



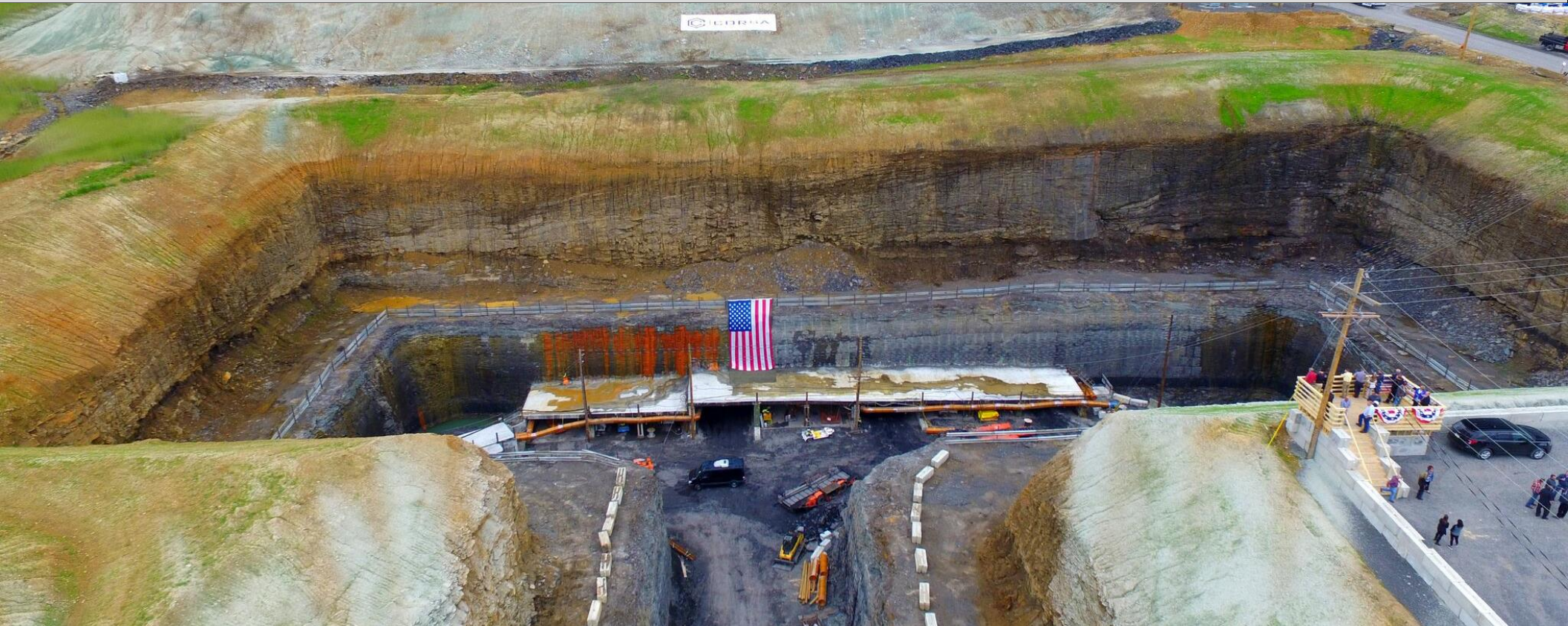
CORSA

Excellence in Advance

Corsa Coal Corp

**The Coal Institute Summer Trade Seminar,
Myrtle Beach, SC**

July 2018



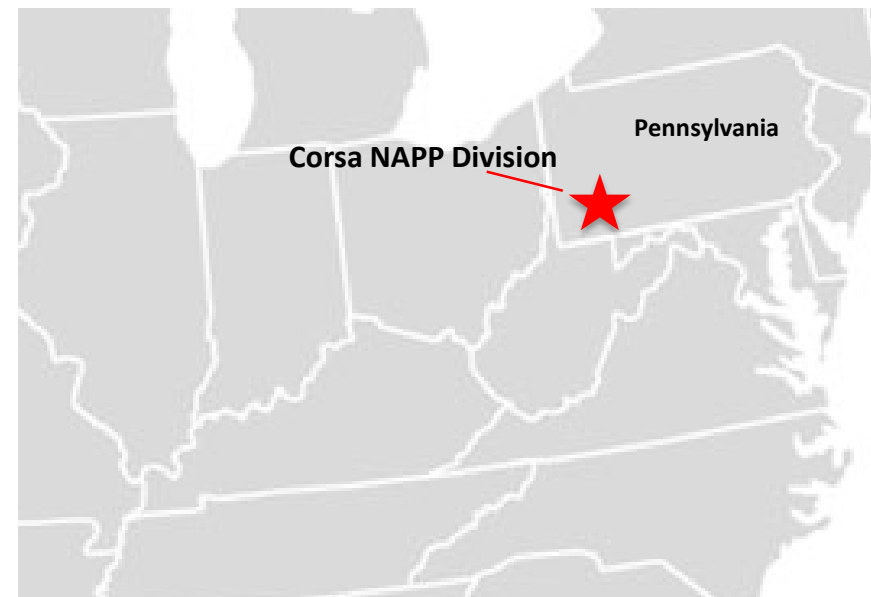
**Acosta Deep Mine – Day of Grand Opening
Somerset County, Pennsylvania**

Forward-looking Statements



Certain statements and information set forth in this presentation constitute "forward-looking statements" and "forward-looking information" under applicable securities laws (collectively, "forward-looking statements"). Except for statements of historical fact, certain information contained herein 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 include, but is not limited to, statements regarding the pro forma projections and information for Corsa and future oriented financial information. When used in this presentation, forward-looking statements may be identified by words such as "estimates", "expects", "anticipates", "believes", "projects", "plans", "pro forma" 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, many of which are beyond Corsa's control and 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: 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; unexpected changes in coal quality and specification; risks that the coal preparation plants will not operate at production capacity during the relevant period; variations in the coal preparation plants' 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; 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; and management's ability to anticipate and manage the foregoing factors and risks. The forward-looking statements and information contained in this presentation 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; and Corsa's ability to retain qualified staff and equipment in a cost-efficient manner to meet its demand. While these assumptions, risks and uncertainties do not represent a complete list of factors which may cause events to be materially different than those expressed or implied by forward-looking statements in this presentation, they should be considered carefully. 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 forward looking statements will not be updated unless required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Unless otherwise specifically indicated, all references in this presentation to dollars or to "\$" or "\$USD" are to the currency of the United States, and all references to "\$CAD" are to the currency of Canada.

- Growth-oriented premium quality metallurgical coal producer
- Operations in Pennsylvania and Maryland (4 deep mines, 2 surface mines, 3 preparation plants)
- 2018 Metallurgical Coal Sales Estimate: 2.1 – 2.5 million tons
 - Roughly 50% produced, 50% purchased from third parties
- Metallurgical Coal Customer Base: Steel and coke producers in the United States, Asia, South America, and Europe
 - 2018E Sales Mix: 80% export; 20% domestic
- Publicly traded on the Toronto Venture Exchange; Majority controlled by 3 private equity investors



Producer / Trader Business Model

1

Company Produced Tons

Selling coal that Corsa produces from its active mine sites in Pennsylvania and Maryland. Largest margin contributor.

2

Value Added Services

Selling coal that Corsa purchased and providing value added services such as storing, blending, washing, and loading

3

Sales & Trading Volumes

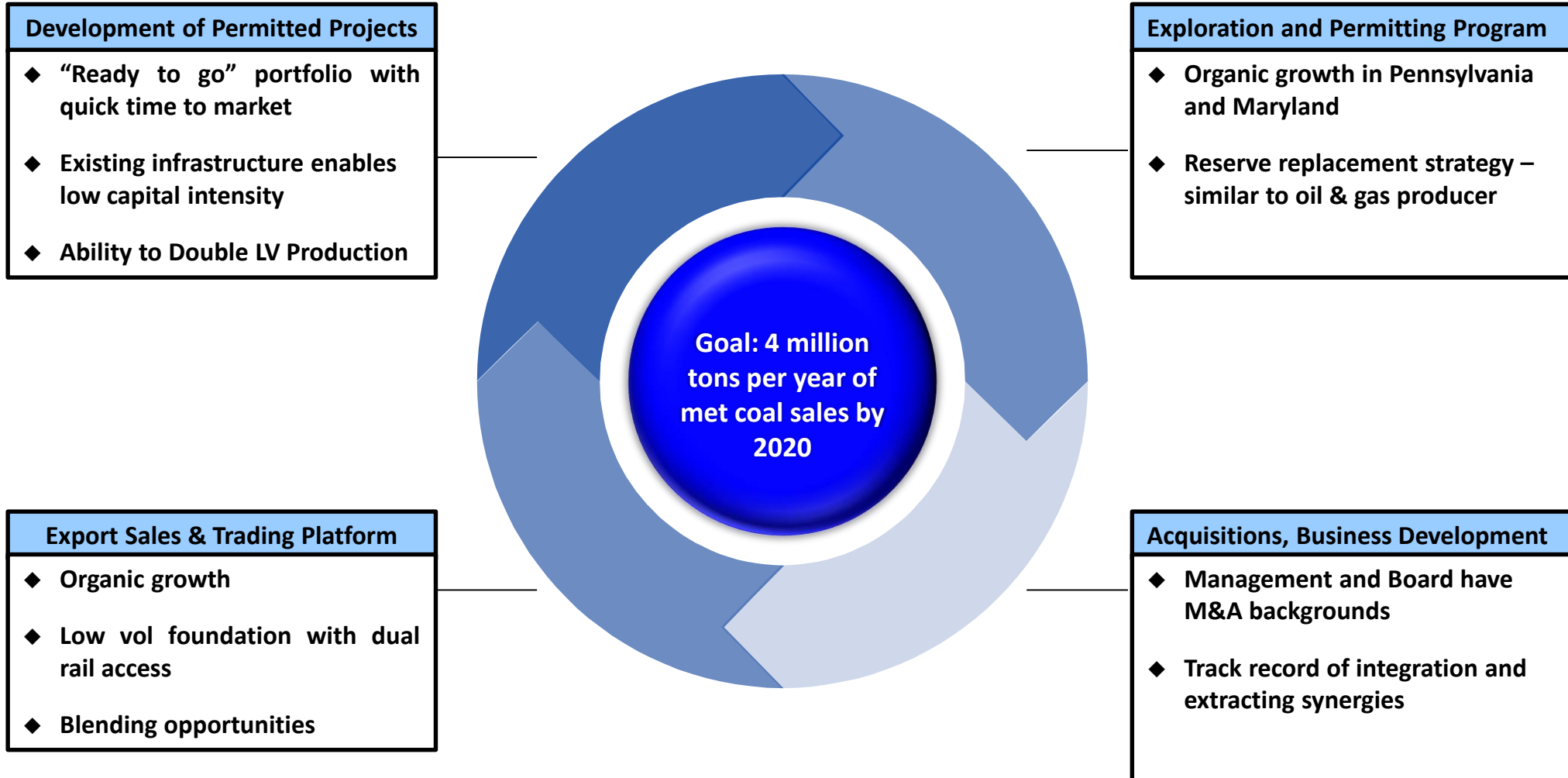
Selling coal that Corsa purchases on a clean basis from suppliers outside the NAPP region and blending at the port

Corsa Sales & Trading combines existing Corsa low and high vol met coal production with purchased coals to market a greater variety of products and access more customers.

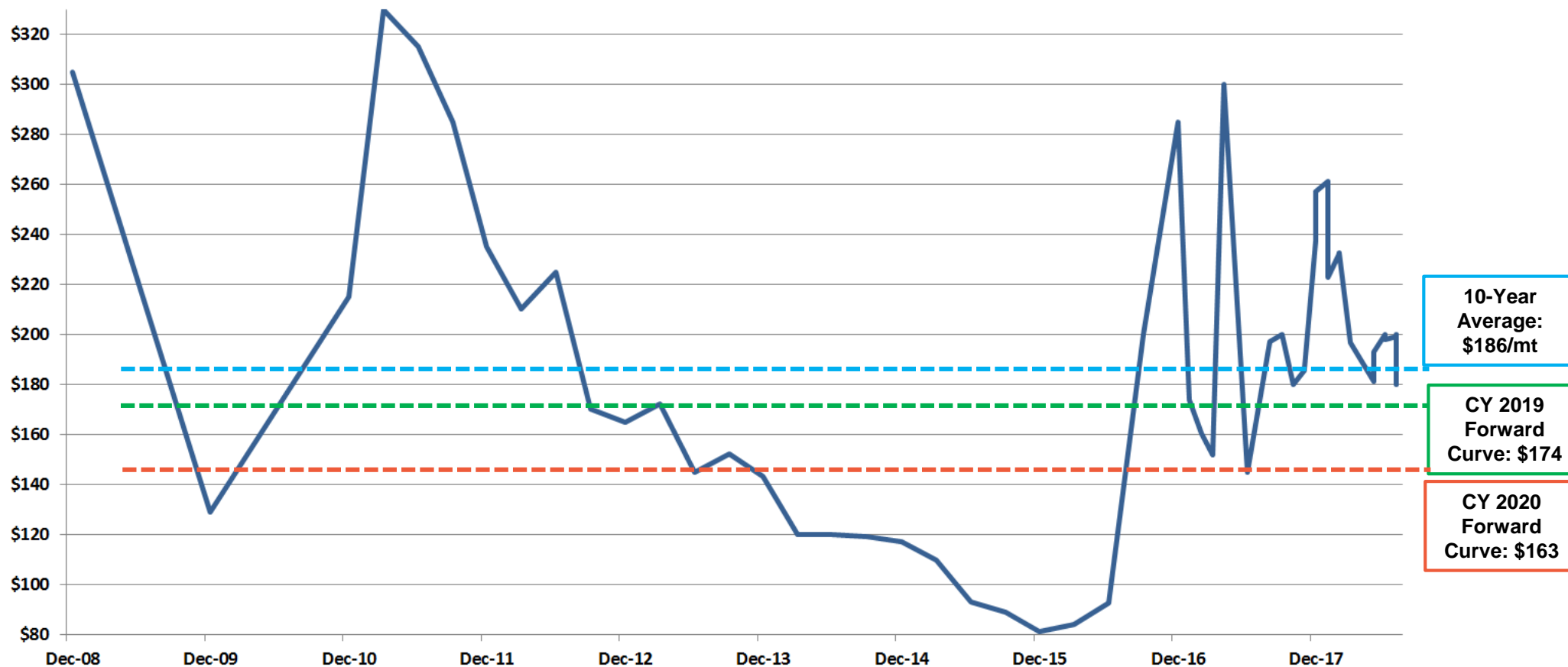
Sales & Trading Platform Highlights

- ◆ **2018 Metallurgical Sales Guidance:**
 - ◆ **2.45 million tons of metallurgical sales company-wide (midpoint of guidance)**
 - **1.7 million tons of low vol metallurgical coal; Balance is high vol and mid vol**
- ◆ **Customers served: USA, Asia, Europe, South America**
- ◆ **Capability to sell full vessels of low volatile metallurgical coal as well as high volatile and mid volatile blends.**
- ◆ **Can load at all US East Coast ports and can purchase coal from both CSX and Norfolk Southern-served rail loadouts**
- ◆ **Rapid Growth: 121% sales volume growth in 2017; Further growth in 2018**



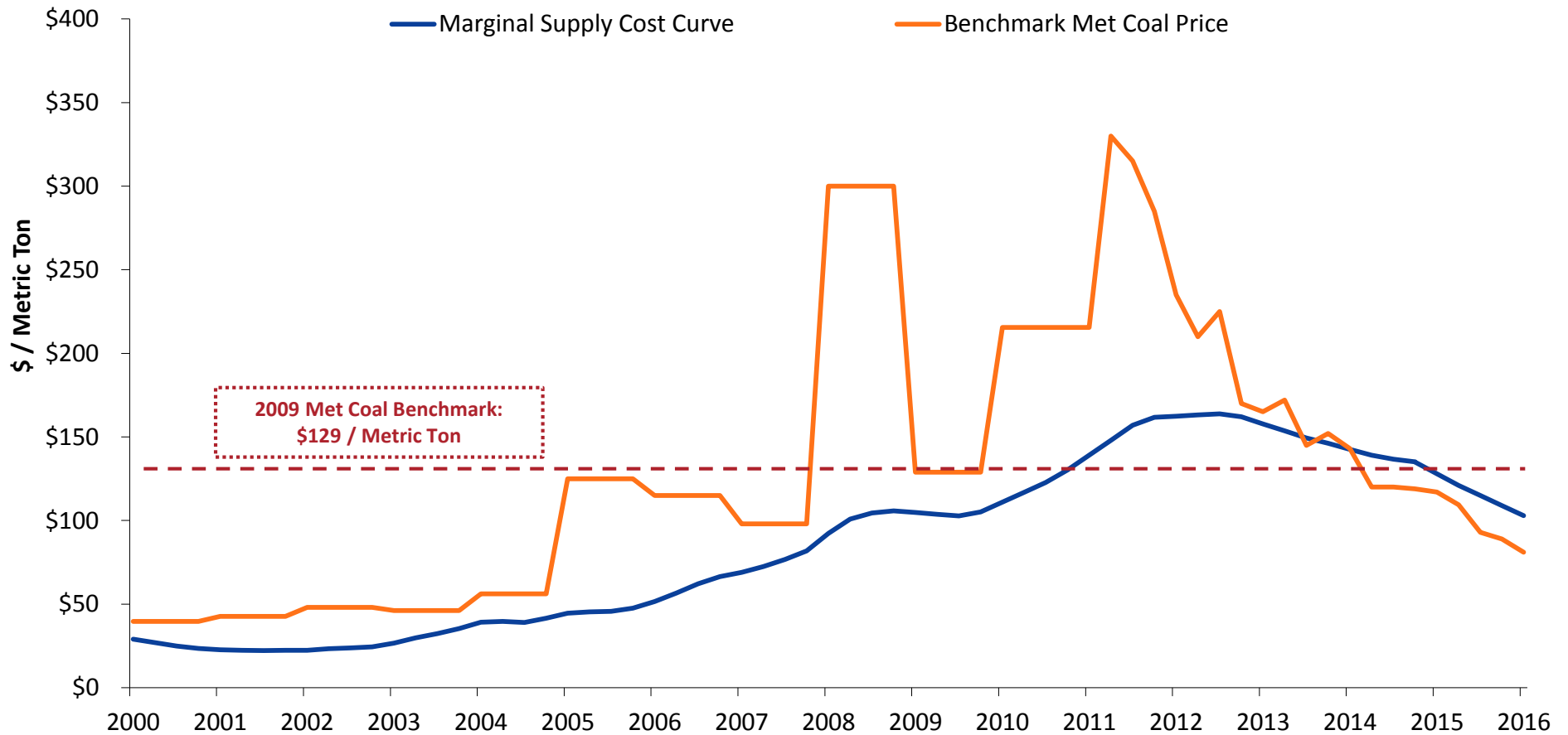


Historical Metallurgical Coal Benchmark Pricing (2006 – 2018)

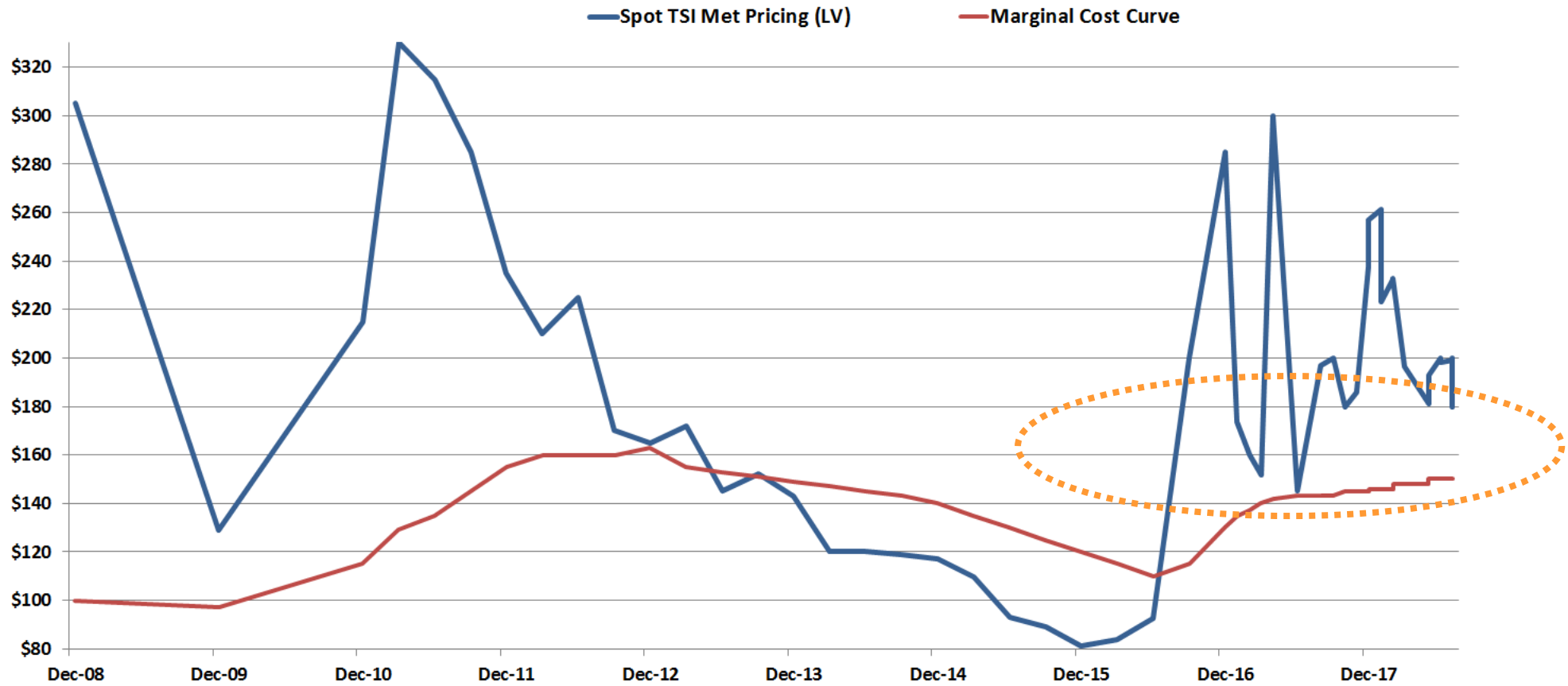


Prices expressed on a \$/metric ton, FOB Port basis

Marginal Supply Cost Curve Analysis (2000 – 2016)



Marginal Supply Cost Curve Analysis (2008 – 2018)

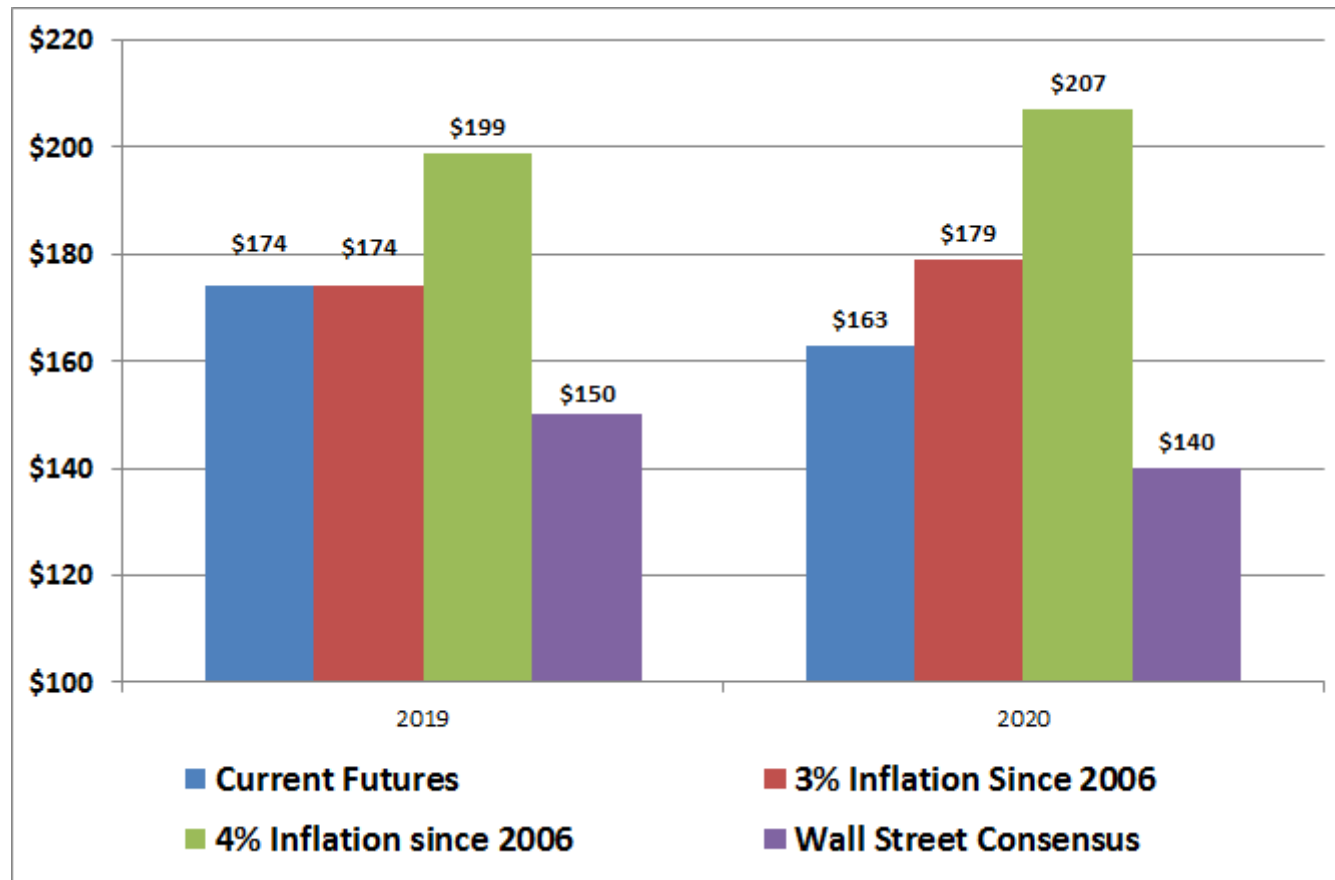


Cost Inflation is having a major impact on margins for met producers. The cost curve is dynamic and many costs are variable as the market changes.

Mining Cost Categories	Increase vs 2016 Levels
Wages & Fringes	↑ 26%
Royalties	↑ 40%
Trucking	↑ 40%
Services / Consumables	↑ 13%
Rail	↑ 83%
Overall: Delivered to Port	↑ 40%

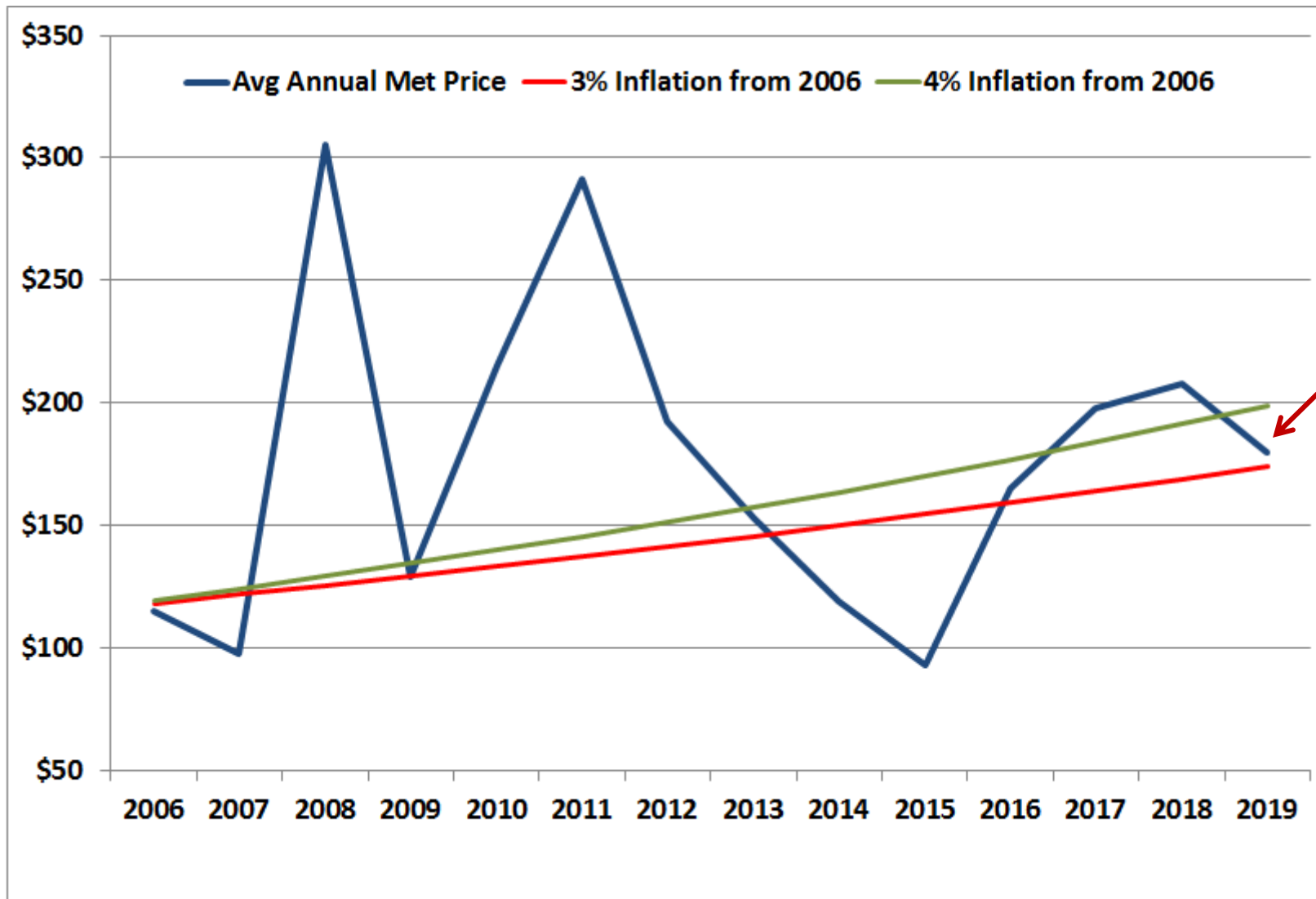
Source: Company estimates of room and pillar underground mining operations in CAPP/NAPP

Data Points on 2019-2020 Pricing



3% - 4% cost inflation represents **\$4 - \$6** per ton of average annual increase at today's marginal cost.

Futures data from 7/12/18

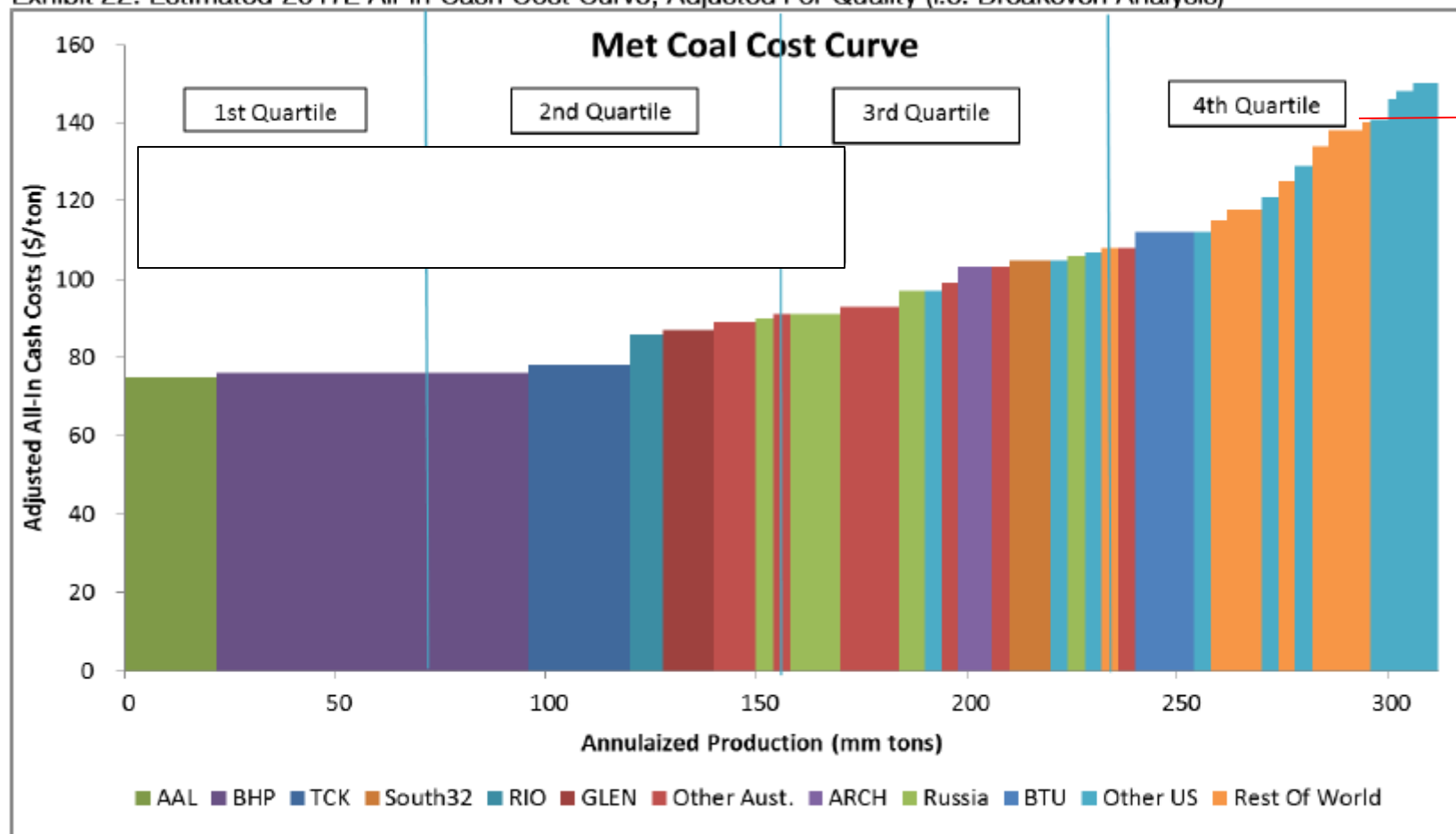


Today's Spot price represents falls within range of 3% to 4% cost inflation since 2006

Is there more of a pattern in met pricing than we think?

Metallurgical Coal Cost Curve (Oct 2017)

Exhibit 22: Estimated 2017E All-In Cash Cost Curve, Adjusted For Quality (i.e. Breakeven Analysis)



Oct 2017
90%
percentile:
\$140+

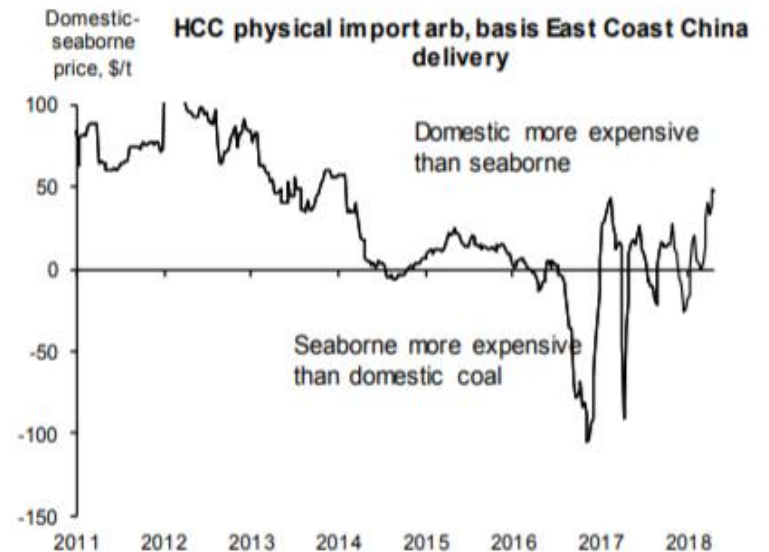
Source: Clarksons Platou Securities Inc. Estimates, Company Documents

China produces approximately 50% of the world's coking coal and steel.
Their policies set the price of met coal.

China Cost Profile: High

- Restructuring in China has looked very different than what occurred in the United States. Coal producers still highly levered.
- Mining costs and logistics costs are high
- Discipline and supply reform achieved through workday restrictions, industry consolidation, and environmental controls
- **Key Takeaway:** Coal and steel industries are key drivers of China's economic growth and profitable prices are needed to accomplish policy objectives

Fig 9 Physical arb at 1-year high – tome for the Chinese to come back



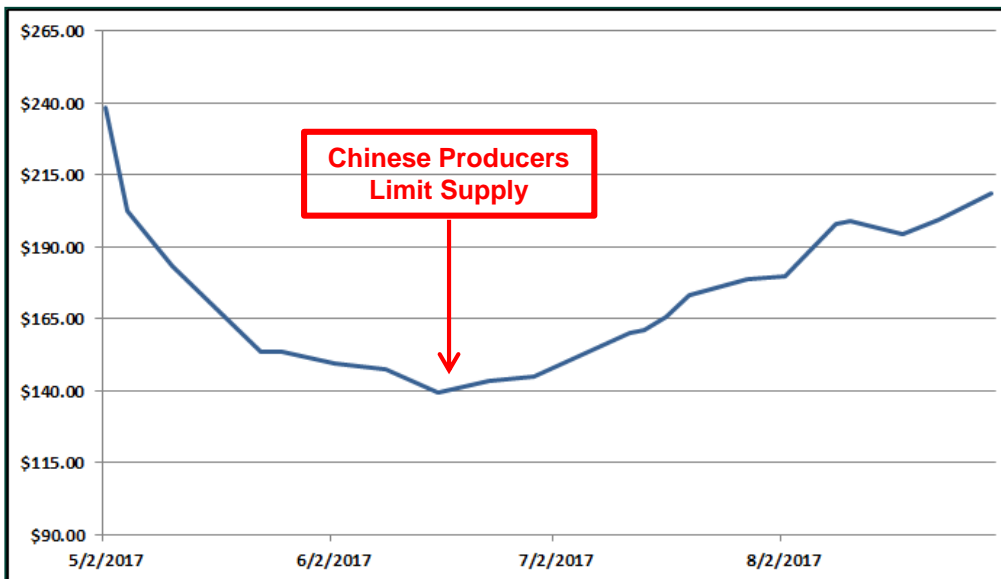
Source: Platts, Macquarie Strategy, April 2018

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Chinese Met Coal Producers Limit Supply

- **June 26, 2017: Four of China's largest met coal producers announced plans to cut an initial 13-14 million tons of production.**
- **The move came when premium low vol coking coal prices dipped below \$140/mt FOBT**

May – August 2017 Price Movements



Shanxi Coking Coal Stated Cost Structure ⁽¹⁾



Implied Breakeven Pricing ⁽²⁾



Shanxi Coking Coal Stated Cost Structure ⁽¹⁾

- **Thermal Coal Price Target:**
 - 500 to 575 RMB per ton
 - USD \$72.50 to \$83.50 per ton
- **Implied Metallurgical Coal Price**
 - \$138 to \$158 per ton

The above data points are from October 2016

(1) Assumes 6.88 RMB to USD conversion rate and 1.28 DDP Tangshang to CFR China (Qingdao) ratio

(2) Assumes 35% preparation plant yield

Australian exchange rate weakness further enhancing profitability of Australian producers.

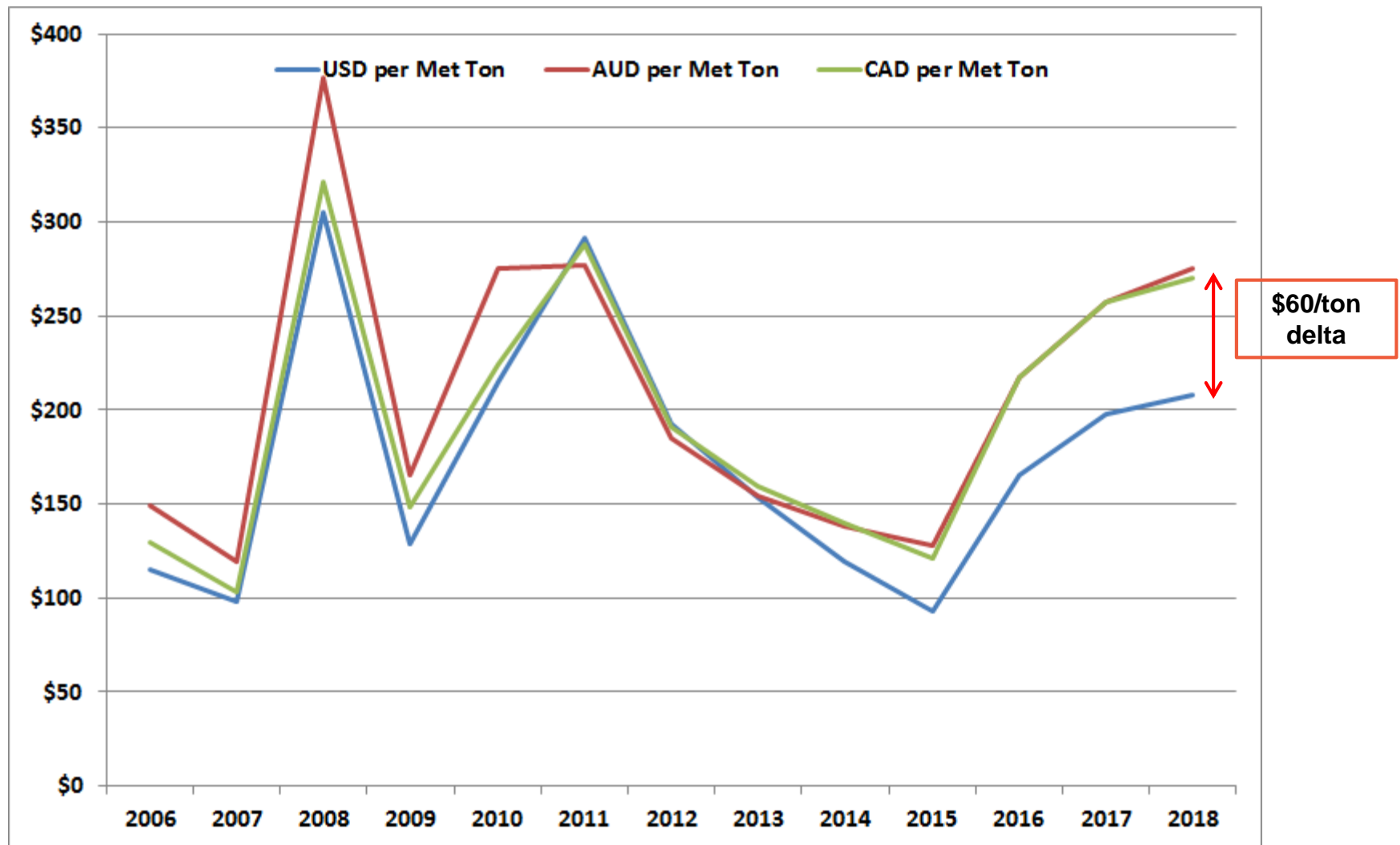
Australian Dollar to USD: 2006 - 2018



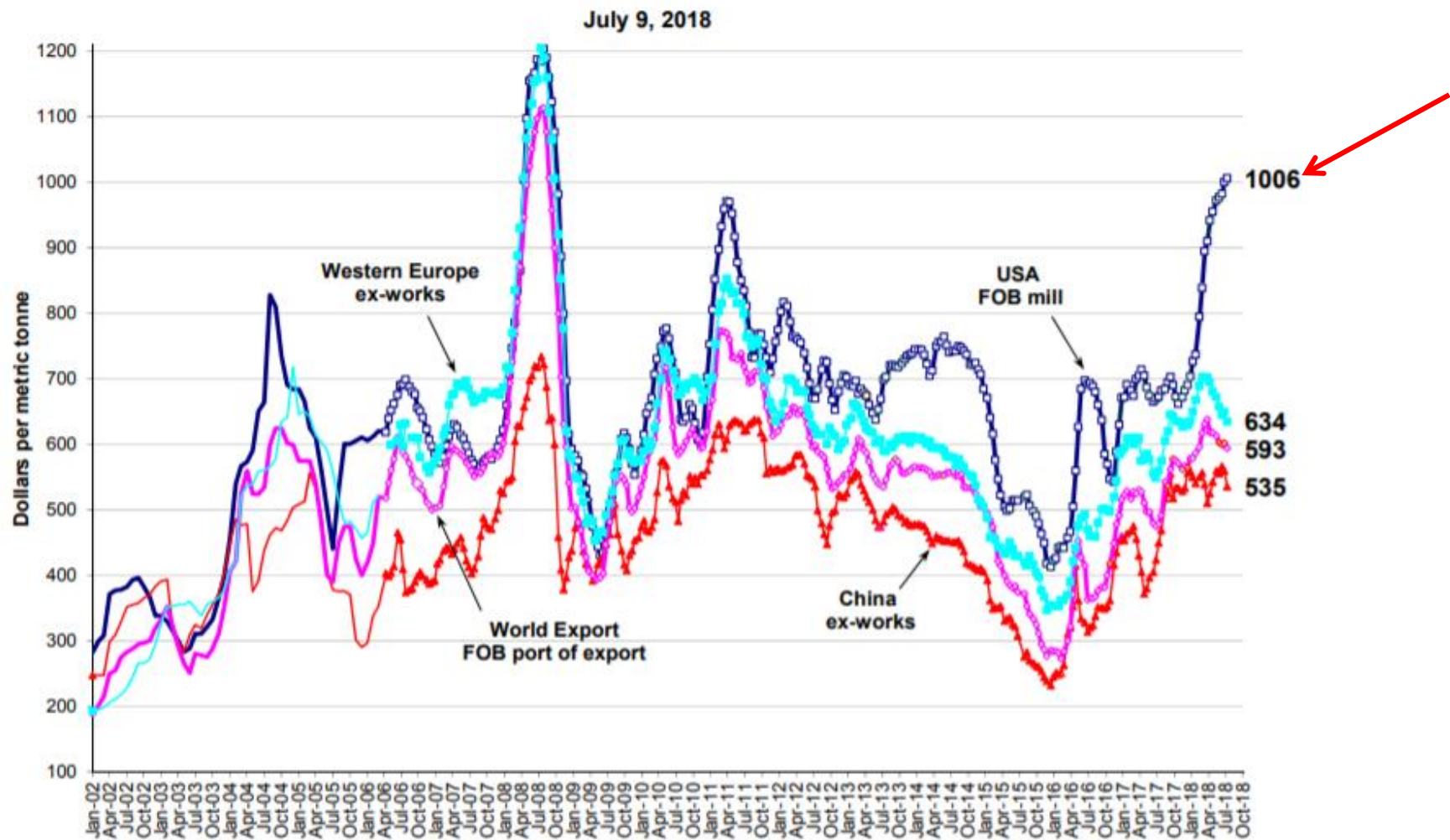
US Economy

- Robust GDP Growth
- Record low unemployment
- Interest rates rising to unwind a decade worth of loose monetary policy

Premium Low Vol Pricing by Currency



Historical Steel Pricing (2001 – 2018)



Steel Demand, Output, and Margins remain robust globally.

Fig 1 World's crude steel output: still strong

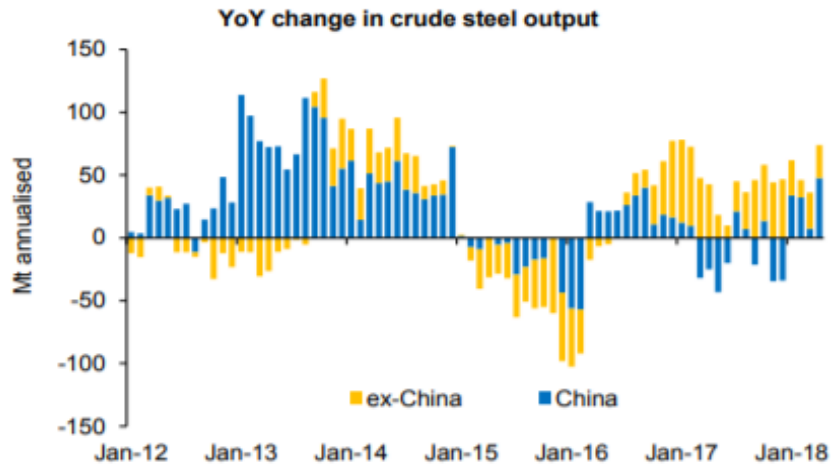


Fig 4 Mostly synchronised growth

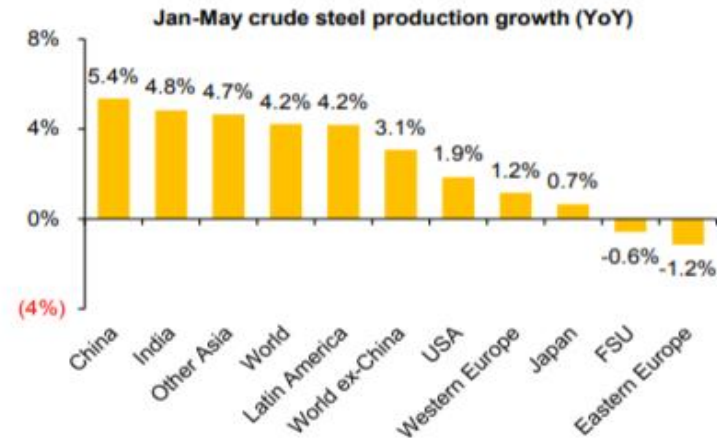
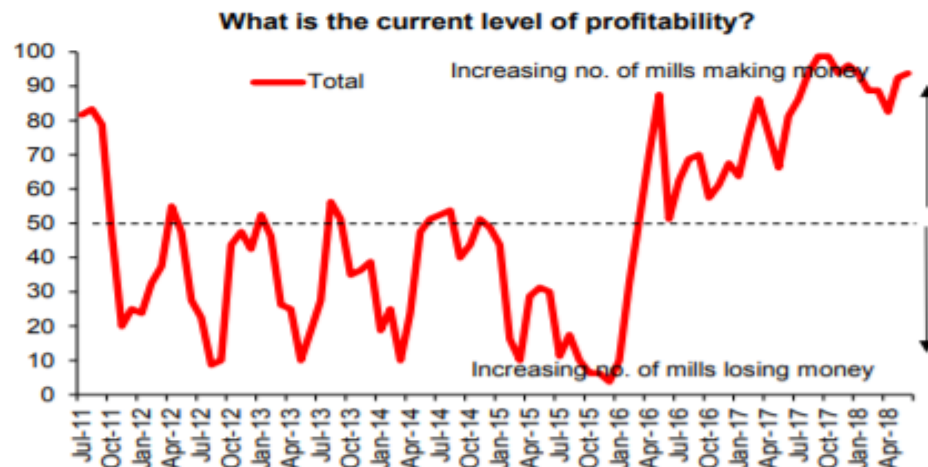


Fig 9 China's steel mills enjoying the trade's 'sweet spot'



Source: Macquarie Research

Pig Iron production mix will shift over the next 10 years in a manner that benefits seaborne traded coal.

Pig iron production by region (000s metric tonnes)

	2016	2017 estimate	2018 forecast	2020 forecast	2022 forecast	2025 forecast	2028 forecast	+/- 2018
EU	75,808	77,742	79,070	79,450	79,602	79,846	80,111	1,041
Other Europe	27,875	28,555	29,263	30,424	31,537	33,300	35,183	5,920
C.I.S.	79,103	75,977	75,862	76,849	78,337	80,674	83,146	7,285
North America	33,008	32,946	31,602	31,499	29,003	28,141	27,793	-3,809
South America	32,730	35,109	35,412	35,964	36,745	37,954	42,005	6,593
Africa	3,609	3,427	3,528	3,788	4,322	4,898	5,554	2,026
Middle East	2,251	2,293	2,278	2,356	2,449	2,595	2,749	471
Asia* of which	899,438	920,198	914,828	904,733	897,898	889,295	882,833	-31,995
China	695,175	715,431	707,060	690,080	677,876	659,972	642,542	-64,518
India	62,907	64,777	67,702	73,741	80,481	91,763	104,627	36,925
Japan	80,186	78,330	78,932	79,492	77,786	75,295	72,884	-6,048
S. Korea	46,336	46,744	46,188	46,331	46,498	46,749	47,002	815
Taiwan	14,833	14,916	14,946	15,089	15,258	15,516	15,778	832
Oceania	4,313	4,441	4,438	4,331	4,356	4,394	4,433	-5
Grand total	1,158,135	1,180,688	1,176,281	1,169,394	1,164,249	1,161,099	1,163,807	-12,475
YoY % change	0.1%	1.9%	-0.4%	-0.2%	-0.1%	-0.1%	0.3%	
MCQ60	1,158,135	1,152,417	1,144,232	1,132,991	1,127,142			

* India and Brazil adjusted

The 41 countries represented account for about 99% of world blast furnace pig iron production in 2016.

Source: WSA, IHS Markit

© 2018 IHS Markit

IHS forecasts a supply deficit on the seaborne market for hard coking coal.

Supply-demand balance – Hard coking coal (000t)							
Import demand	2016	2017	2018 estimate	2020 forecast	2025 forecast	2028 forecast	Diff 2018 +/-
All Coking Coal	272,449	285,394	286,596	299,099	326,748	342,720	56,125
Seabn Coking	235,057	245,227	247,296	259,655	284,424	298,403	51,106
Non Seaborne	37,393	40,168	39,299	39,444	42,324	44,317	5,018
Less Weak/SS/	46,837	47,202	47,222	48,758	49,437	50,605	3,382
Seaborne demand	188,219	198,025	200,074	210,897	234,987	247,798	47,724
Supply							
Australia	120,950	111,000	118,000	126,000	139,374	141,571	23,571
Cap Utilisation	86.8%	76.4%	80.3%	87.5%	96.0%	96.5%	0
Canada (exc USA)	25,163	24,179	23,869	24,638	36,990	35,910	12,041
Cap Utilisation	101.9%	95.4%	85.2%	75.0%	90.0%	90.0%	0
USA (excl Canada)	30,782	43,313	41,367	38,571	30,965	35,731	-5,636
Cap Utilisation	73.9%	92.9%	87.8%	81.0%	65.0%	75.0%	0
Poland	350	200	200	200	200	203	3
China	408	816	709	709	500	500	-209
Russia	6,367	7,986	7,500	8,000	8,800	8,800	1,300
New Zealand	313	313	313	313	313	313	0
Indonesia	1,200	1,200	1,200	1,500	4,500	5,400	4,200
Mozambique	3,380	4,727	4,780	9,440	10,980	10,980	6,200
Tot Seabne Supply	188,912	193,734	197,938	209,370	232,621	239,408	41,470
Global CU (US @ max mt)	70.2%	71.7%	75.8%	84.3%	86.7%		00.0%
Unmet demand	-693	4,292	2,136	1,527	2,366	8,391	

*Adjusted for demand from Egypt, Pakistan, Algeria, Indonesia, Philippines, Vietnam, Thailand and Malaysia

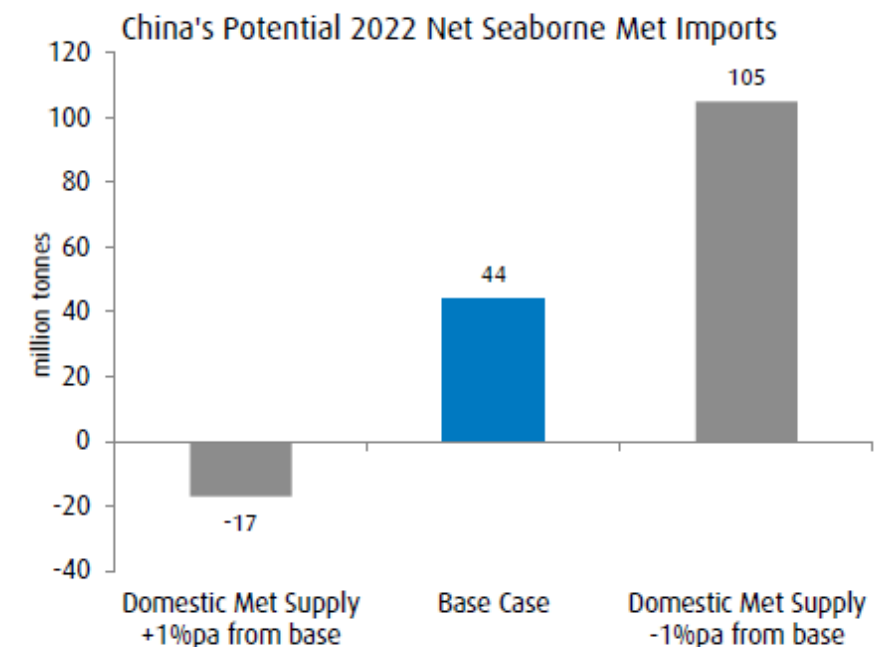
Source: IHS Markit

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High Steel and Coke Prices + Supply Chain Difficulty will lead to continued high prices

- It's all about China (for now)
- Port congestion = Global problem
- Everyone is making money
- Australian majors no longer pursuing a market share strategy
- India's growth and China's forecasted reduction will increase demand for seaborne-traded HCC

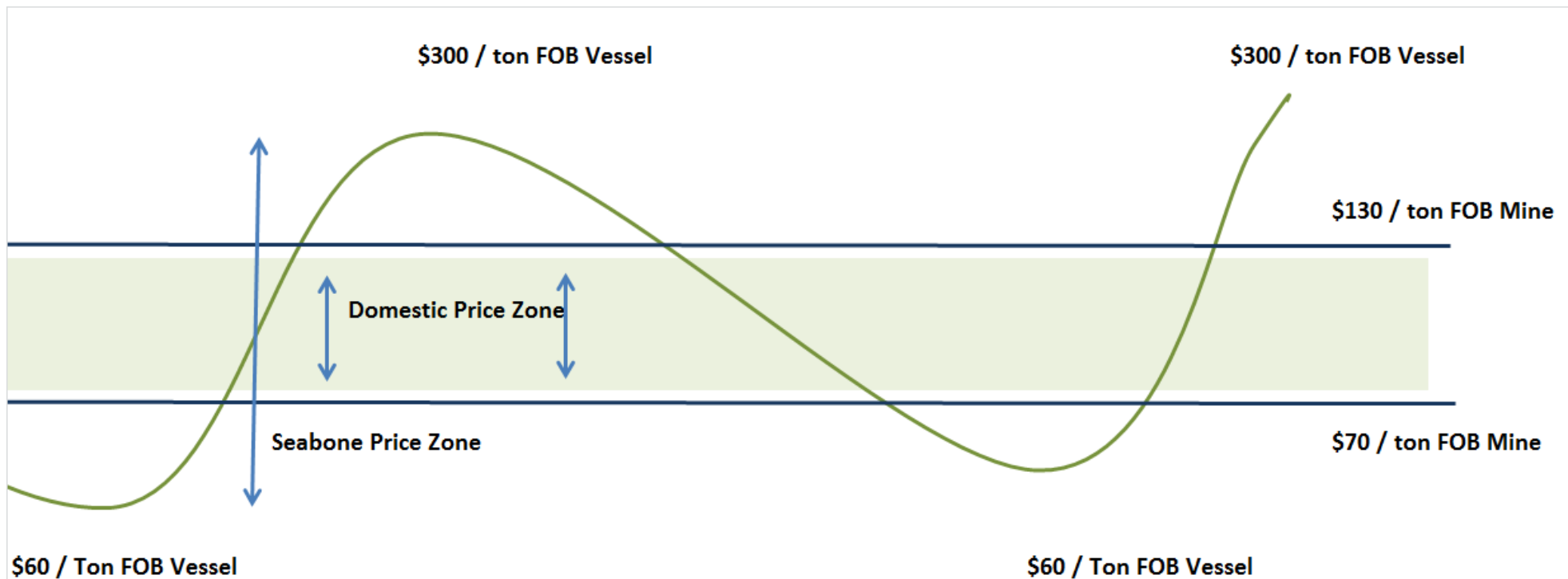
Exhibit 6: If we adjust Chinese domestic met coal output by a small amount, the impact on the seaborne market is large



Source: SXcoal, BMO Capital Markets

- Domestic market has less volatility than the export market
- Function of negotiation leverage (in a strong market) and cost prohibitive nature of met coal imports (in a weak market)

Historical Relationship Between Domestic and Export Pricing



Significant growth in US Met Exports. Significant tons pulled out of domestic market.

Metallurgical Coal Exports from US Terminals (tons in 000's)

Port	YTD May 2018 Exports	Increase vs YTD 2017 Levels	% Increase
Baltimore	4,506	669	17.5%
Hampton Roads	13,312	1,886	16.5%
Mobile	4,702	550	13.2%
Total from Above	22,502	3,105	13.8%
Annualized 2018 Baltimore + Hampton Roads	42,763	6,132	16.7%

Source: Energy Ventures Analysis

- **Bidding season started very early**
- **Extreme Coal Inventory Tightness – Recent emergencies**
- **Steel prices at 10-year highs; High margins for Steel companies.
Cost of disruption = very high**
- **Rail logistics a great supply chain concern**
- **Price – Service - Availability**
- **2019 Domestic coal pricing likely to be stronger than 2018 levels**

BOLD PREDICTIONS

- CY 2019 Australian low vol prices to average >\$170/mt FOB vessel
- Cost inflation + Logistics create disappointment vs expectations
- Continued supply rationalization in China
- More mergers & acquisitions in the sector

LEADING INDICATORS

- Debottlenecking US / AUS logistics
- Chinese domestic pricing
- Currency: RMB, AUD, USD
- Chinese policy decisions
- Steel and coke prices

THANK YOU



QUESTIONS?

