 101.25
Purchased coal	$ 4,487	$ —	$ 4,487	$ 8,102	$ —	$ 8,102
Tons sold - purchased coal	29	—	29	47	—	47
Cash cost purchased coal per ton sold (at preparation plant)	$ 154.72	$ —	$ 154.72	$ 172.38	$ —	$ 172.38

Cash cost per ton sold, cash production cost per ton sold, and cash cost per purchased coal per ton sold for the years ended December 31, 2022 and 2021

	For the year ended December 31, 2022			For the year ended December 31, 2021		
(in thousands except per ton amounts)	**NAPP Met**	**NAPP Thermal**	**Total**	**NAPP Met**	**NAPP Thermal**	**Total**
Cost of Sales:						
Mining and processing costs	$ 104,413	$ 1,972	$ 106,385	$ 86,347	$ 381	$ 86,728
Purchased coal costs	21,886	2,684	24,570	10,781	1,337	12,118
Royalty expense	6,599	24	6,623	5,858	—	5,858
Total cash costs of tons sold	$ 132,898	$ 4,680	$ 137,578	$ 102,986	$ 1,718	$ 104,704
Total tons sold	960	44	1,004	1,138	47	1,185
Cash cost per ton sold (at preparation plant)	$ 138.44	$ 106.36	$ 137.03	$ 90.50	$ 36.55	$ 88.36
Total cash costs of tons sold	$ 132,898	$ 4,680	$ 137,578	$ 102,986	$ 1,718	$ 104,704
Less: purchased coal	(21,886)	—	(21,886)	(10,781)	—	(10,781)
Cash cost of produced coal sold	$ 111,012	$ 4,680	$ 115,692	$ 92,205	$ 1,718	$ 93,923
Tons sold - produced	828	44	872	1,059	47	1,106
Cash production cost per ton sold (at preparation plant)	$ 134.07	$ 106.36	$ 132.67	$ 87.07	$ 36.55	$ 84.92
Purchased coal	$ 21,886	$ —	$ 21,886	$ 10,781	$ —	$ 10,781
Tons sold - purchased coal	132	—	132	79	—	79
Cash cost purchased coal per ton sold (at preparation plant)	$ 165.80	$ —	$ 165.80	$ 136.47	$ —	$ 136.47

Cash margin per ton sold for the three months ended December 31, 2022 and 2021

	For the three months ended December 31, 2022			For the three months ended December 31, 2021		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total NAPP
Realized price per ton sold (at preparation plant)	$ 152.48	$ 105.96	$ 147.42	$ 131.64	$ 70.67	$ 130.99
Cash cost per ton sold (at preparation plant)	$ 144.98	$ 110.70	$ 141.25	$ 113.61	$ 70.33	$ 113.15
Cash margin per ton sold	$ 7.50	$ (4.74)	$ 6.17	$ 18.03	$ 0.34	$ 17.84

Cash margin per ton sold for the years ended December 31, 2022 and 2021

	For the year ended December 31, 2022			For the year ended December 31, 2021		
	NAPP Met	NAPP Thermal	Total	NAPP Met	NAPP Thermal	Total NAPP
Realized price per ton sold (at preparation plant)	$ 158.03	$ 104.18	$ 155.67	$ 105.81	$ 38.36	$ 103.13
Cash cost per ton sold (at preparation plant)	$ 138.44	$ 106.36	$ 137.03	$ 90.50	$ 36.55	$ 88.36
Cash margin per ton sold	$ 19.59	$ (2.18)	$ 18.64	$ 15.31	$ 1.81	$ 14.77

OUTSTANDING SHARE DATA

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

	Number of Common Shares
Common Shares issued and outstanding	103,275,076
Common Shares issuable upon exercise of stock options	6,163,000
Total	109,438,076

SUMMARY OF QUARTERLY RESULTS

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

	Quarter Ended			
(in thousands except per share amounts)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Revenue from continuing operations	$ 38,854	$ 45,938	$ 42,326	$ 38,773
Net and comprehensive income (loss)	$ (16,302)	$ (4,480)	$ (2,970)	$ (3,977)
Earnings (loss) per share:				
Basic	$ (0.16)	$ (0.04)	$ (0.03)	$ (0.04)
Diluted	$ (0.16)	$ (0.04)	$ (0.03)	$ (0.04)

	Quarter Ended			
(in thousands except per share amounts)	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenue from continuing operations	$ 40,050	$ 36,380	$ 30,426	$ 24,619
Net and comprehensive (loss) income	$ 2,756	$ 933	$ 2,153	$ (4,433)
Earnings (loss) per share:				
Basic	$ 0.03	$ 0.01	$ 0.02	$ (0.05)
Diluted	$ 0.03	$ 0.01	$ 0.02	$ (0.05)

Corsa's 2022 revenue is reflective of an improved metallurgical coal market environment which began in the second half of 2021 although total revenue for the year ended 2022 was impacted by various production challenges which resulted in fewer sales tons and thus the full impact of the metallurgical coal price increase was not realized. Each quarter of 2022 reflects the impact of a higher cost environment, due in part to inflation, where the Company did not produce coal as efficiently as in the past due in part to a lack of skilled workforce and challenging geology at the underground mines. Net and comprehensive loss for the quarter ended December 31, 2022 was impacted by a change in estimate of the reclamation and water treatment provision and the full year 2022 was also impacted by significant investment losses related to the water treatment trust equity investments.

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, at the time, were under common control with the Company's former controlling shareholder, Quintana Energy Partners L.P. ("QEP"); transactions with companies who, at the time, were under common control of the Company's former minority shareholder, Sev.en Met Coal Corp. ("Sev.en") and transactions with close family members of key management personnel. QEP and Sev.en ceased being related parties in December 2021 and January 2022, respectively.

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

	For the three months ended December 31,		For the years ended December 31	
	2022	2021	2022	2021
Coal sales (a)	$ —	$ —	$ —	$ 2,275
Supplies purchased (b)	—	(45)	—	(150)
	$ —	$ (45)	$ —	$ 2,125

(a) During the year ended December 31, 2021, the Company sold coal to Blackhawk Coal Sales, LLC, which was considered a related party as this entity was acquired by Sev.en, on June 1, 2020. These amounts were included in revenue in the consolidated financial statements of operations and comprehensive income (loss). Blackhawk Coal Sales, LLC is no longer considered a related party in the year ended December 31, 2022.

(b) During the three months and year ended December 31, 2021, the Company purchased supplies used in the coal separation process from Quality Magnetite, LLC, which was significantly influenced by key management personnel of QEP. These amounts were included in cost of sales in the consolidated statements of operations and comprehensive income (loss). Quality Magnetite, LLC is no longer considered a related party in the year ended December 31, 2022.

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

CRITICAL ACCOUNTING ESTIMATES

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

<u>Property, plant and equipment</u>

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

<u>Reserve and resource estimates</u>

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

Reclamation provision estimates

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

Water treatment provision estimates

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

Impairment of long-term assets

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

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

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

Evaluation of exploration and evaluation costs

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

Deferred income tax assets

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

CHANGES IN ACCOUNTING POLICIES

<u>Future accounting pronouncements or recently adopted accounting pronouncements</u>

Certain amendments to existing standards issued by the IASB may impact the Company's financial statements for accounting periods after January 1, 2023. 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 was 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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash and investments, accounts receivable, accounts payable and accrued liabilities, recourse obligation, lease liabilities, loan payable in connection with the Main Street Facility, loan payable in connection with the 36th Street Facility and other liabilities.

<u>Financial risk management</u>

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 controls 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 years ended December 31, 2022 and 2021.

At December 31, 2022 and 2021, the Company had three and four customers, respectively, that owed the Company more than $1,000 each and accounted for approximately 98% and 66%, respectively, of total accounts receivable. At December 31, 2022 and 2021, 68% 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 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.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2022, the Company had a consolidated cash balance of $7,028 and consolidated working capital deficit of $9,267. 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.

Fair Value

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 and the 36th Street Facility. The loans payable are carried at amortized cost and the carrying amounts and fair values are presented below:

	December 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan payable - Main Street Facility	$ 25,352	$ 23,783	$ 25,249	$ 20,158
Loan payable - 36th Street Facility	866	885	4,142	4,264
	$ 26,218	$ 24,668	$ 29,391	$ 24,422

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 December 31, 2022, the discount rates for the were 12.3% and 9.8%, for the Main Street Facility and the 36th Street Facility, respectively. At December 31, 2021, the discount rates were 11.3% and 9.0%, for the Main Street Facility and the 36th Street Facility, respectively. 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.

	December 31, 2022		December 31, 2021	
	Level 1		Level 1	
Restricted cash	$	14,386	$	11,917
Restricted investments				
Debt securities		6,101		8,725
Equity securities		21,165		22,692
		27,266		31,417
Total restricted cash and investments	$	41,652	$	43,334

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

ADDITIONAL INFORMATION

Additional information regarding Corsa, including its annual information form dated April 13, 2023, is available under Corsa's profile at www.sedar.com.