

TORONTO, May 1, 2015 /CNW/ - [Corsa Coal Corp.](#) (TSXV: CSO) ("Corsa"), a premium quality metallurgical and thermal coal producer, today reports financial results for the three months and year ended December 31, 2014. Corsa has filed its audited Consolidated Financial Statements for the years ended December 31, 2014 and 2013 and related Management's Discussion and Analysis on [www.sedar.com](http://www.sedar.com) under Corsa's profile and has posted these documents to its website [www.corsacoal.com](http://www.corsacoal.com).

Corsa is also pleased to announce that an updated technical report prepared in accordance with the requirements of National Instrument 43-101 &ndash; Standards of Disclosure for Mineral Projects has been prepared and filed on [www.sedar.com](http://www.sedar.com) under Corsa's profile in respect of the Kopper Glo Project, and is entitled "Technical Report on the Coal Reserve and Resource Controlled by Kopper Glo Mining, LLC, Tennessee USA, Prepared in accordance with National Instrument 43-101 &ndash; Standards of Disclosure for Mineral Projects, Effective December 31, 2014".

The reference in this news release to "Fourth Quarter 2014" means the three months ended December 31, 2014 and to "2014" means the year ended December 31, 2014. Unless otherwise noted, all dollar amounts in this new release are expressed in United States dollars and all ton amounts are short tons (2,000 pounds per ton).

## Highlights

- Revenues of \$51,235,000 for Fourth Quarter 2014 and \$140,547,000 for 2014.
- NAPP Division metallurgical coal sales of 317,000 tons in Fourth Quarter 2014 and 718,000 tons in 2014.
- NAPP Division realized price per ton sold<sup>(1)</sup> for metallurgical coal of \$92 in Fourth Quarter 2014 and \$92 in 2014.
- CAPP Division thermal coal sales of 233,000 tons in Fourth Quarter 2014 and 924,000 tons in 2014.
- CAPP Division realized price per ton sold<sup>(1)</sup> for thermal coal of \$69 in Fourth Quarter 2014 and \$68 in 2014.
- Completed the acquisition of PBS Coals Limited ("PBS") on August 19, 2014.

## 2015 Guidance

Guidance for the year ended December 31, 2015 is as follows:

- Sales for NAPP Division of 895,000 to 985,000 tons, including metallurgical coal sales guidance of 725,000 to 775,000 tons and thermal coal sales guidance of 170,000 to 210,000 tons.
- Sales for CAPP Division of 775,000 to 825,000 tons of thermal coal.
- Cash production cost per ton sold<sup>(1)</sup> for metallurgical coal at NAPP Division of \$67 to \$72.
- Cash production cost per ton sold<sup>(1)</sup> for thermal coal at NAPP Division of \$30 to \$35.
- Cash production cost per ton sold<sup>(1)</sup> for thermal coal at CAPP Division of \$57 to \$62.

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

George Dethlefsen, Chief Executive Officer, commented, "The fourth quarter of 2014 was a time of transition for Corsa, as we continued to make operational changes to integrate PBS into the NAPP Division and also adjusted to changing market conditions. At our NAPP Division in early 2015, we took several steps to lower our operating cost profile including idling two higher cost mines that had encountered challenging geology during the fourth quarter, and we shifted resources to our most productive mines. The positive financial impacts of these moves, in addition to our capital improvement program, will be seen in subsequent quarters. The CAPP Division finished the year strong and continues to be a low cost producer of high quality thermal and industrial coal."

Dethlefsen continued, "Our priorities for 2015 include realizing additional synergies from the PBS acquisition, productivity improvement initiatives, broadening and enhancing customer relationships, and continuing to be a leader in safety and environmental compliance. During this time of depressed coal prices, Corsa will continue to take cost-cutting steps to maintain our advantaged position on the delivered cost curve. We will also continue to invest in the growth of the company, in order to position Corsa to capitalize on future improvements in coal prices."

## Financial Summary

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2014	2013	2014	2013
	(000's)	(000's)	(000's)	(000's)
Revenues	\$51,235	\$ 29,566	\$140,547	\$ 102,067
Net and comprehensive (loss)				
income for period	\$ (23,527)	\$ (3,195)	\$ (54,814)	\$ 50,647
Adjusted EBITDA <sup>(1)</sup>	\$ (304)	\$ 2,510	\$5,955	\$ 19,541
Net cash flow from operations <sup>(1)</sup>	\$63	\$ 3,068	\$4,700	\$ 18,052

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

	As at	As at
	December 31,	December 31,
	2014	2013
	(000's)	(000's)
Cash	\$ 13,925	\$20,066
Working capital	\$ 16,427	\$7,241
Debt	\$ 34,451	\$17,772
Total assets	\$ 363,954	\$202,724
Total liabilities	\$ 168,558	\$72,966
Total equity	\$ 195,396	\$ 129,758

Operations Summary

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Consolidated - Coal tons sold	550,000	354,000	1,642,000	1,293,000
Realized price per ton sold <sup>(1)</sup>	\$ 82	\$ 79	\$ 79	\$ 77
Cash production cost per ton sold <sup>(1)</sup>	78	64	69	58
Cash margin per ton sold <sup>(1)</sup>	\$ 4	\$ 15	\$ 10	\$ 19

(1) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

## Outlook

Corsa's coal sales guidance for 2015 is approximately 1,670,000 to 1,810,000 tons. At NAPP, this consists of metallurgical coal sales guidance of approximately 725,000 to 775,000 tons and thermal coal sales guidance of approximately 170,000 to 210,000 tons. At CAPP, this consists of thermal coal sales guidance of approximately 775,000 to 825,000 tons.

The preliminary coal sales outlook for 2015 in Corsa's December 2014 investor presentation (available on Corsa's website at [www.corsacoal.com](http://www.corsacoal.com)) was 2,300,000 to 2,600,000 tons which consisted of NAPP Division metallurgical coal sales guidance of approximately 1,500,000 to 1,700,000 tons and CAPP Division thermal coal sales guidance of approximately 800,000 to 900,000 tons. The metallurgical coal sales guidance changed due to the idling of the Kimberly Run Mine and the Barbara B Project in early 2015. The Barbara B Project was being developed for commercial production in 2015. These moves were made in response to changes in market conditions, particularly for export sales orders.

## NAPP Division

Current metallurgical coal prices continue at a level where a substantial amount of global production is uneconomic. This situation arose as a result of global producers committing to multi-billion dollar projects in a significantly higher price environment. Mines often take three or more years from final investment decision to first production. New supply came online over 2013 and 2014, a period where demand growth softened. This supply growth is expected to mitigate in 2015 as the pipeline of growth projects is exhausted and prices are insufficient to incentivize new production. Corsa expects that over time, the fundamentals of the metallurgical coal market will rebalance as supply growth ends and production cutbacks are implemented. Seaborne benchmark contract prices for the highest quality metallurgical coal decreased to \$109.50 per metric ton in the second quarter of calendar 2015, reflecting a year-over-year decrease of approximately 9%. Adjusting for inflation, the second quarter price is the lowest benchmark settlement since 2004. Many analysts view the current market fundamentals as unsustainable.

Unfavorable foreign exchange movements, low dry-bulk chartering rates, and softening oil prices have added pressure to U.S. metallurgical coal demand. Corsa estimates that approximately half of the U.S. production for domestic and export markets is unprofitable. Since on average, Central Appalachia metallurgical coal producers have higher cost structures, the great majority of the at-risk production is weighted towards that region with Northern Appalachia production making up the smallest portion of the at-risk production. Recent announcements of U.S. domestic steel production cutbacks have decreased the overall domestic metallurgical coal demand. However, this decrease has been mitigated in part by a corresponding increase in metallurgical coal demand in the transportation-advantaged region for Northern Appalachia producers, including Corsa. Many of the steel producers' strongest coke plants are located in this region.

In order to make a strong and stable coke for steel companies' production of iron, low volatile coal is a necessary ingredient in the sensitive coal blend required. NAPP Division's metallurgical reserve base consists entirely of premium rank low volatile coal. Corsa is also well positioned with its close proximity to coke producers on the river systems, which are easily accessed by truck or barge and rail through Pittsburgh.

As metallurgical coal production is rationalized in places like China, Western Canada, Australia and the United States, Corsa expects the seaborne metallurgical coal fundamentals to normalize. Corsa's short rail distance and multiple options to access the Baltimore export terminals solidify Corsa's ability to take advantage of any recoveries in seaborne pricing.

Metallurgical coal sales in 2015 are expected to be in the range of 725,000 to 775,000 tons. As of the date hereof, approximately 68% of these sales are committed. Actual sales will depend on customer demand and market conditions. Vessel

nominations for export sales are determined by customers and concluded on a month-by-month basis.

## CAPP Division

Current Southeastern U.S. utility market thermal coal pricing declined 25% over the course of 2014. As a result, much of the Central Appalachia coal production is below the marginal cost curve. Corsa expects utility coal demand for Central Appalachia production to decrease in 2015. Conversely, industrial thermal demand grew 4% year over year for 2014 and Corsa expects industrial demand to grow 1% in 2015.

The CAPP reserve base exclusively consists of high BTU and high carbon content coal. These unique qualities, combined with advantaged logistics, set CAPP apart from other producers and create a niche in the utility and industrial marketplace. As a result, despite thermal supply outpacing demand in 2014, CAPP has been successful in maintaining a high level of contracted sales for the future.

CAPP will continue to target the industrial market segment as it transitions from a utility supplier to an industrial supplier during 2015. Additionally, the planned opening of the Cooper Ridge mine will position CAPP to service the industrial specialty coal markets. Since the end market use of this coal is not for electricity, these specialty markets are relatively protected from natural gas prices and historically reflect higher pricing than the thermal markets.

The CAPP coal sales for 2015 are expected to be in the range of 750,000 to 800,000 tons. As of the date hereof, approximately 86% of these sales are committed. Actual sales will depend on customer demand and market conditions. Corsa also has sales contracts in place for 500,000 tons in 2016.

## Non-GAAP Measures

Management uses realized price per ton sold, cash production cost per ton sold, adjusted EBITDA and net cash flow from operations as internal measurements of operating performance for Corsa's mining and processing operations. Management believes these non-GAAP measures provide useful information for investors as they provide information in addition to the GAAP measures to assist in their evaluation of the operating performance of Corsa. Reference is made to the Management's Discussion and Analysis for the year ended December 31, 2014 for a reconciliation of non-GAAP measures to GAAP measures.

## Financial Statements and Management's Discussion and Analysis

Refer to Corsa's audited Consolidated Financial Statements for the years ended December 31, 2014 and 2013 and related Management's Discussion and Analysis, filed on [www.sedar.com](http://www.sedar.com) under Corsa's profile and posted to Corsa's website [www.corsacoal.com](http://www.corsacoal.com), for the details of the financial performance of Corsa and the matters referred to in this news release.

## Caution

The estimated coal sales, projected market conditions and potential development disclosed in this news release are considered to be forward looking information. Readers are cautioned that actual results may vary from this forward looking information. Actual sales are subject to variation based on a number of risks and other factors referred to under the heading "Forward-Looking Statements" below as well as demand and sales orders received.

## Information about Corsa

Corsa's primary business is the mining, processing and selling of thermal and metallurgical coal, as well as actively exploring, acquiring and developing resource properties consistent with its coal business.

## Forward-Looking Statements

Certain information set forth in this press release contains "forward-looking statements" and "forward-looking information" under applicable securities laws. Except for statements of historical fact, certain information contained herein relating to projected sales for the year ended December 31, 2015, including price and demand, expected cash production costs 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", "outlook", "capacity", "hope", "forecast", "anticipate", "could" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Corsa's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied

by such forward-looking statements. These risks and uncertainties include, but are not limited to: risks that the actual production or sales for the 2015 fiscal year will be less than projected production or sales for this period; risks that the prices for coal sales will be less than projected or expected; liabilities inherent in coal mine development and production including restarting idled mines; 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 coal 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 coal 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 with 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 labour stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; the ability to purchase third party coal for processing and delivery under purchase agreements; and management's ability to anticipate and manage the foregoing factors and risks. The forward-looking statements and information contained in this press release are based on certain assumptions regarding, among other things, coal sales being consistent with expectations; future prices for coal; future currency and exchange rates; Corsa's ability to generate sufficient cash flow from operations and access capital markets to meet its future obligations; the regulatory framework representing royalties, taxes and environmental matters in the countries where 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 to realize cost synergies following the completion of Corsa's acquisition of PBS. 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 press release 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.

The TSX Venture Exchange has in no way passed on the merits of this news release. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Corsa Coal Corp.](#)

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