

# **Corsa Coal Announces Financial Results for First Quarter 2023 and Provides Corporate Update**

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FRIEDENS, May 4, 2023 - [Corsa Coal Corp.](#) (TSXV: CSO) (OTCQX: CRSXF) ("Corsa" or the "Company"), a premium quality metallurgical coal producer, today reported financial results for the three months ended March 31, 2023. Corsa has filed its unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022 and related management's discussion and analysis under its profile on [www.sedar.com](http://www.sedar.com).

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). Pricing and cost per ton information is expressed on a free-on-board ("FOB"), mine site basis, unless otherwise noted.

#### Corporate Update

The Board of Directors has appointed Kevin M. Harrigan as President, Chief Executive Officer and a Director of the Company and has appointed Daniel M. Bonacci as Chief Financial Officer and Corporate Secretary of the Company, both appointments with immediate effect. Since February 22, 2022, Mr. Harrigan had served as Interim President and Chief Executive Officer and Mr. Bonacci had served as Interim Chief Financial Officer.

"Both Mr. Harrigan and Mr. Bonacci have successfully navigated Corsa through a challenging period in 2022 with significantly improved profitability and adjusted EBITDA for the first quarter of 2023. The Board of Directors thanks both Mr. Harrigan and Mr. Bonacci for their commitment, dedication and leadership over the past year to improve the financial results of the Company. The Board is confident in their ability to manage Corsa going forward", said Ronald G. Stovash, Chair of the Board of Directors.

#### First Quarter Highlights

- Key financial results and operational statistics are shown below:

	Three months ended	
	March 31,	
(in millions except per share, per ton and sales tons)	2023	2022
Net and comprehensive income (loss)	\$ 1.9	\$ (4.0)
Diluted earnings (loss) per share	\$ 0.02	\$ (0.04)
Cash provided by operating activities	\$ 2.4	\$ 0.8
Total revenue	\$ 47.9	\$ 38.8
Non-GAAP Financial Measures		
Adjusted EBITDA <sup>(1)</sup>	\$ 7.1	\$ 3.0
EBITDA <sup>(1)</sup>	\$ 6.0	\$ (0.3)
Average realized price per ton of metallurgical coal sold <sup>(1)</sup>	\$ 174.84	\$ 155.94
Cash production cost per ton sold <sup>(1)</sup>	\$ 130.07	\$ 132.22
Company produced metallurgical coal sales tons	235,345	201,325
Purchased metallurgical coal sales tons	14,920	28,923
Total metallurgical coal sales tons	250,265	230,248

- Corsa's average realized price for the first quarter 2023 is the approximate equivalent of between \$291 to \$297 per metric ton on an FOB vessel basis<sup>(2)</sup>. For the first quarter 2023, Corsa's sales mix included 69% of sales to domestic customers and 31% of sales to international customers.

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

(2) Similar to most U.S. metallurgical coal producers, Corsa reports sales and costs per ton on an FOB mine site basis and denominated in short tons. Many international metallurgical coal producers report prices and costs on a delivered-to-the-port basis (or "FOB vessel basis"), thereby including freight costs between the mine and the port. Additionally, Corsa reports sales and costs per short ton, which is approximately 10% lower than a metric ton. For the purposes of this figure, we have used an illustrative freight rate of \$45-\$50 per short ton. Historically, freight rates are attached to the coal market indices and will adjust as market prices rise and fall. Further adjustments include a vessel freight differential and quality adjustments necessary to evaluate Corsa's price compared to Australian premium low volatile metallurgical coal. As a note, most published indices for metallurgical coal report prices on a delivered-to-the-port basis denominated in metric tons.

Kevin M. Harrigan, President and Chief Executive Officer of Corsa, commented, "Our profitability improved significantly for the first quarter of 2023 compared to both the first quarter of 2022 and the preceding quarter. It was Corsa's first quarter of positive net income since the fourth quarter of 2021 and our highest adjusted EBITDA since the second quarter of 2019. The first quarter 2023 adjusted EBITDA of \$7.1 million (with total EBITDA of \$6.0 million) exceeded or was on par with the twelve months total adjusted EBITDA in each of the last three years. This improved profitability was due to the impact of the higher priced sales contracts and the lowest cash cost per metallurgical ton sold since the fourth quarter of 2021; the combined effect resulted in our largest cash margin per metallurgical ton sold since the first quarter of 2017."

"From an operational standpoint, our cash production cost per ton sold decreased modestly from the first quarter 2022 and was down 9% from the preceding quarter, although it still reflected a number of mining and operational challenges. We consolidated our preparation plant operations early in the quarter and

encountered some processing issues and increased idling costs. Our team quickly responded and these issues were resolved in early February with the plant operating as expected for the remainder of the quarter. The Casselman mine completed the development of the access to the North mine reserves midway through the first quarter. We expect that the conditions will remain favorable in this new area of the mine and productivity and costs will continue to improve. The Horning mine plan was successfully altered to mine around the geological issues that hampered 2022 production allowing for the addition of a second production shift midway through the quarter leading to increased availability of Horning's high-quality coal. Our surface operations continued to expose a highwall in preparation for a contract highwall miner to commence mining in the second quarter. This addition is expected to improve surface mine production, support additional spot market sales and lower our cash production costs per ton sold."

"We believe that many of the challenges faced in 2022 are now behind us and look forward to a year with improved contracted fixed prices, lower cash production costs and expanding margins that builds on the positive momentum that started in the first quarter of this year."

#### Financial and Operations Summary

	For the three months ended		
	March 31,		
			Increase
(in thousands)	2023	2022	(Decrease)
Revenues	\$ 47,945	\$ 38,773	\$ 9,172
Cost of sales <sup>(2)</sup>	\$ 41,973	\$ 36,974	\$ 4,999
Selling, general and administrative expense	\$ 2,241	\$ 2,383	\$ (142)
Net and comprehensive income (loss) for the period	\$ 1,928	\$ (3,977)	\$ 5,905
Cash provided by operating activities	\$ 2,439	\$ 776	\$ 1,663
EBITDA <sup>(1)</sup>	\$ 5,954	\$ (325)	\$ 6,279
Adjusted EBITDA <sup>(1)</sup>	\$ 7,092	\$ 3,029	\$ 4,063
Coal sold - tons			
NAPP - metallurgical coal	250	230	20

(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	
	March 31,	
(in thousands)	2023	2022
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
Total cost of sales	\$ 41,973	\$ 36,974

	For the three months ended		
	March 31,		
	2023	2022	Variance
Realized price per ton sold <sup>(1)</sup>			
NAPP - metallurgical coal	\$ 174.84	\$ 155.94	\$ 18.90
Cash production cost per ton sold <sup>(1)(2)</sup>			
NAPP - metallurgical coal	\$ 130.07	\$ 132.22	\$ 2.15
Cash cost per ton sold <sup>(1)(3)</sup>			
NAPP - metallurgical coal	\$ 132.51	\$ 133.63	\$ 1.12
Cash margin per ton sold <sup>(1)</sup>			
NAPP - metallurgical coal	\$ 42.33	\$ 22.31	\$ 20.02
EBITDA <sup>(1)</sup> (000's)			
NAPP	\$ 6,669	\$ 1,578	\$ 5,091
Corporate	(715)	(1,903)	1,188
Total	\$ 5,954	\$ (325)	\$ 6,279
Adjusted EBITDA <sup>(1)</sup> (000's)			
NAPP	\$ 7,629	\$ 3,718	\$ 3,911
Corporate	(537)	(689)	152
Total	\$ 7,092	\$ 3,029	\$ 4,063

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

(2) Cash production cost per ton sold excludes purchased coal. This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

(3) Cash cost per ton sold includes purchased coal. This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below.

### Coal Pricing Trends and Outlook

Price levels opened the first quarter 2023 at \$294.50/metric ton ("mt") delivered-to-the-port ("FOBT") for spot deliveries of Australian premium low volatile metallurgical coal and closed the quarter at \$301.00/mt FOBT. The quarterly average price for the first quarter 2023 was \$342.57/mt FOBT compared to \$282.39/mt FOBT in the fourth quarter 2022, and traded in a range from a high of \$390.00/mt FOBT to a low of \$294.50/mt FOBT.

The price for spot deliveries of Australian premium low volatile metallurgical coal opened the second quarter

2023 at \$300.00/mt FOBT and was trading at \$257.00/mt FOBT in mid-April, with a high price of \$300.00/mt FOBT, a low price of \$257.00/mt FOBT and an average price of \$279.37/mt FOBT during the month. As of mid-April, forward curve pricing for the balance of 2023 is trading at an average of \$258.36/mt FOBT with the fourth quarter at a high of \$264.00/mt FOBT and the third quarter at a low of \$251.00/mt FOBT. The forward curve for 2024 indicates pricing at an average of \$278.00/mt FOBT. Second quarter 2023 hot-rolled steel coil prices decreased in China, by 5.8%, decreased in Europe by 1.8%, and decreased in the United States by 0.4%. Increased short-term availability of metallurgical coal, economic uncertainty and anticipated summer seasonal impacts put near-term downward pressure on metallurgical coal prices although prices remain significantly above historic levels and are forecasted to rebound.

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

## Second Quarter 2023 Update

The Company's second quarter 2023 sales volumes are expected to be higher than the first quarter of 2023 due to increased production from our surface mines and higher than historical levels. Metallurgical coal selling prices are expected to be slightly higher than the first quarter of 2023 as we fully recognize the higher sales prices of our 2023 fixed price contracts and increase our participation in the metallurgical coal spot market. Cash cost of sales are expected to be lower than in the previous quarter due to increased production from our surface mines and improved mining conditions and efficiencies from our deep mines but will remain elevated compared to historical levels. Selling, general and administrative expenses are expected to be slightly higher than first quarter 2023 due to increased sales volumes. The main priorities of the Company are increasing efficient production, reducing costs, and increasing our ability to participate in the metallurgical coal spot market. We are committed to improving the Company's balance sheet with minimized downside financial risk but are also focused on organic growth opportunities to complement our existing operations. The Company's capital allocation and deployment strategy will be aligned with these priorities and the Company's financial position.

Corsa committed over 930,000 tons at an FOB mine price of nearly \$179/ton for the calendar year 2023. The price per ton is the equivalent of \$287/mt FOBT for Australian premium low volatile metallurgical coal. The volumes and price per ton were impacted by nearly 153,000 carryover tons which were priced at the 2022 fixed price contract rate.

## Financial Statements and Management's Discussion and Analysis

Refer to Corsa's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022 and related management's discussion and analysis, filed under Corsa's profile on [www.sedar.com](http://www.sedar.com), for details of the financial performance of Corsa and the matters referred to in this news release.

## Non-GAAP Financial Measures

Corsa uses certain non-GAAP financial measures to measure its performance internally and to assist in business decision-making as well as providing key performance information to senior management. These measures are not recognized under International Financial Reporting Standards ("GAAP"). Corsa believes that, in addition to the conventional measures prepared in accordance with GAAP, certain investors and other stakeholders also use these non-GAAP financial measures to evaluate Corsa's operating and financial performance; however, these non-GAAP financial measures do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Accordingly, these non-GAAP financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses the following non-GAAP financial measures:

- EBITDA - earnings before deductions for interest, taxes, depreciation and amortization;

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

For a reconciliation of non-GAAP financial measures to GAAP measures, see the tabular presentation at the end of this news release.

#### Qualified Person

All scientific and technical information contained in this news release 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.

#### Caution

Potential developments and market conditions discussed in this news release are considered to be forward looking information. Readers are cautioned that actual results may vary from this forward-looking information. See "Forward-Looking Statements" below.

#### 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.

#### Forward-Looking Statements

Certain information set forth in this press release contains "forward-looking statements" and "forward-looking information" (collectively, "forward-looking statements") under applicable securities laws. Except for statements of historical fact, certain information contained herein including, but not limited to, statements relating to improved profitability, adjusted EBITDA and financial results, the ability to manage the Company going forward, the expected price volatility of the metallurgical coal market, the future demand for steel and

its production, and the availability of its supply, changes to sales margins and expected profitability, the expected sales volumes and cash costs of sales of the Company in the second quarter of 2023, along with the Company's main priorities and its capital allocation and deployment strategy in 2023, constitute forward-looking statements which include management's assessment of future plans and operations and are based on current internal expectations, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "will", "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. These risks and uncertainties include, but are not limited to: changes in market conditions, governmental or regulatory developments as a result of the COVID-19 pandemic or otherwise, the operating status and capabilities of our customers and competitors; various events which could disrupt operations and/or the transportation of coal products, including the geological conditions at the Company's mines, the conflict in Ukraine, labor stoppages, the outbreak of disease and severe weather conditions; and management's ability to anticipate and manage the foregoing factors and risks. 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 the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

#### Non-GAAP Financial Measures Reconciliation

EBITDA and Adjusted EBITDA for the three months ended March 31, 2023 and 2022

(in thousands)	For the three months ended			For the three months ended		
	March 31, 2023			March 31, 2022		
	NAPP	Corp.	Total	NAPP	Corp.	Total
Net and comprehensive income (loss) from continuing operations	\$ 3,144	\$ (1,216)	\$ 1,928	\$ (1,758)	\$ (2,219)	\$ (3,000)
Add (Deduct):						
Amortization expense	2,708	-	2,708	3,079	-	3,079
Interest expense	817	501	1,318	257	316	573
Income tax expense	-	-	-	-	-	-
EBITDA	6,669	(715)	5,954	1,578	(1,903)	(325)
Add (Deduct):						
Restructuring charges (a)	-	-	-	-	886	886
Stock-based compensation (b)	-	62	62	-	6	6
Net finance (income) expense, excluding interest expense (c)	721	58	779	2,032	82	2,114
Loss (gain) on disposal of assets (d)	11	-	11	56	-	56
Other costs (e)	228	58	286	52	240	292
Adjusted EBITDA	\$ 7,629	\$ (537)	\$ 7,092	\$ 3,718	\$ (689)	\$ 3,000

(a) Reflects the separation costs associated with the Company's previous President and Chief Executive Officer and Chief Operating Officer.

(b) Reflects the non-cash expense related to the vesting of stock options.

(c) Components of finance expense and income excluding interest expense.

(d) Reflects the amounts included in other income and expense related to the disposal of assets not utilized in the Company's mining operations.

(e) Reflects various adjustments, none of which were individually material, related to adjusting the Company's workers' compensation liability, costs incurred for the Company's internal investigation of the sales agent matter and legal settlements.

Realized price per ton sold for the three months ended March 31, 2023 and 2022

(in thousands except per ton amounts)	For the three months ended			For the three months ended		
	March 31, 2023			March 31, 2022		
	NAPP	NAPP	Total	NAPP	NAPP	Total
	Met	Thermal	Total	Met	Thermal	Total
Revenue	\$ 45,885	\$ 2,060	\$ 47,945	\$ 38,640	\$ 133	\$ 38,773
Add (Deduct):						
Tolling revenue	-	-	-	(719)	-	(719)
Transportation costs from preparation plant to customer	(2,058)	-	(2,058)	(1,942)	-	(1,942)
Limestone revenue	(116)	-	(116)	(112)	-	(112)
Net coal sales (at preparation plant)	\$ 43,711	\$ 2,060	\$ 45,771	\$ 35,867	\$ 133	\$ 36,000
Coal sold - tons	250	21	271	230	1	231
Realized price per ton sold (at preparation plant)	\$ 174.84	\$ 98.10	\$ 168.90	\$ 155.94	\$ 133.00	\$ 155.84

Cash cost per ton sold, cash production cost per ton sold, and cash cost per purchased coal per ton sold for the three months ended March 31, 2023 and 2022

(in thousands except per ton amounts)	For the three months ended			For the three months ended		
	March 31, 2023			March 31, 2022		
	NAPP	NAPP	Total	NAPP	NAPP	Total
	Met	Thermal	Total	Met	Thermal	Total
Cost of Sales:						
Mining and processing costs	\$ 28,281	\$ 719	\$ 29,000	\$ 25,053	\$ 133	\$ 25,186
Purchased coal costs	2,561	1,275	3,836	4,158	-	4,158
Royalty expense	2,285	-	2,285	1,523	-	1,523
Total cash costs of tons sold	\$ 33,127	\$ 1,994	\$ 35,121	\$ 30,734	\$ 133	\$ 30,867
Total tons sold	250	21	271	230	1	231
Cash cost per ton sold (at preparation plant)	\$ 132.51	\$ 94.95	\$ 129.60	\$ 133.63	\$ 133.00	\$ 133.62
Total cash costs of tons sold	\$ 33,127	\$ 1,994	\$ 35,121	\$ 30,734	\$ 133	\$ 30,867
Less: purchased coal	(2,561)	-	(2,561)	(4,158)	-	(4,158)
Cash cost of produced coal sold	\$ 30,566	\$ 1,994	\$ 32,560	\$ 26,576	\$ 133	\$ 26,709
Tons sold - produced	235	21	256	201	1	202
Cash production cost per ton sold (at preparation plant)	\$ 130.07	\$ 94.95	\$ 127.19	\$ 132.22	\$ 133.00	\$ 132.22
Purchased coal	\$ 2,561	\$ -	\$ 2,561	\$ 4,158	\$ -	\$ 4,158
Tons sold - purchased coal	15	-	15	29	-	29
Cash cost purchased coal per ton sold (at preparation plant)	\$ 170.73	\$ -	\$ 170.73	\$ 143.38	\$ -	\$ 143.38

Cash margin per ton sold for the three months ended March 31, 2023 and 2022

	For the three months ended			For the three months ended		
	March 31, 2023			March 31, 2022		
	NAPP	NAPP	Total	NAPP	NAPP	Total
	Met	Thermal	Total	Met	Thermal	Total
Realized price per ton sold (at preparation plant)	\$ 174.84	\$ 98.10	\$ 168.90	\$ 155.94	\$ 133.00	\$ 155.84
Cash cost per ton sold (at preparation plant)	\$ 132.51	\$ 94.95	\$ 129.60	\$ 133.63	\$ 133.00	\$ 133.62
Cash margin per ton sold	\$ 42.33	\$ 3.15	\$ 39.30	\$ 22.31	\$ -	\$ 22.22

SOURCE [Corsa Coal Corp.](#)

#### Contact

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