

CANONSBURG, PA, March 7, 2017 /CNW/ - [Corsa Coal Corp.](#) (TSXV: CSO) ("Corsa" or the "Company"), a premium quality metallurgical, thermal and industrial coal producer, today reported financial results for the three months and full year ended December 31, 2016. Corsa has filed its audited consolidated financial statements for the years ended December 31, 2016 and 2015, related management's discussion and analysis and its annual information form under its profile on www.sedar.com, as well as updated technical reports for its Northern Appalachia ("NAPP") Division and Central Appalachia ("CAPP") Division properties.

Unless otherwise noted, all dollar amounts in this news release are expressed in United States dollars and all ton amounts are short tons (2,000 pounds per ton).

Fourth Quarter 2016 and Full Year 2016 Highlights

- In 2016, Corsa achieved its operational goals by significantly reducing cash production cost per ton sold at both divisions and achieving industry-leading safety and regulatory compliance rates.
 - Corsa's operations continued to achieve industry leading safety performance in 2016, with violation per inspection day (VPID) rates that were almost 50% lower than the MSHA national average and a lost time accident frequency rate that was almost 75% lower than the MSHA national average for coal mines.
 - NAPP Division variable cost reduction efforts have been successful with the cash production cost per ton sold⁽¹⁾ for metallurgical coal decreasing 7.8% [from \$67.68 to \$62.39] in 2016 compared to the prior year.
 - NAPP Division fixed costs⁽²⁾ were reduced by \$14.2 million in 2016 compared to the prior year, as a result of successful negotiations with third parties, reductions in idle mine costs, water treatment costs, general and administrative expenses and a successful asset sales program.
 - CAPP Division variable cost reduction efforts have also been successful with cash production cost per ton sold⁽¹⁾ for thermal and industrial coal decreasing 12.6% [from \$57.53 to \$50.29] in 2016 compared to the prior year.
 - Spot prices for metallurgical coal rose by approximately 200% over the course of 2016, leading to an average realized price per ton of metallurgical coal sold⁽¹⁾ of \$101.99 in the fourth quarter of 2016 despite 35% of Corsa's fourth quarter 2016 metallurgical coal sales being sold on a fixed price domestic contract with pricing negotiated in late 2015 in a lower price environment.
 - Metallurgical coal sales volumes increased 37% in the fourth quarter of 2016 as compared to the third quarter of 2016, marking the third consecutive quarter of nearly 25% or greater of growth in metallurgical coal sales volumes.
 - In September 2016, Corsa commenced development work at the Acosta Deep Mine in Somerset County, Pennsylvania, which is forecasted to produce 400,000 tons per year of low volatile metallurgical coal once fully operational. Coal production at the mine is anticipated to begin in the second quarter of 2017 and ramp up over the course of 2017.
 - Corsa achieved positive adjusted EBITDA¹⁾ of \$6,663,000 and \$5,359,000 at its NAPP Division for the three and twelve months ended December 31, 2016, respectively; \$1,486,000 and \$3,329,000 at its CAPP Division for the three and twelve months ended December 31, 2016, respectively; and \$7,239,000 and \$5,358,000 on a consolidated basis for the three and twelve months ended December 31, 2016.
 - In October 2016, Corsa raised CDN\$ 23.0 million by way of a private placement of 11,500,000 common shares of the Company (the "Common Shares") (post-consolidation basis) to fund mine development and for general corporate and working capital purposes.
 - For the full year 2016, Corsa raised \$26,468,000 of equity, net of issuance costs, by way of three private placements.
 - In September 2016, the Company was notified that it was awarded \$3,000,000 in funding under the Pennsylvania Redevelopment Assistance Capital Program to develop an underground coal mine in Somerset County subject to certain conditions, including but not limited to: (i) completing the Redevelopment Assistance application; (ii) confirmation that at least 50% of the required non-state funds necessary to complete the project are secured at the time of application; (iii) execution of a grant agreement; and (iv) commencement of construction within six months of the grant agreement. Once all the aforementioned conditions have been met, the grant will be released on a periodic basis and the Company will be reimbursed for certain expenditures which the Company will offset against the capitalized development costs.
 - Corsa reached a settlement with the United States Environmental Protection Agency and the Pennsylvania Department of Environmental Protection on the alleged Clean Water Act violations in the amount of \$6.5 million. The entire \$6.5 million was released from an escrow that was established in connection with the Company's acquisition of PBS Coals, Inc. The Company was also reimbursed for its legal expenses from this escrow. As a result of this escrow release, the settlement of this matter had no impact to the cash flows of Corsa.
 - Corsa completed a share consolidation on the basis of one (1) post-consolidation Common Share for each 20 pre-consolidation Common Shares effective on December 7, 2016.
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- Key Operating Metrics:

For the three months ended

December 31, 2016

(in thousands except per ton amounts)	NAPP - Metallurgical Coal	NAPP - Thermal Coal	CAPP
Tons sold	242	66	151
Realized price per ton sold ⁽¹⁾	\$ 101.99	\$ 45.20	\$ 58.83
Cash production cost per ton sold ⁽¹⁾	67.05	\$ 37.74	44.95
Cash margin per ton sold ⁽¹⁾	\$ 34.94	\$ 7.46	\$ 13.88

For the year ended

December 31, 2016

(in thousands except per ton amounts)	NAPP - Metallurgical Coal	NAPP - Thermal Coal	CAPP
Tons sold	669	235	499
Realized price per ton sold ⁽¹⁾	\$ 79.66	\$ 40.85	\$ 59.95
Cash production cost per ton sold ⁽¹⁾	62.39	42.83	50.29
Cash margin per ton sold ⁽¹⁾	\$ 17.27	\$ (1.98)	\$ 9.66

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

⁽²⁾ Fixed costs include the following: idle mine expense, corporate and administrative expense, non-financed maintenance and growth capital expenditures, reclamation and water treatment cash payments, cash collateral release related to reclamation bonds, restricted cash contributions to the Global Treatment Trust Fund, debt service payments, cash collateral funding for workers' compensation, transportation contract liquidated damages payments, bond premiums and proceeds from asset sales.

George Dethlefsen, Corsa's Chief Executive Officer, commented, "2016 marked a year of operational achievement for Corsa Coal, as the company set a company record for safety performance, reduced production costs per ton at both operating divisions, drove meaningful reductions in fixed costs, and grew quarter-over-quarter metallurgical sales volumes by over 25% for each of the last three quarters of the year. We enter 2017 on firm financial footing, with low levels of debt, strong profit margins and a positive free cash flow outlook for the business.

Average realized metallurgical coal prices are expected to increase by approximately 50% in the first quarter of 2017, as legacy contracts roll off and as Corsa's export volumes increase. Demand for metallurgical coal exports from the United States remains high, as we believe the global seaborne market remains in a supply deficit. The decline in seaborne metallurgical coal prices seen in December through mid-February has turned around in recent weeks as inventory destocking has reversed and we are seeing increased solicitations for shipments both domestically and internationally. On the strength of higher steel and coke prices and expectations for increased infrastructure spending, we expect demand growth to be a major story in 2017 for metallurgical coal.

Executing on the Company's strategy of growth, both through organic development and through acquisitions, remains a top priority. The development of the Acosta Deep Mine is on schedule for a second quarter 2017 start date and the project is fully financed with cash on hand. We will begin work at two surface mines at the NAPP Division in the second quarter of 2017 and are evaluating additional low volatile metallurgical coal mines in our portfolio for additional growth. Additionally, we have added a crew to the Quecreek Mine and upgraded mining equipment at the Casselman Mine, both of which should lead to higher production levels moving forward. Corsa's growth will be driven by our portfolio of permitted mines, our emerging sales and trading platform, our customer relationships, and our existing preparation plant infrastructure at the NAPP Division, which can accommodate throughput of four million saleable tons per year."

	For the three months ended			For the year ended		
	December 31,		Increase (Decrease)	December 31,		Increase (Decrease)
	2016	2015		2016	2015	
Revenues (000's)	\$ 37,728	\$ 26,564	\$ 11,164	\$ 96,986	\$ 129,342	\$(32,356)
Cost of sales ⁽²⁾ (000's)	\$ 42,291	\$ 129,650	\$ (87,359)	\$ 110,170	\$ 262,573	\$(152,403)
Corporate and administrative expense (000's)	\$ 4,208	\$ 2,999	\$ 1,209	\$ 13,234	\$ 15,514	\$(2,280)
Net and comprehensive income (loss) for the period (000's)	\$(10,685)	\$(106,354)	\$ 95,669	\$(34,140)	\$(152,989)	\$ 118,849
Adjusted EBITDA ⁽¹⁾ (000's)	\$ 7,239	\$ 14	\$ 7,225	\$ 5,358	\$ 1,667	\$ 3,691
Cash provided by (used in) operating activities (000's)	\$ 3,991	\$(2,517)	\$ 6,508	\$(2,719)	\$ 8,981	\$(11,700)
Coal sold - tons (000's)						
NAPP – metallurgical coal	242	171	71	669	740	(71)
NAPP – thermal coal	66	49	17	235	135	100
CAPP	151	149	2	499	761	(262)
Total	459	369	90	1,403	1,636	(233)
Realized price per ton sold ⁽¹⁾						
NAPP – metallurgical coal	\$ 101.99	\$ 69.15	\$ 32.84	\$ 79.66	\$ 77.11	\$ 2.55
NAPP – thermal coal	\$ 45.20	\$ 48.04	\$ (2.84)	\$ 40.85	\$ 44.03	\$(3.18)
CAPP	\$ 58.83	\$ 65.18	\$ (6.35)	\$ 59.95	\$ 66.53	\$(6.58)
Cash production cost per ton sold ⁽¹⁾						
NAPP – metallurgical coal	\$ 67.05	\$ 62.11	\$ (4.94)	\$ 62.39	\$ 67.68	\$ 5.29
NAPP – thermal coal	\$ 37.74	\$ 30.20	\$ (7.54)	\$ 42.83	\$ 32.06	\$(10.77)
CAPP	\$ 44.95	\$ 56.19	\$ 11.24	\$ 50.29	\$ 57.53	\$ 7.24
Cash margin per ton sold ⁽¹⁾						
NAPP – metallurgical coal	\$ 34.94	\$ 7.04	\$ 27.90	\$ 17.27	\$ 9.43	\$ 7.84
NAPP – thermal coal	\$ 7.46	\$ 17.84	\$ (10.38)	\$ (1.98)	\$ 11.97	\$(13.95)
CAPP	\$ 13.88	\$ 8.99	\$ 4.89	\$ 9.66	\$ 9.00	\$ 0.66
Adjusted EBITDA ⁽¹⁾ (000's)						
NAPP	\$ 6,663	\$ 222	\$ 6,441	\$ 5,359	\$ 2,022	\$ 3,337
CAPP						

Corporate	(910)	(783)	(127)	(3,330)	(4,413)	1,083
Total	\$ 7,239	\$ 14	\$ 7,225	\$ 5,358	\$ 1,667	\$ 3,691

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

(2) Cost of sales consists of the following:

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Mining and processing costs	\$ 18,407	\$ 18,433	\$ 62,913	\$ 89,353
Purchased coal costs	5,376	548	8,459	3,693
Royalty expense	1,721	1,662	5,561	8,766
Amortization expense	7,000	13,590	18,884	35,450
Transportation costs from preparation plant to customer	1,178	2,476	4,097	10,592
Idle mine expense	579	947	1,658	4,077
Change in estimate of reclamation provision for non-operating properties	2,769	(23,776)	2,769	(22,985)
Impairment and write-off of mineral properties	—	115,241	—	131,772
Write-off of advance royalties and other assets	997	529	1,228	1,417
Obsolete inventory reserve - parts and supply inventory	3,523	—	3,523	—
Other costs	741	—	1,078	438
	\$ 42,291	\$ 129,650	\$ 110,170	\$ 262,573

Guidance

Guidance for the three months ending March 31, 2017 and year ending December 31, 2017 is as follows:

	Q1 2017		Full Year 2017	
	Low	High	Low	High
Total Sales Tons				
Metallurgical	270,000	300,000	1,325,000	1,475,000
Thermal	190,000	250,000	625,000	725,000
NAPP Division Sales Tons				
Metallurgical	270,000	300,000	1,200,000	1,300,000
Thermal	40,000	50,000	75,000	125,000
NAPP Division Met Coal Revenue/Ton Sold ⁽¹⁾	90% Fixed at \$158		N/A	N/A
NAPP Division Met Cash Production Cost / Ton Sold ⁽¹⁾⁽²⁾	\$ 70.00	\$ 75.00	\$ 65.00	\$ 70.00
NAPP Division Met Cash Cost / Ton Sold ⁽¹⁾⁽³⁾	\$ 80.00	\$ 85.00	N/A	N/A
CAPP Division Sales Tons				
Metallurgical	N/A	N/A	125,000	175,000
Thermal	150,000	200,000	550,000	600,000
CAPP Division Coal Revenue / Ton Sold ⁽¹⁾				
Metallurgical	N/A	N/A	N/A	N/A
Thermal	90% Fixed at \$55		N/A	N/A
CAPP Division Cash Production Cost / Ton Sold ⁽¹⁾⁽²⁾				
Metallurgical	N/A	N/A	\$ 70.00	\$ 75.00
Thermal	\$ 57.50	\$ 62.50	\$ 50.00	\$ 55.00
CAPP Division Cash Cost / Ton Sold ⁽¹⁾⁽³⁾				
Metallurgical	N/A	N/A	N/A	N/A
Thermal	\$ 52.50	\$ 57.50	N/A	N/A

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

(2) Cash Production Cost / Ton Sold excludes purchased coal.

(3) Cash Cost / Ton Sold includes purchased coal.

Coal Pricing Trends and Outlook

NAPP Division

Spot prices for metallurgical coal rose by approximately 200% over the course of 2016. Chinese policy initiatives to reduce production of coal, in addition to supply disruptions in Australia, created a deficit of metallurgical coal on the seaborne market in the second half of 2016. The rebound in pricing caused a supply response to occur in coal exporting countries such as Australia, the United States, and Mongolia. A large scale metallurgical supply response is expected to be slow, as major Australian and Canadian mines are already running near maximum capacity. Incremental production from greenfield and brownfield projects may take up to two years or longer to come online as permits are acquired, equipment is ordered, mines are staffed, and coal producers raise capital to fund the projects. Additionally, historically low metallurgical coal prices during the period of time from 2014 through mid-2016, led to a lack of investment in reserves, infrastructure, new mining permits, and equipment, all of which will slow the supply response to higher prices.

The first quarter 2017 benchmark followed with another significant uptick to \$285 per metric ton from the fourth quarter 2016's benchmark price of \$200 per metric ton. Spot prices declined in December 2016 through February 2017 as Australian mines that were disrupted in the fall of 2016 returned to production, inventory destocking occurred in China and India, as the Chinese relaxed the 276 workday policy and went back to a 330 workday policy for the winter months. Spot prices for premium quality low volatile metallurgical coal in the United States and Asia are currently in the \$150 to \$165 per metric ton range. Steel prices have risen globally over the past several months and blast furnace restarts in North America could lead to additional demand for metallurgical coal in 2017. Policy initiatives to increase infrastructure spending in the United States and China and a recovery in domestic oil and gas drilling activity, are two catalysts that could lead to additional demand for metallurgical coal in the quarters ahead.

Corsa's geographic proximity to over 50% of domestic coke production capacity and short rail distance and multiple options to access the Baltimore export terminals will continue to solidify Corsa's ability to serve both domestic and international customers.

Corsa's metallurgical coal sales in 2017 from its NAPP Division are expected to be in the range of 1,200,000 to 1,300,000 tons. Approximately 45% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions.

Corsa's thermal coal sales in 2017 from its NAPP Division are expected to be in the range of 75,000 to 125,000 tons and are expected to be filled by coal purchased from third parties. 100% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions. We do not expect to sell internally-produced NAPP Division coal on the thermal market in 2017.

CAPP Division

Southeastern U.S. utility market thermal coal spot pricing improved 20% over the course of 2016. Spot pricing today is approximately \$57 per ton for 12,500 BTU thermal coal. General supply reductions in Central Appalachia, in addition to increased natural gas prices in 2016, led to an improvement in pricing. Additionally, the increased price of metallurgical coal caused some crossover thermal coal to enter the metallurgical market, further reducing supply of thermal coal regionally.

The CAPP Division mineral reserve base exclusively consists of high British Thermal Unit ("BTU") and high carbon content coal. These unique qualities, combined with advantaged logistics, set the CAPP Division apart from other producers and create a niche in the utility and industrial marketplace.

The CAPP Division thermal and industrial coal sales for 2017 are expected to be in the range of 550,000 to 600,000 tons. 100% of these sales are currently committed at the midpoint of the range. The CAPP Division metallurgical coal sales for 2017 are expected to be in the range of 125,000 to 175,000 tons. Approximately 23% of these sales are currently committed at the midpoint of the range. Actual sales will depend on customer demand and market conditions.

Stock Options Granted

Corsa also announces that its Board of Directors has granted stock options to purchase a total of 150,000 common shares of Corsa (the "Common Shares") to certain employees of Corsa, which grant represents approximately 0.2% of the total outstanding Common Shares. These options were granted in accordance with Corsa's Amended and Restated Option Plan (the "Option Plan"), are exercisable for five years at a price of the higher of (a) C\$2.40, being the closing price of the Common Shares on the TSX Venture Exchange ("TSX-V") on March 6, 2017 and (b) the closing price of the Common Shares on the TSX-V on March 9, 2017 being the date following Corsa's "blackout" period in connection with its annual financial statements, and are subject to the terms and conditions of the Option Plan and TSX-V approval. Such options will vest one-third on the first anniversary of the date of grant, one-third on the second anniversary of the date of grant and one-third on the third anniversary of the date of grant.

Non-GAAP Measures

Management uses realized price per ton sold, cash production cost per ton sold and adjusted EBITDA 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 three months and full year ended December 31, 2016 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, 2016 and 2015 and related management's discussion and analysis, filed under Corsa's profile on www.sedar.com for 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 is a coal mining company focused on the production and sales of metallurgical coal, an essential ingredient in the production of steel. Our core business is producing and selling metallurgical coal to domestic and international steel and coke producers 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.

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, 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: risks that the actual production or sales for the 2017 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; 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 labor 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 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 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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