CANONSBURG, PA, March 22, 2016 /CNW/ - Corsa Coal Corp. (TSXV: CSO) ("Corsa" or the "Company") is pleased to announce that it has entered into subscription agreements with affiliates of Quintana Energy Partners II, L.P. ("Quintana"); Sprott Resource Partnership ("Sprott Resource"); Lorito Holdings S.à r.l. ("Lorito") and Zebra Holdings and Investments S.à r.l. ("Zebra"), two companies controlled by a trust settled by the late Adolf H. Lundin; and Sprott Resource Lending Corporation ("SRLC") to complete a non-brokered private placement (the "Private Placement") for an aggregate of 207,744,000 common shares of the Company ("Common Shares"), to be issued at C$0.05 per Common Share for gross proceeds of US$8.0 million (C$10.39 million based on an exchange rate of US$1.00:C$1.2984, being the Bank of Canada's noon rate on March 17, 2016). In connection with the Private Placement, Corsa's wholly-owned subsidiary Wilson Creek Holdings, Inc. ("WCH") has entered into a second amending agreement (the "Second Amending Agreement") to amend certain terms of the credit agreement (the "Credit Agreement") governing the US$25 million credit facility (the "Facility") made available by lenders, including SRLC., to WCH.

George Dethlefsen, Chief Executive Officer of Corsa, commented, "We are pleased to have the support and participation of our largest three investors as well as our senior lender in this financing round. This financing strengthens Corsa's liquidity as we look to position the Company for growth when market fundamentals recover. While the operating environment for coal producers remains highly challenging, we have seen a rise in spot pricing for hard coking coal in the past two months. This move has been driven by supply cuts globally, an improving exchange rate for U.S. exporters, and improving fundamentals in the steel sector."

As part of the Private Placement, Quintana has agreed to acquire 51,936,000 Common Shares for a total of US$2.0 million, Sprott Resource has agreed to acquire 51,936,000 Common Shares for a total of US$2.0 million, Zebra and Lorito have agreed to acquire an aggregate of 51,936,000 Common Shares for a total of US$2.0 million and SRLC has agreed to acquire an aggregate of 51,936,000 Common Shares for a total of US$2.0 million. SRLC will receive an additional 7,790,400 Common Shares (the "Fee Shares") in connection with entering into the Second Amending Agreement.

Assuming completion of the Private Placement and placement of the Fee Shares (as defined below), Quintana (including its affiliates) will hold approximately 48.1% of the outstanding Common Shares; Sprott Resource will hold approximately 19.7% of the outstanding Common Shares; Zebra and Lorito will collectively hold approximately 15.6% of the outstanding Common Shares; and SRLC will hold approximately 3.8% of the outstanding Common Shares.

The Private Placement is expected to close on or about March 24, 2016. Completion of the Private Placement is subject to customary conditions, including the approval of the TSX Venture Exchange ("TSXV") and all other necessary regulatory approvals.

Amendment to the Credit Agreement

The Second Amending Agreement involves amending the Credit Agreement to provide for, among other things, (i) a reduction in the minimum consolidated cash requirement under the Credit Agreement from US$2 million to US$1 million and the exclusion of the Corporation's Central Appalachia Division from this calculation; (ii) an extension to April 2017 of the time during which interest due under the Credit Agreement can be paid by adding such interest to the principal amount of the Facility, and (iii) certain other amendments designed to provide the Corporation with increased flexibility under the Credit Agreement. The Fee Shares payable to SRLC in connection with entering into the Second Amending Agreement represent consideration equivalent to US$300,000 (based on a price per Common Share of C$0.05). The effectiveness of the amendments and waivers in the Second Amending Agreement is conditional upon the completion of the issuance of equity securities of Corsa in the aggregate amount of not less than US$8.0 million and certain other customary conditions. It is anticipated that the Private Placement will satisfy this condition. The Second Amending Agreement will be filed under Corsa's profile on www.sedar.com.

Information about Corsa

Corsa is one of the leading suppliers of premium quality metallurgical coal, an essential ingredient in the production of steel, which is necessary for the secular trends in global urbanization. Our core business is supplying metallurgical coal with the highest safety, yield, and strength characteristics to domestic steel producers while being a strategic source of supply in the Atlantic and Pacific basin markets. Corsa also offers high heat content, low delivered cost coal to major utilities and industrial users in the Southeast region of the U.S.

Additional Disclosure regarding the Private Placement

Each of the subscriptions under the Private Placement and the entering into the Second Amending Agreement (collectively, the "Proposed Transactions") are a "related party transaction" as defined under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Corsa is relying upon the "financial hardship" exemption to the minority approval requirements under MI 61-101 and the TSXV Policy 5.9 in relation to the Proposed Transactions. Corsa's board of directors and its independent directors have unanimously determined that Corsa is in serious financial difficulty, the Proposed Transactions are designed to improve the financial position of Corsa, and the terms of the Proposed Transactions are reasonable in the circumstances of Corsa. The proceeds of the Private Placement will be used to fund working capital and general corporate purposes.

Caution

Completion of the Private Placement is subject to a number of conditions, including TSXV approval. Trading in the securities of Corsa should be considered highly speculative

Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws (collectively, forward looking statements) and which are based on the expectations, estimates and projections of management of Corsa as of the date of this press release unless otherwise stated. Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes, plans, projections, outlook, intends, may, could, would, might, will" and similar expressions. More particular and without limitation, this press release contains forward-looking statements and information concerning the expected closing date of the Private Placement, the use of proceeds from the Private Placement and the effectiveness and impact of the Second Amending Agreement.

By their very nature, forward looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward looking statements will not prove to be accurate. Do not unduly rely on forward looking statements, as a number of important factors, many of which are beyond Corsa's control, could cause actual results to differ materially from the estimates and intentions expressed in such forward looking statements.

Forward looking statements speak only as of the date those statements are made. Except as required by applicable law, Corsa does not assume any obligation to update, or to publicly announce the results of any change to, any forward looking statement contained herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward looking statements.

The TSX Venture Exchange has in no way passed on the merits of this news release. Neither the 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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