



---

**Corsa Coal Corp.**

**Unaudited Condensed Interim Consolidated Financial Statements**

**March 31, 2023 and 2022**

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

<b>Assets</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash	\$ 5,442	\$ 7,028
Accounts receivable (note 3)	11,704	10,787
Prepaid expenses and other current assets	2,331	3,281
Inventories, net (note 4)	9,586	9,141
<b>Current Assets</b>	<b>29,063</b>	<b>30,237</b>
Restricted cash and investments (note 5)	42,700	41,652
Advance royalties and other assets	4,707	3,971
Property, plant and equipment, net (note 6)	116,420	116,778
<b>Total Assets</b>	<b>\$ 192,890</b>	<b>\$ 192,638</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 22,744	\$ 23,219
Recourse obligation (note 7)	1,455	1,906
Lease liabilities – current (note 8)	1,511	1,422
Loans payable, net – current (note 9)	4,967	5,733
Other liabilities – current (note 10)	1,774	1,673
Reclamation and water treatment provision – current (note 11)	5,551	5,551
<b>Current Liabilities</b>	<b>38,002</b>	<b>39,504</b>
Loans payable, net – long-term (note 9)	20,320	20,485
Lease liabilities – long-term (note 8)	3,034	2,640
Other liabilities – long-term (note 10)	4,311	4,238
Reclamation and water treatment provision – long-term (note 11)	63,625	64,163
<b>Total Liabilities</b>	<b>129,292</b>	<b>131,030</b>
<b>Shareholders' Equity</b>		
Share capital (note 12)	225,091	225,091
Contributed surplus	833	834
Accumulated deficit	(162,326)	(164,317)
<b>Total Shareholders' Equity</b>	<b>63,598</b>	<b>61,608</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 192,890</b>	<b>\$ 192,638</b>

Commitments and Contingencies (note 22)

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

Approved by the Board of Directors:

/s/ Ronald G. Stovash  
Ronald G. Stovash, Director

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

**Corsa Coal Corp.**

**Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)**

**Expressed in United States dollars, tabular amounts in thousands except for per share amounts**

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue (note 13)	\$ 47,945	\$ 38,773
Cost of sales (note 14)	(41,973)	(36,974)
<b>Gross margin</b>	<b>5,972</b>	<b>1,799</b>
Selling, general and administrative expense (notes 15 and 16)	(2,241)	(2,383)
<b>Income (loss) from operations</b>	<b>3,731</b>	<b>(584)</b>
Finance expense (note 17)	(2,629)	(1,534)
Finance income (note 17)	3	15
Gain (loss) on restricted investments (note 17)	529	(1,168)
Other income (expense), net (note 18)	294	(706)
<b>Income (loss) before tax</b>	<b>1,928</b>	<b>(3,977)</b>
Current income tax expense	—	—
Deferred income tax expense	—	—
Provision for income taxes	—	—
<b>Net and comprehensive income (loss)</b>	<b>\$ 1,928</b>	<b>\$ (3,977)</b>
Basic earnings (loss) per share (note 19)	\$ 0.02	\$ (0.04)
Diluted earnings (loss) per share (note 19)	\$ 0.02	\$ (0.04)

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

Corsa Coal Corp.

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

	For the three months ended March 31, 2023				Total Shareholders' Equity
	Number of Corsa Common Shares (000's)	Share Capital	Contributed Surplus	Accumulated Deficit	
<b>Balance - January 1, 2023</b>	103,275	\$ 225,091	\$ 834	\$ (164,317)	\$ 61,608
Stock-based compensation expense (note 16)	—	—	62	—	62
Stock option expiration/forfeiture	—	—	(63)	63	—
Net and comprehensive income	—	—	—	1,928	1,928
<b>Balance - March 31, 2023</b>	<u>103,275</u>	<u>\$ 225,091</u>	<u>\$ 833</u>	<u>\$ (162,326)</u>	<u>\$ 63,598</u>

	For the three months ended March 31, 2022				Total Shareholders' Equity
	Number of Corsa Common Shares (000's)	Share Capital	Contributed Surplus	Accumulated Deficit	
<b>Balance - January 1, 2022</b>	103,275	\$ 225,091	\$ 1,758	\$ (137,568)	\$ 89,281
Stock-based compensation expense (note 16)	—	—	6	—	6
Net and comprehensive loss	—	—	—	(3,977)	(3,977)
<b>Balance - March 31, 2022</b>	<u>103,275</u>	<u>\$ 225,091</u>	<u>\$ 1,764</u>	<u>\$ (141,545)</u>	<u>\$ 85,310</u>

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

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net and comprehensive income (loss)	\$ 1,928	\$ (3,977)
Items not affecting cash:		
Amortization	2,708	3,079
Stock-based compensation expense (note 16)	62	6
Non-cash finance expense	251	1,502
Other non-cash operating expense (income) and gain (loss) on restricted investments	402	78
Cash spent on reclamation and water treatment activities (note 11)	(1,243)	(918)
Changes in working capital balances related to operations (note 20)	(1,669)	1,006
<b>Cash provided by operating activities</b>	<b>2,439</b>	<b>776</b>
<b>Investing Activities</b>		
Restricted cash and investments acquired	(773)	(702)
Advance royalties and other assets	(444)	(313)
Property, plant and equipment additions	(1,479)	(628)
<b>Cash used in investing activities</b>	<b>(2,696)</b>	<b>(1,643)</b>
<b>Financing Activities</b>		
Repayment of loan payable	(977)	(799)
Repayment of lease liabilities	(352)	(341)
<b>Cash used in financing activities</b>	<b>(1,329)</b>	<b>(1,140)</b>
<b>Net decrease in cash for the period</b>	<b>(1,586)</b>	<b>(2,007)</b>
<b>Cash, beginning of period</b>	<b>7,028</b>	<b>12,714</b>
<b>Cash, end of period</b>	<b>\$ 5,442</b>	<b>\$ 10,707</b>

Supplemental disclosure (note 20)

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

## **1. Basis of Presentation and Nature of Operations**

### *Nature of Operations and COVID-19 Matter*

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

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

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The COVID-19 pandemic has significantly impacted the global economy and commodity and financial markets. The ongoing impacts of the COVID-19 outbreak has had a material adverse effect on the Company’s business, financial condition, cash flows and results of operations. While demand and metallurgical coal prices have improved, to the extent that industry conditions decline due to the pandemic or the onset of any additional public health threat, the Company may have to obtain additional debt or equity financing. Although debt and equity financings have been successful in the past, there is no assurance that Corsa will be able to successfully complete such financings in the future.

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

At March 31, 2023, the Company had one operating division, Northern Appalachia (“NAPP Division” or “NAPP”). The NAPP Division, based in Somerset, Pennsylvania, USA, produces and sells low volatile metallurgical coal used for the production of coke from its mines in the Northern Appalachia coal region of the USA. The Company’s corporate office provides support and manages the mining investments, and is also deemed a reportable segment.

All scientific and technical information contained in these unaudited condensed interim consolidated financial statements has been reviewed and approved by David E. Yingling, Professional Engineer and the Company’s mining engineer, who is a qualified person within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

### *Statement of Compliance*

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

These unaudited condensed interim consolidated financial statements are intended to be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2022 and the related notes thereto. Certain reclassifications of prior period data, which include the presentation of gain or loss on restricted investments separately from finance income or expense, have been made to conform to the current period classifications.

These unaudited condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on May 4, 2023.

### *Basis of Measurement*

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

*Future accounting pronouncements or recently adopted accounting pronouncements*

Certain amendments to existing standards issued by the ISAB 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.

**2. Financial 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 (as defined below) and other liabilities.

*Financial risk management*

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

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. These deposit accounts are held with high credit quality institutions in Canada and the United States. Restricted cash consists of cash, money market accounts and certificates of deposit. Restricted investments consist of interest-bearing securities invested with highly rated financial institutions.

Customer credit risk is managed by the Company's established policy, procedures and 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 three months ended March 31, 2023 and 2022.

At March 31, 2023 and December 31, 2022, the Company had five and three customers, respectively, that owed the Company more than \$1,000 each and accounted for approximately 92% and 98%, respectively, of total accounts receivable. At March 31, 2023 and December 31, 2022, 43% and 68%, 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 March 31, 2023, the Company had a consolidated cash balance of \$5,442 and consolidated working capital deficit of \$8,939. 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.

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

If cash flows from operations are less than required, the Company may need to incur additional debt or issue additional equity. From time-to-time, the Company may need to access the long-term and short-term capital markets to obtain financing. Although the Company believes it can currently finance its operations on acceptable terms and conditions, the Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be affected by many factors, including the liquidity of the overall capital markets, the current state of the global economy and restrictions in the Company's existing debt agreements and any other future debt agreements. There can be no assurance that the Company will have or continue to have access to the capital markets on acceptable terms.

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

	Carrying Value at Mar. 31, 2023	Payments due by period				
		Total	Less Than	1 to	4 to	After 5
			1 Year	3 Years	5 Years	Years
Accounts payable and accrued liabilities	\$ 22,744	\$ 22,744	\$ 22,744	\$ —	\$ —	\$ —
Recourse obligation	1,455	1,455	1,455	—	—	—
Lease liabilities	4,545	4,545	1,511	1,958	1,076	—
Loan payable - Main Street Facility	25,287	25,680	4,967	20,713	—	—
Other liabilities	6,085	6,085	1,774	2,505	1,806	—
Asset retirement obligations - reclamation	40,439	40,439	3,578	9,698	6,801	20,362
Asset retirement obligations - water treatment	28,737	28,737	1,973	3,332	3,222	20,210
Purchase order firm commitments	—	2,267	2,267	—	—	—
Minimum royalty commitments	—	1,794	598	1,196	—	—
Reclamation bond restricted cash deposits	—	6,961	1,500	3,000	2,461	—
<b>Total</b>	<b>\$ 129,292</b>	<b>\$ 140,707</b>	<b>\$ 42,367</b>	<b>\$ 42,402</b>	<b>\$ 15,366</b>	<b>\$ 40,572</b>

*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 36<sup>th</sup> Street Facility (as defined below). The loans payable are carried at amortized cost and the carrying amounts and fair values are presented below:

	March 31, 2023		December 31, 2022	
	Carrying		Carrying	
	Amount	Fair Value	Amount	Fair Value
Loan payable - Main Street Facility	\$ 25,287	\$ 25,146	\$ 25,352	\$ 23,783
Loan payable - 36 <sup>th</sup> Street Facility	—	—	866	885
	<b>\$ 25,287</b>	<b>\$ 25,146</b>	<b>\$ 26,218</b>	<b>\$ 24,668</b>

The fair value of the loans payable were determined by discounting the future contractual cash flows at a discount rate that represents an approximation of the borrowing rates presently available to the Company. At March 31, 2023 and December 31, 2022, the discount rate for the Main Street Facility was 12.3%. At December 31, 2022, the discount rate for the 36<sup>th</sup> Street Facility was 9.8%. 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.



**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

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.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	<u>Level 1</u>	<u>Level 1</u>
Restricted cash	\$ 15,004	\$ 14,386
Restricted investments		
Debt securities	6,271	6,101
Equity securities	21,425	21,165
	<u>27,696</u>	<u>27,266</u>
<b>Total restricted cash and investments</b>	<b><u>\$ 42,700</u></b>	<b><u>\$ 41,652</u></b>

At March 31, 2023 and December 31, 2022, the Company had no financial instruments which used Level 2 or 3 fair value measurements.

### 3. Accounts Receivable

Accounts receivable consist of the following:

	<u>March 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Trade receivables	\$ 11,654	\$ 10,737
Other	50	50
	<u>\$ 11,704</u>	<u>\$ 10,787</u>

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

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

**4. Inventories, net**

Inventories consist of the following:

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Metallurgical coal		
Clean coal stockpiles	\$ 3,025	\$ 1,928
Raw coal stockpiles	1,465	1,872
	<u>4,490</u>	<u>3,800</u>
Parts and supplies, net	5,096	5,341
	<u>\$ 9,586</u>	<u>\$ 9,141</u>

An obsolescence reserve of \$566 has been provided for the parts and supplies inventory as of March 31, 2023 and December 31, 2022.

**5. Restricted Cash and Investments**

Restricted cash and investments consists of the following:

	<u>March 31, 2023</u>				<u>December 31, 2022</u>			
	Debt		Equity		Debt		Equity	
	Cash	Securities	Securities	Total	Cash	Securities	Securities	Total
Water treatment (a)	\$ 374	\$ 5,901	\$ 21,102	\$ 27,377	\$ 302	\$ 5,733	\$ 20,859	\$ 26,894
Reclamation bonds (b)	9,532	359	27	9,918	9,143	357	26	9,526
Workers' compensation (c)	5,098	—	296	5,394	4,941	—	280	5,221
Other restricted deposits	—	11	—	11	—	11	—	11
	<u>\$ 15,004</u>	<u>\$ 6,271</u>	<u>\$ 21,425</u>	<u>\$ 42,700</u>	<u>\$ 14,386</u>	<u>\$ 6,101</u>	<u>\$ 21,165</u>	<u>\$ 41,652</u>

- (a) The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the perpetual monitoring and treatment of water in areas where the Company is operating or has operated in the past. As a result of these agreements, the Company was required to establish separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is either held or invested in debt and equity securities and income earned on such funds, under certain circumstances, may be used by the Company to pay for certain water treatment costs once the trust funds have been fully funded.
- (b) The Company is required to post bonds to ensure reclamation is completed on its mining properties as required under U.S. state and federal regulations. The Company has agreements with insurers to provide these bonds. The cash collateral is held or invested in certificates of deposit, that are insured by the U.S. Federal Deposit Insurance Corporation, or in debt and equity security investments. The Company is required to increase the level of cash collateral over time to reach the target set by the surety of 25% of the issued bond amount. The collateral increase will be funded by quarterly installment payments of up to \$375.
- (c) The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation.

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

**6. Property, Plant and Equipment, net**

Property, plant and equipment consists of the following:

	<b>Mineral Properties (a)</b>	<b>Plant and Equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance - January 1, 2022	\$ 166,651	\$ 153,210	\$ 319,861
Additions	—	7,319	7,319
Capitalized development costs	196	—	196
Change in reclamation provision	(1,065)	(53)	(1,118)
Disposals	(70)	(2,988)	(3,058)
<b>Balance - December 31, 2022</b>	<b>165,712</b>	<b>157,488</b>	<b>323,200</b>
Additions	—	1,846	1,846
Capitalized development costs	483	—	483
Disposals	—	(1,757)	(1,757)
<b>Balance - March 31, 2023</b>	<b>\$ 166,195</b>	<b>\$ 157,577</b>	<b>\$ 323,772</b>
<b>Accumulated Amortization and Impairment Losses</b>			
Balance - January 1, 2022	\$ (73,729)	\$ (124,024)	\$ (197,753)
Amortization	(3,671)	(7,869)	(11,540)
Disposals	—	2,871	2,871
<b>Balance - December 31, 2022</b>	<b>(77,400)</b>	<b>(129,022)</b>	<b>(206,422)</b>
Amortization	(937)	(1,739)	(2,676)
Disposals	—	1,746	1,746
<b>Balance - March 31, 2023</b>	<b>\$ (78,337)</b>	<b>\$ (129,015)</b>	<b>\$ (207,352)</b>
<b>Net Book Value</b>			
December 31, 2022	\$ 88,312	\$ 28,466	\$ 116,778
March 31, 2023	\$ 87,858	\$ 28,562	\$ 116,420

- (a) The two types of lease rights in the states of Maryland and Pennsylvania are surface rights, which provide access to the surface of a specific property, and mineral rights, which provide the right to extract the minerals from a specific property. The Company either purchases outright or leases these rights from various owners specific to each property. Mineral and surface rights which are leased are subject to royalty payments to the various owners based on the tons of coal extracted from that specific property. Royalty rates on leased mineral rights can range from 5% to 16%, although they typically range from 6% to 7%, of the selling price of the coal. Mineral and surface rights which are owned by the Company are not subject to royalties. The net book value of mineral properties that are not in production at March 31, 2023 and December 31, 2022 was \$21,810 and \$24,835, respectively.

**7. Accounts Payable, Accrued Liabilities and Recourse Obligation**

Accounts payable, accrued liabilities and recourse obligation consists of the following:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Trade payables	\$ 11,044	\$ 12,604
Purchased coal payables	1,988	1,696
Freight payables	1,580	1,335
U.S. Department of Justice disgorgement obligation (a)	600	1,200
Other accrued liabilities	7,532	6,384
Total accounts payable and accrued liabilities	<u>\$ 22,744</u>	<u>\$ 23,219</u>

  

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Recourse obligation (b)	\$ 1,455	\$ 1,906
Total recourse obligation	<u>\$ 1,455</u>	<u>\$ 1,906</u>

- (a) 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.”

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

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.

- (b) 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 National Association (“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 0.0292% of the outstanding balance purchased. The purchase does not result in derecognition of the accounts receivable because WCE retains substantially all the risks and rewards of ownership of the transferred asset.

## 8. Lease Liabilities

Lease liabilities consists of the following:

	Interest Rate	Maturity	March 31, 2023	December 31, 2022
Equipment - Preparation Plant (a)	11.0%	September 2023	\$ 165	\$ 245
Equipment - Refuse Facility	18.9%	January 2028	2,136	2,183
Equipment - Surface	2.5% to 16%	July 2025 - Aug. 2026	2,241	1,628
Equipment - Information Technology	11.0%	July 2023	3	6
Balance, end of period			4,545	4,062
Less: Current portion			(1,511)	(1,422)
Total long-term lease liabilities			\$ 3,034	\$ 2,640

- (a) Contingent rent related to these lease obligations is payable if the equipment exceeds certain operating levels. The contingent rent expense recognized in the three months ended March 31, 2023 and 2022 was \$108 and \$121, respectively. Contingent rent is included in cost of sales in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss).

Lease liabilities and minimum lease payments at March 31, 2023 are as follows:

Less than 1 year	\$ 2,099
1-3 years	2,651
4-5 years	1,275
Thereafter	—
Total payments	6,025
Less: Amounts representing interest	(1,480)
Total finance lease obligations	\$ 4,545

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

For the three months ended March 31, 2023 and 2022, interest expense, which is included in finance expense in the unaudited condensed interim consolidated statements of operations and comprehensive income (loss) and total cash outflows related to lease liabilities were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest expense related to lease liabilities	\$ 109	\$ 73
Total cash outflows related to lease liabilities	\$ 461	\$ 414

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

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

	<b>Equipment</b>				<b>Total</b>
	<b>Plant</b>	<b>Refuse</b>	<b>Surface</b>	<b>IT</b>	
<b><u>Gross Right-of-Use Asset</u></b>					
Balance – January 1, 2022	\$ 2,200	\$ —	\$ 4,783	\$ 37	\$ 7,020
Additions	—	2,308	—	—	2,308
Lease expiration	—	—	(838)	—	(838)
Balance – December 31, 2022	2,200	2,308	3,945	37	8,490
Additions	—	(2)	837	—	835
Balance – March 31, 2023	<u>\$ 2,200</u>	<u>\$ 2,306</u>	<u>\$ 4,782</u>	<u>\$ 37</u>	<u>\$ 9,325</u>
<b><u>Accumulated Amortization</u></b>					
Balance – January 1, 2022	\$ (1,455)	\$ —	\$ (2,274)	\$ (25)	\$ (3,754)
Amortization	(426)	—	(933)	(7)	(1,366)
Lease expiration	—	—	838	—	838
Balance – December 31, 2022	(1,881)	—	(2,369)	(32)	(4,282)
Amortization	(106)	(39)	(207)	(2)	(354)
Balance – March 31, 2023	<u>\$ (1,987)</u>	<u>\$ (39)</u>	<u>\$ (2,576)</u>	<u>\$ (34)</u>	<u>\$ (4,636)</u>
<b><u>Net Book Value</u></b>					
December 31, 2022	<u>\$ 319</u>	<u>\$ 2,308</u>	<u>\$ 1,576</u>	<u>\$ 5</u>	<u>\$ 4,208</u>
March 31, 2023	<u>\$ 213</u>	<u>\$ 2,267</u>	<u>\$ 2,206</u>	<u>\$ 3</u>	<u>\$ 4,689</u>

Amortization expense related to the right-of-use assets is included in cost of sales in the condensed interim consolidated statements of operations and comprehensive income (loss) and was as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Right-of-use asset amortization expense	\$ 354	\$ 366

**9. Debt**

**Loan Payable - 36<sup>th</sup> Street Facility**

On August 16, 2019, the Company’s wholly-owned and direct subsidiary, Wilson Creek Holdings, Inc. (“WCH”), as lessee, and the Company along with all of the subsidiaries of WCH, as guarantors, entered into a lease financing agreement with Key Equipment Finance, as lessor and assignor, and 36<sup>th</sup> Street Capital Partners, LLC, as assignee, for the sale and leaseback of various coal mining equipment for a funding amount of \$12 million (the “36<sup>th</sup> Street Facility”) which has been fully repaid at March 31, 2023.

**Loan Payable - Main Street Facility**

On December 14, 2020, certain wholly-owned subsidiaries of the Company, as borrowers, entered into a five-year secured term loan with KeyBank for \$25 million (the “Main Street Facility”), as subsequently amended, through the Main Street Lending Program established by the board of governors of the U.S. Federal Reserve System. Under this program, lending is facilitated through a special purpose vehicle established by the Federal Reserve Bank of Boston which committed to purchase, on December 21, 2020, a participation interest equal to 95% of the Main Street Facility. The Main Street Facility bears interest, payable monthly, at the secured overnight financing rate (“SOFR”) plus 3.1148% and contains customary financial covenants, which were amended effective December 31, 2022, as well as affirmative and negative covenants, including covenants that would restrict the ability to pay dividends, make distributions and transfer funds to the Canadian parent entity (i.e., Corsa Coal Corp.). The Main Street Facility is repayable on each of the third and fourth anniversaries of the closing date of the Main Street Facility in an amount equal to 15% of the principal amount, with the remaining balance due in full on the fifth anniversary of the closing date and is pre-payable at any time without any premium or penalty. Additionally, a mandatory prepayment of \$1,200 is required to be paid in monthly installments of \$100 beginning on March 31, 2023. The Main Street Facility is secured against certain real and personal property of the borrowers. The borrowers were in compliance with all financial covenants at March 31, 2023.

The changes in the loan payable balance are as follows:

	36 <sup>th</sup> Street Facility			Main Street Facility			
	Unamortized			Unamortized			
	Principal	Discount	Total	Principal	Discount	Total	Total
Balance - January 1, 2022	\$ 4,197	\$ (55)	\$ 4,142	\$ 25,820	\$ (571)	\$ 25,249	\$ 29,391
Accrued interest	270	—	270	604	—	604	874
Interest paid	(270)	—	(270)	(644)	—	(644)	(914)
Amortization of discount	—	43	43	—	143	143	186
Principal repayment	(3,319)	—	(3,319)	—	—	—	(3,319)
Balance - December 31, 2022	<u>\$ 878</u>	<u>\$ (12)</u>	<u>\$ 866</u>	<u>\$ 25,780</u>	<u>\$ (428)</u>	<u>\$ 25,352</u>	<u>\$ 26,218</u>

	36 <sup>th</sup> Street Facility			Main Street Facility			
	Unamortized			Unamortized			
	Principal	Discount	Total	Principal	Discount	Total	Total
Balance - January 1, 2023	\$ 878	\$ (12)	\$ 866	\$ 25,780	\$ (428)	\$ 25,352	\$ 26,218
Accrued interest	14	—	14	—	—	—	14
Interest paid	(15)	—	(15)	—	—	—	(15)
Amortization of discount (note 17)	—	12	12	—	35	35	47
Principal repayment	(877)	—	(877)	(100)	—	(100)	(977)
Balance - March 31, 2023	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,680</u>	<u>\$ (393)</u>	<u>\$ 25,287</u>	<u>\$ 25,287</u>
Less: current portion	—	—	—	(4,967)	—	(4,967)	(4,967)
Total long-term loan payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 20,713</u>	<u>\$ (393)</u>	<u>\$ 20,320</u>	<u>\$ 20,320</u>

**10. Other Liabilities**

Other liabilities consist of the following:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Workers' compensation provision (a)	\$ 5,248	\$ 5,156
Other (b)	837	755
	<u>6,085</u>	<u>5,911</u>
Less: current portion	(1,774)	(1,673)
Total Other Liabilities	<u>\$ 4,311</u>	<u>\$ 4,238</u>

- (a) The provision relates to workers' compensation and occupational disease claims that have not yet been paid by the Company. The estimates use an actuarial valuation approach based on historical claims and known events, where such estimates may differ materially from the estimates used herein. The balance that is expected to be settled within the next 12 months is \$1,189. The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation claims (note 5).
- (b) Other includes various accruals based on management's best estimate of other matters, of which \$585 is expected to be settled within the next twelve months.



**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

**11. Reclamation and Water Treatment Provision**

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

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

	<b>Site Reclamation and Remediation (a)</b>	<b>Water Treatment Obligation (b)</b>	<b>Total</b>
Balance - January 1, 2022	\$ 40,497	\$ 24,029	\$ 64,526
Costs incurred	(2,816)	(2,614)	(5,430)
Change in estimate	2,384	7,335	9,719
Accretion expense	546	353	899
	114	5,074	5,188
Balance - December 31, 2022	\$ 40,611	\$ 29,103	\$ 69,714
Costs incurred	(584)	(659)	(1,243)
Accretion expense (note 17)	412	293	705
	(172)	(366)	(538)
Balance - March 31, 2023	\$ 40,439	\$ 28,737	\$ 69,176
Less: current portion	(3,578)	(1,973)	(5,551)
Long-Term Reclamation and Water Treatment Provision	<u>\$ 36,861</u>	<u>\$ 26,764</u>	<u>\$ 63,625</u>
Estimated costs (undiscounted cash flow basis)	<u>\$ 46,351</u>	<u>\$ 34,827</u>	<u>\$ 81,178</u>
End of reclamation period	<u>1-21 years</u>	<u>Perpetual</u>	
Discount rate	<u>3.88%-4.73%</u>	<u>3.88%-4.73%</u>	
Inflation rate	<u>2.0%</u>	<u>2.0%</u>	

(a) Site reclamation and remediation

- (i) The current portion represents the amount of costs expected to be incurred by the Company within one year from March 31, 2023.
- (ii) At March 31, 2023, the Company had \$64,697 in surety bonds outstanding to secure reclamation obligations.

(b) Water treatment obligation

The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the monitoring and treatment of water in areas where the Company is operating or has operated in the past. The Company has the obligation to fund such water treatment activities and has recorded a provision for the total expected costs of such water treatment.

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

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

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

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

The current portion represents the amount of costs expected to be incurred by the Company within one year from March 31, 2023.

## 12. Share Capital

The authorized capital of the Company consists of an unlimited number of common shares ("Common Shares") without par value and an unlimited number of preferred shares issuable in series, with such rights, privileges, restrictions and conditions as the Board of Directors of the Company may determine from time to time. At March 31, 2023 and December 31, 2022, the Company had 103,275,076 Common Shares outstanding and no preferred shares outstanding.

### Shareholder Rights Plan

On December 17, 2021, the Company adopted a shareholder rights plan (the "Rights Plan") which was ratified by shareholders of the Company at the Company's 2022 annual meeting of shareholders held on June 16, 2022, and remains in effect until the date on which the Company's annual meeting of shareholders is held in 2025, unless terminated sooner in accordance with its terms. The adoption of the Rights Plan is intended to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any take-over bid for Common Shares and to protect against acquisitions of control of Corsa through purchases of Common Shares that are exempt from applicable Canadian take-over bid rules, also referred to as "creeping" take-over bids. The Rights Plan is substantially similar to shareholder rights plans adopted by other Canadian issuers.

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

## 13. Revenue

Revenue consists of the following:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Metallurgical coal sales	\$ 45,769	\$ 37,809
Thermal coal sales	2,060	133
Tolling revenue	—	719
Limestone revenue	116	112
	<u>\$ 47,945</u>	<u>\$ 38,773</u>

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

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

	<b>For the three months ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	\$ 47,695	\$ 38,528
Revenue from other sources	250	245
	<u>\$ 47,945</u>	<u>\$ 38,773</u>

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

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

<b>Geographic Region</b>	<b>For the three months ended March 31, 2023</b>			
	<b>Metallurgical</b>	<b>Thermal</b>	<b>Tolling</b>	<b>Total</b>
	<b>Coal</b>	<b>Coal</b>	<b>Revenue</b>	
Asia	\$ 8,002	\$ —	\$ —	\$ 8,002
North America	35,831	833	—	36,664
South America	1,936	—	—	1,936
Europe	—	1,093	—	1,093
Total revenue from contracts with customers	<u>\$ 45,769</u>	<u>\$ 1,926</u>	<u>\$ —</u>	<u>\$ 47,695</u>

<b>Geographic Region</b>	<b>For the three months ended March 31, 2022</b>			
	<b>Metallurgical</b>	<b>Thermal</b>	<b>Tolling</b>	<b>Total</b>
	<b>Coal</b>	<b>Coal</b>	<b>Revenue</b>	
Asia	\$ 13,849	\$ —	\$ —	\$ 13,849
North America	21,560	—	719	22,279
Europe	2,400	—	—	2,400
Total revenue from contracts with customers	<u>\$ 37,809</u>	<u>\$ —</u>	<u>\$ 719</u>	<u>\$ 38,528</u>

#### 14. Cost of Sales

Cost of sales consists of the following:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Mining and processing costs	\$ 29,000	\$ 25,186
Purchased coal costs	3,836	4,158
Royalty expense	2,285	1,523
Amortization expense	2,708	3,079
Transportation costs from preparation plant to customer	2,058	1,942
Idle mine expense	1,503	240
Tolling costs	—	589
Limestone costs	232	77
Other costs	351	180
	<u>\$ 41,973</u>	<u>\$ 36,974</u>

#### 15. Selling, General and Administrative Expense

Selling, general and administrative expense consists of the following:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Salaries and other compensation	\$ 1,156	\$ 1,071
Employee benefits	255	266
Selling expense	160	138
Professional fees	227	501
Office expenses and insurance	361	340
Other	82	67
	<u>\$ 2,241</u>	<u>\$ 2,383</u>

#### 16. Stock-Based Compensation

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

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

March 31, 2023 and 2022. At March 31, 2023 and 2022, there were 4,164,508 and 6,227,008 stock options available for issuance under the stock option plan, respectively.

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

	Number of Stock Options (000's)	Weighted Average Exercise Price (C\$)
Balance - January 1, 2022	4,251	\$0.83
Options granted (a)	4,000	0.27
Options cancelled/forfeited	(1,135)	0.65
Options expired	(855)	1.53
Balance - December 31, 2022	6,261	0.41
Options cancelled/forfeited	(43)	0.47
Options expired	(55)	1.83
Balance - March 31, 2023	6,163	\$0.39

The following table illustrates the stock options granted and each grant was valued using a Black-Scholes pricing model at the date granted using the following valuation assumptions:

(a)	
Date of grant:	November 2, 2022
Options granted (000's):	4,000
Expected life in years:	2 to 4
Exercise price:	C\$0.27
Risk-free interest rate:	4.37% to 4.56%
Common Share price:	C\$0.27
Expected volatility:	107% to 118%
Dividend yield:	—%
Forfeiture rate:	15.13%

(a) Stock options were granted to directors, the then interim chief financial officer and employees of the Company.

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

For the three months ended March 31, 2023 and 2022, the Company recorded stock-based compensation expense on the outstanding stock options, which is included in selling, general and administrative expense, as follows:

	For the three months ended March 31,	
	2023	2022
Stock-based compensation expense	\$ 62	\$ 6

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

**17. Finance (Expense), Finance Income and Gain (Loss) on Restricted Investments**

Finance (expense), finance income and gain (loss) on restricted investments consists of the following:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Finance expense</b>		
Amortization of discount on loan payable (note 9)	\$ (47)	\$ (46)
Amortization of deferred financing costs	—	(36)
Bond premium expense	(547)	(657)
Interest expense	(1,318)	(573)
Accretion on reclamation and water treatment provision (note 11)	(705)	(222)
Other	(12)	—
Total finance expense	<u>\$ (2,629)</u>	<u>\$ (1,534)</u>
<b>Finance income</b>		
Interest income	\$ 3	\$ 15
Total finance income	<u>\$ 3</u>	<u>\$ 15</u>
<b>Net finance expense</b>	<u>\$ (2,626)</u>	<u>\$ (1,519)</u>
<b>Gain (loss) on Restricted Investments</b>	<u>\$ 529</u>	<u>\$ (1,168)</u>

**18. Other Income and Expense**

Other income (expense) consists of the following:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Restructuring charges	\$ —	\$ (886)
Filter cake sales and refuse disposal income	27	68
Loss on property dispositions	(11)	(56)
Royalty income	38	33
Other	240	135
	<u>\$ 294</u>	<u>\$ (706)</u>

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

**19. Earnings per Share**

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Basic and diluted earnings (loss)	\$ 1,928	\$ (3,977)
Basic weighted average number of Common Shares outstanding (000's)	103,275	103,275
Dilutive effect of weighted average of stock options (000's)	—	—
Diluted weighted average number of Common Shares outstanding (000's)	<u>103,275</u>	<u>103,275</u>
Basic earnings (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.04)</u>
Diluted earnings (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.04)</u>

In periods of net loss, the number of shares used to calculate diluted earnings per share is the same as basic earnings per share; therefore, the effect of the dilutive securities is zero for such periods. For the three months ended March 31, 2023 and 2022, there were no instruments, including stock options, which would result in the issuance of Common Shares whose effect would be dilutive on loss per share.

## 20. Supplemental Cash Flow Information

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Change in working capital balances related to operations:		
Accounts receivable	\$ (917)	\$ 4,821
Prepaid expenses and other current assets	650	701
Inventories	(468)	176
Accounts payable and accrued liabilities	(489)	(4,733)
Recourse obligation	(451)	—
Other liabilities	6	41
	<u>\$ (1,669)</u>	<u>\$ 1,006</u>
Cash paid for interest	\$ 1,311	\$ 569
Cash paid for income taxes	<u>—</u>	<u>—</u>
Non-cash investing and financing activities:		
Purchase of property, plant and equipment		
Change in assets	<u>\$ 14</u>	<u>\$ 374</u>
Change in liabilities	<u>\$ 14</u>	<u>\$ 374</u>
Lease liabilities		
Change in assets	<u>\$ 835</u>	<u>\$ —</u>
Change in liabilities	<u>\$ 835</u>	<u>\$ —</u>
Change in estimate of reclamation liability		
Change in assets	<u>\$ —</u>	<u>\$ (53)</u>
Change in liabilities	<u>\$ —</u>	<u>\$ (53)</u>

## 21. Segment Information

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

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



**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

	<b>For the three months ended March 31, 2023</b>		
	<b>NAPP</b>	<b>Corporate</b>	<b>Total</b>
Revenues	\$ 47,945	\$ —	\$ 47,945
Cost of sales	(41,973)	—	(41,973)
<b>Gross income</b>	<b>5,972</b>	<b>—</b>	<b>5,972</b>
Selling, general and administrative expense	(1,584)	(657)	(2,241)
<b>Income (loss) from operations</b>	<b>4,388</b>	<b>(657)</b>	<b>3,731</b>
Finance expense	(2,069)	(560)	(2,629)
Finance income	2	1	3
Gain on restricted investments	529	—	529
Other income	294	—	294
<b>Income (loss) before tax</b>	<b>3,144</b>	<b>(1,216)</b>	<b>1,928</b>
Current income tax expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
<b>Net income (loss)</b>	<b>\$ 3,144</b>	<b>\$ (1,216)</b>	<b>\$ 1,928</b>

	<b>For the three months ended March 31, 2022</b>		
	<b>NAPP</b>	<b>Corporate</b>	<b>Total</b>
Revenues	\$ 38,773	\$ —	\$ 38,773
Cost of sales	(36,974)	—	(36,974)
<b>Gross income</b>	<b>1,799</b>	<b>—</b>	<b>1,799</b>
Selling, general and administrative expense	(1,448)	(935)	(2,383)
<b>Income (loss) from operations</b>	<b>351</b>	<b>(935)</b>	<b>(584)</b>
Finance expense	(1,136)	(398)	(1,534)
Finance income	15	—	15
Loss on restricted investments	(1,168)	—	(1,168)
Other income (expense)	180	(886)	(706)
<b>Loss before tax</b>	<b>(1,758)</b>	<b>(2,219)</b>	<b>(3,977)</b>
Current income tax (benefit) expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
<b>Net loss</b>	<b>\$ (1,758)</b>	<b>\$ (2,219)</b>	<b>\$ (3,977)</b>

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

	For the period ended March 31, 2023			For the year ended December 31, 2022		
	NAPP	Corporate	Total	NAPP	Corporate	Total
Assets	\$ 187,280	\$ 5,610	\$ 192,890	\$ 185,312	\$ 7,326	\$ 192,638
Liabilities	\$ 103,232	\$ 26,060	\$ 129,292	\$ 104,024	\$ 27,006	\$ 131,030

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

	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	USA	Canada	Total	USA	Canada	Total
Revenue	\$ 47,945	\$ —	\$ 47,945	\$ 38,773	\$ —	\$ 38,773
Net income (loss)	\$ 2,030	\$ (102)	\$ 1,928	\$ (3,868)	\$ (109)	\$ (3,977)

	At March 31, 2023			At December 31, 2022		
	USA	Canada	Total	USA	Canada	Total
Non-current assets	\$ 163,827	\$ —	\$ 163,827	\$ 162,401	\$ —	\$ 162,401
Total assets	\$ 192,836	\$ 54	\$ 192,890	\$ 192,554	\$ 84	\$ 192,638
Total liabilities	\$ 129,265	\$ 27	\$ 129,292	\$ 131,009	\$ 21	\$ 131,030

## 22. Commitments and Contingencies

### *Litigation*

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

### *Contingent Receivable - A Seam Condemnation*

PBS Coals, Inc., a wholly-owned, indirect subsidiary of the Company ("PBS"), filed five petitions for the Appointment of Board of Viewers (each a "Petition") for the determination of all damages suffered by PBS, other than for the loss of support, in connection with the taking of leased land by the Pennsylvania Department of Transportation ("PennDOT"). Each Petition was in connection with a different property in which PBS held a leasehold interest at the time of condemnation by PennDOT or at the time when the coal was taken but no Declaration of Taking was filed by PennDOT. Three of the cases involve Declarations of Taking filed by PennDOT, also known as De Jure Condemnations, and two of the properties involve De Facto Takings, where no Declaration of Taking was filed by PennDOT but the coal was in effect taken by actions relating to the construction of the road. In one of the De Facto Taking cases, the issue of whether or not a taking occurred was resolved in favor of PBS by the Pennsylvania Commonwealth Court, but on January 20, 2021, the Pennsylvania Supreme Court reversed the Commonwealth Court on this issue. The Pennsylvania Supreme Court, though, left open the possibility that PBS can prove consequential damages in this case due to PennDOT's action of cutting off access to this coal property. PBS requested reconsideration by the Pennsylvania Supreme Court of its decision but this request was denied. Therefore, on July 19, 2021, PBS filed a Petition asking the United States Supreme Court to grant PBS certiorari to review the case. On October 4, 2021, the United States Supreme Court denied PBS' Petition for Certiorari. Therefore, PBS asked the Court of Common Pleas of Somerset County (the "Court of Common Pleas") to move forward in determining PBS' consequential damages claim and the Court of Common Pleas has referred the case to the Board of View to decide PBS's consequential damage claim. In the second De Facto Taking case, a hearing was held from September 13 to 16, 2022, on the issue of whether or not a De Facto Taking occurred and, if so, the extent. At the conclusion of the evidentiary hearing, the Court of Common Pleas took the matter under

**Corsa Coal Corp.**  
**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2023 and 2022**  
**Expressed in United States dollars, amounts in thousands except for shares and per share amounts**

---

advisement and established a briefing schedule. Briefs have been filed by the parties and PBS is awaiting the ruling by the Court of Common Pleas. As to the three De Jure Taking cases, further proceedings are being planned in the form of Board of View hearings. The first Board of View hearing for one of the three properties has been completed and recently decided awarding damages to PBS along with delay damages. The parties can appeal the decision to a new trial before a judge or jury. A Board of View hearing has been scheduled in June 2023 for the second property that was subject to a Declaration of Taking by PennDOT. The Company has not recognized this contingent receivable on the two properties awaiting Board of View hearings and has not recognized the receivable for the first decision due to the potential of appeal and cannot provide a reasonable estimate for the potential magnitude of these claims.