

CORSA CAPITAL LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 2010

In Canadian Dollars

AUDITORS' REPORT

To the Shareholders of
Corsa Capital Ltd.

We have audited the consolidated balance sheets of Corsa Capital Ltd. as at November 30, 2010 and 2009 and the consolidated statements of loss and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

February 22, 2011



Corsa Capital Ltd.
Consolidated Balance Sheets
As at November 30

Canadian Dollars

ASSETS	2010	2009
Current		
Cash	\$ 1,006,192	\$ 901,089
Restricted cash (Note 4)	69,561,921	-
GST receivable	189,832	34,301
Accounts receivable	1,482	-
Prepaid expenses	7,718	7,718
	70,767,145	943,108
Equipment (Note 5)	1,706	2,084
Advances to Wilson Creek Energy, LLC (Note 6)	4,590,809	-
Deferred acquisition costs (Note 7)	2,088,178	-
Resource property costs (Note 8)	78,793	-
	\$ 77,526,631	\$ 945,192
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,524,218	\$ 97,350
Note payable (Note 9)	5,094,475	-
	9,618,693	97,350
SHAREHOLDERS' EQUITY		
Share capital (Note 10a)	4,999,274	2,195,425
Contributed surplus (Note 10e)	732,737	1,332,974
Subscriptions received, net (Note 4)	66,415,010	-
Deficit	(4,239,083)	(2,680,557)
	67,907,938	847,842
	\$ 77,526,631	\$ 945,192

Nature and continuance of operations (Note 1)

Subsequent events (Note 16)

ON BEHALF OF THE BOARD:

"Donald Charter", Director

"Colin Benner", Director

Corsa Capital Ltd.
Consolidated Statements of Loss and Deficit
For the year ended November 30

Canadian Dollars

	2010	2009
Expenses		
Amortization	\$ 1,006	\$ 2,275
Bank charges	2,617	1,303
Legal, corporate secretary and accounting fees	174,473	87,515
Listing and filing fees	34,619	14,873
Office and administration	98,880	73,068
Salaries and consulting fees	181,636	283,901
Stock-based compensation (Note 10d)	37,186	620,587
Transfer agent fees	20,966	8,868
Travel and conferences	194,139	74,348
Net loss before other items	(745,522)	(1,166,738)
Other items:		
Interest income	118,022	908
Finance fee	(900,000)	-
Write-off of resource property costs	(31,026)	(614,438)
Net loss and comprehensive loss for the year	(1,558,526)	(1,780,268)
Deficit – beginning of year	(2,680,557)	(900,289)
Deficit – end of year	\$ (4,239,083)	\$ (2,680,557)
Loss per share – basic and diluted	\$ (0.08)	\$ (0.12)
Weighted Average Number of Common Shares Outstanding Basic and Diluted	19,019,089	14,954,185

- See Accompanying Notes -

Corsa Capital Ltd.
Consolidated Statements of Cash Flows
For the Year Ended November 30

Canadian Dollars

Cash Resources Provided By (Used In)	2010	2009
Operating Activities		
Net loss for the year	\$ (1,558,526)	\$ (1,780,268)
Items not affecting cash:		
Amortization	1,006	2,275
Stock-based compensation	37,186	620,587
Interest income	(118,011)	-
Finance fee	900,000	-
Write-off of resource property costs	30,210	614,438
Changes in non-cash working capital		
Receivables	(157,013)	11,053
Prepaid expenses	-	2,614
Accounts payable and accrued liabilities	412,613	34,836
	(452,535)	(494,465)
Investing Activities		
Resource property costs	(81,258)	(83,758)
Advances to Wilson Creek Energy, LLC	(4,590,809)	-
Deferred acquisition costs	(1,130,568)	-
Purchase of equipment	(628)	(507)
Restricted cash	(69,443,910)	-
	(75,247,173)	(84,265)
Financing Activities		
Note payable	5,094,475	-
Issuance of share capital	1,266,426	469,324
Subscriptions received	69,443,910	-
	75,804,811	469,324
Net increase (decrease) in cash for the year	105,103	(109,406)
Cash – beginning of the year	901,089	1,010,495
Cash – end of the year	\$ 1,006,192	\$ 901,089
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Accounts payable included in resource property costs and permits	\$ 28,560	\$ 17,195
Accounts payable included in deferred acquisition costs	\$ 973,930	\$ -
Subscription costs included in accounts payable	\$ 3,028,900	\$ -
Shares issued for finance fee	\$ 900,000	\$ -
Reallocation of contributed surplus on exercise of options and warrants	\$ 637,432	\$ -
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

- See Accompanying Notes -

Corsa Capital Ltd.
Consolidated Schedule of Resource Property Costs

Canadian Dollars

	Acquisition Costs	Deferred Exploration	For the year ended November 30, 2010	For the year ended November 30, 2009
Generative				
Assays	\$ -	\$ -	\$ -	\$ 3,704
Field and general	-	-	-	1,157
Geological consulting	-	26,840	26,840	30,952
Travel and accommodation	-	4,186	4,186	2,119
	-	31,026	31,026	37,932
Miller-Walker, Pennsylvania				
Acquisition costs	25,882	-	25,882	-
Field and general	-	7,478	7,478	-
Geological consulting	-	42,284	42,284	-
Travel and accommodation	-	3,149	3,149	-
	25,882	52,911	78,793	-
Sy, Nunavut				
Staking	-	-	-	10,212
Assays	-	-	-	18,021
Field and general	-	-	-	307
Geological consulting	-	-	-	13,522
Travel and accommodation	-	-	-	10,712
	-	-	-	52,774
Resource property costs for the year	25,882	83,937	109,819	90,706
Resource property costs written off	-	(31,026)	(31,026)	(614,438)
Balance, beginning of year	-	-	-	523,732
Balance, end of the year	\$ 25,882	\$ 52,911	\$ 78,793	\$ -

- See Accompanying Notes -

Corsa Capital Ltd.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2010

Canadian Dollars

1. Nature and Continuance of Operations

Corsa Capital Ltd. ("Corsa" or the "Company") was incorporated on June 14, 2007 under the Business Corporations Act (British Columbia), and was an exploration stage enterprise focusing on the acquisition, exploration and development of mineral properties. On April 17, 2008, the Company was listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO". On December 8, 2010, the Company completed the acquisition of Wilson Creek Energy, LLC ("Wilson Creek"). Its primary business is the mining, processing and selling of metallurgical coal, as well as actively exploring, acquiring and developing resource properties consistent with its coal business.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As at November 30, 2010, the Company has not begun its principal operations through Wilson Creek, and currently has no sources of operating cash flows. The Company believes it has raised sufficient funds to meet its obligations over the coming year. The Company expects to meet any further future obligations through cash generated from profitable operations. The Company's ability to continue as a going concern is dependent on any future financings and profitable operations.

2. Significant Accounting Policies

a) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Corsa Coal Pennsylvania, Inc., Wilson Creek Holdings, Inc., and Wilson Creek Mergerco, LLC. The results of operations of Corsa Coal Pennsylvania, Inc., Wilson Creek Holdings, Inc., and Wilson Creek Mergerco, LLC are included in these consolidated financial statements from the date of incorporation. All inter-company balances and transactions were eliminated upon consolidation.

b) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

c) Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. At November 30, 2010, the Company had \$1,006,192 (2009 - \$901,089) in cash.

Restricted cash consists of cash held in trust by the Company's transfer agent. The funds were released to the Company on the close of the Wilson Creek acquisition (note 16).

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

2. Significant Accounting Policies – Continued

d) Deferred acquisition costs

Professional, consulting and regulatory fees as well as other costs directly attributable to acquisition or financing transactions were capitalized as deferred acquisition costs once the completion of the transaction was considered to be more likely than not.

e) Equipment

The Company provides for amortization on its equipment at an annual rate of 100% for computer software and 30% for computer equipment on the declining balance method. One-half of the annual rate is taken in the year of acquisition.

f) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. For the years presented net loss equals comprehensive loss.

g) Resource Property Costs

The Company is an exploration stage Company which continually reviews its resource properties to determine whether these properties contain reserves that are economically recoverable.

Resource exploration and development costs are capitalized on an individual area of interest basis until such time as a mineral body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the reserves, while costs for the prospects abandoned are written off.

The recoverability of the amount capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

2. Significant Accounting Policies – Continued

h) Asset Retirement Obligations

The Company recognizes the fair value of legal obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost is recognized at fair value when a reasonable estimate of fair value can be estimated, in the year in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. No asset retirement costs have been recognized for the years presented as none of the Company's properties or equipment are estimated to require any remediation or other expenditures upon their retirement.

i) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on deferred or future income taxes for a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

j) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

k) Stock-Based Compensation

All stock-based awards are measured and recognized using a fair value based method. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

l) Loss per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per common share is calculated using the weighted-average number of shares outstanding during the year.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

2. Significant Accounting Policies – Continued

m) Flow-Through Shares

The Company accounts for flow-through shares using the recommendations of the Emerging Issues Committee EIC-146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If the Company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

n) Management’s Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Significant areas requiring the use of estimates relate to the determination of impairment of resource property costs, useful lives for amortization of equipment and estimates relating to stock-based compensation. Actual results could differ from those estimates.

o) Impairment of Long-lived Assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

p) Financial Instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income (loss). Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income (loss) until the instrument is derecognized or impaired.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

2. Significant Accounting Policies – Continued

p) **Financial Instruments - Continued**

The Company has classified its cash and restricted cash as held-for-trading. Accounts receivable, interest receivable, GST receivable and Advances to Wilson Creek Energy LLC are classified as loans and receivables. Accounts payable and accrued liabilities and note payable are classified as other financial liabilities, all of which are measured at amortized cost. Transaction costs related to notes payable are expensed as incurred.

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significant. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

See Note 11 for relevant disclosures.

q) **Capital Disclosures**

The Company adopted CICA Section 1535, “Capital Disclosures”. This section requires the Company to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. The disclosure includes quantitative and qualitative information regarding an entity’s objectives, policies and procedures for managing capital.

3. Future Accounting and Reporting Changes

a) **International Financial Reporting Standards (“IFRS”)**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011.

The Company has completed the diagnostic phase of planning for the implementation of IFRS. It has determined that the principal areas of impact will be IFRS 1 – first time adoption; presentation of financial statements; asset retirement obligations; impairment of assets; flow through shares and share-based payments. The Company expects its detailed analysis of relevant IFRS requirements and of IFRS 1 will be complete by the end of its fiscal quarter ending May 31, 2011, along with its determination of changes to accounting policies and choices to be made. The Company has not yet reached the stage where a quantified impact of conversion on its financial statements can be measured. The Company expects to complete its quantification of financial statement impacts by the end of its fiscal quarter ending May 31, 2011.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

3. Future Accounting and Reporting Changes - Continued

b) Business Combinations, Non-controlling Interest and Consolidated Financial Statements

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted.

4. Restricted Cash

On September 30, 2010, the Company completed a private placement equity financing of 154,319,800 subscription receipts at a price of \$0.45 per subscription receipt for gross proceeds of \$69,443,910 which were held in escrow by the Company's transfer agent pending the completion of the acquisition of Wilson Creek (note 16). Each subscription receipt was convertible into one common share of the Company upon the completion of the acquisition. The interest earned on the restricted cash to November 30, 2010 was \$118,011.

On December 8, 2010, upon the successful completion of the acquisition of Wilson Creek, the Company issued 154,319,800 common shares on the conversion of the subscription receipts issued on September 30, 2010. The net proceeds from the subscription receipts were \$66,415,010 after deducting \$3,028,900 in related costs (Note 16).

5. Equipment

Details are as follows:

	Cost	Accumulated Amortization	Net Book Value November 30, 2010
Computer equipment	\$ 3,208	\$ 1,815	\$ 1,393
Computer software	3,608	3,295	313
	\$ 6,816	\$ 5,110	\$ 1,706
			Net Book Value November 30, 2009
	Cost	Accumulated Amortization	Net Book Value November 30, 2009
Computer equipment	\$ 3,208	\$ 1,219	\$ 1,989
Computer software	2,980	2,885	95
	\$ 6,188	\$ 4,104	\$ 2,084

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

6. Advances to Wilson Creek Energy, LLC

In conjunction with acquisition of Wilson Creek (Note 16), the Company agreed to advance funds to Wilson Creek for the continued construction of a coal preparation plant on Wilson Creek's property in Somerset County, Pennsylvania. To November 30, 2010, \$4,590,809 had been advanced.

7. Deferred Acquisition Costs

The Company deferred the legal, accounting and consulting costs associated with the transaction under which the Company acquired 100% of Wilson Creek on December 8, 2010 (Note 16).

8. Resource Property Costs

Details are as follows:

	Acquisition Costs	Exploration Costs	Cumulative as at November 30, 2010	Cumulative as at November 30, 2009
Miller Walker, Pennsylvania	\$ 25,882	\$ 52,911	\$ 78,793	\$ -

Miller Walker, Pennsylvania

In December 2009, the Company signed an option agreement with Sherpa Mining Contractors, Inc. ("Sherpa") to acquire certain mining rights on the "Miller-Walker Property" Coal Lease in Somerset County, Pennsylvania, USA. The transaction is being conducted through Corsa Coal Pennsylvania, Inc. ("Corsa Coal"), a 100% owned subsidiary of Corsa Capital Ltd.

The option with Sherpa is for Corsa Coal to acquire certain mining rights to the Miller-Walker Property ("Property") in Somerset County, Pennsylvania, USA.

The option terms on the Miller-Walker Property are as follows:

- Corsa Coal made an initial cash payment to Sherpa of USD\$25,000 ("Option Payment") for the exclusive option to acquire the property and the right to fund the exploration of the Property and also fund completion of the permitting required in any mine site development process;
- Corsa Coal has the right and option to acquire a 100% interest in the Property, with no further expenditure commitments, by making a one-time cash payment to Sherpa in the amount of USD\$1,500,000 before December 31, 2011. Corsa Coal's exclusive option may be executed in writing at any time prior to December 31, 2011, and is subject to the terms and conditions of the instruments granting Sherpa its interests in the Property;
- Corsa Coal is required to incur minimum exploration expenditures, (including costs associated with engineering studies, permitting or securing coal leases) before December 31, 2010 of USD\$50,000 (incurred). Exploration expenditures in Year 2 are at the option of Corsa Coal and must occur before December 31, 2011;

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

If Corsa Coal terminates or does not exercise its option to acquire a 100% interest in the Property within the allotted two year time period, the option will lapse. Sherpa will repay all expenditures made by Corsa Coal on the Property, including the Option Payment, from proceeds from future mining income from the Property. Repayments to Corsa Coal by Sherpa will be made at the rate of USD\$2 per ton of raw coal extracted, with minimum payments of USD\$15,000 per annum until the expenditures are repaid.

Sy Property, Nunavut

On July 20, 2007, the Company entered into an agreement with Kaminak Gold Corporation, a related party, to acquire up to a 60% interest in the Sy Property, located on the Archean Yathkyed Greenstone Belt in Nunavut, by issuing up to 400,000 Units (100,000 issued) and incurring a minimum of \$2,000,000 (\$527,800 incurred) over 5 years. Each "Unit" consists of one common share of Corsa and one common share purchase warrant.

In December 2010, the option on the Sy property was allowed to lapse. As the Company received no consideration on the lapse of the property option, for accounting purposes, the value of the property was deemed to be \$Nil and therefore \$576,506 was written off to operations for the year ended November 30, 2010.

Other

During the year ended November 30, 2010, the Company wrote off generative costs of \$31,026 (2009 - \$37,932) to operations.

9. Note Payable

In September 2010, the Company completed a bridge financing in the aggregate principal amount of USD\$5,000,000 (\$5,094,475) evidenced by a debenture. The debenture was repaid in full on December 8, 2010 in accordance with its terms. In connection with the issuance of the debenture, the Company issued to the holders of the debenture an aggregate of 2,000,000 common shares, valued at \$900,000.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

10. Share Capital

a) Details as follows:

Authorized:
 Unlimited number of common voting shares without par value
 Unlimited number of preferred shares without par value

Issued:	Number	Amount
Balance at November 30, 2008	12,891,767	\$ 2,056,407
Private Placement, June 2009	4,300,000	78,709
Shares issued on warrant exercise	112,354	60,309
Balance at November 30, 2009	17,304,121	2,195,425
Shares issued on warrant exercise	4,037,646	1,008,009
Shares issued on option exercise	1,115,000	895,840
Shares issued for finance fee (Note 8)	2,000,000	900,000
	24,456,767	\$ 4,999,274

b) Private Placements

The Company completed no private placements during the year ended November 30, 2010.

In June 2009, the Company closed a private placement of 4,300,000 Units at a price of \$0.10 per Unit for gross proceeds of \$430,000. Each Unit is comprised of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 per share to June 10, 2011. The fair value of the common share purchase warrants, being \$351,291 was determined using the Black Scholes option pricing model with a volatility of 175.8%, risk free interest rate of 1.43%, expected life of 2 years, and a dividend rate of 0% and was recorded in contributed surplus.

c) Escrow Shares

As at November 30, 2010, the Company had 741,137 (2009 – 2,223,413) common shares in escrow.

c) Share Purchase Warrants

At November 30, 2010, the following warrants were issued and outstanding:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, November 30, 2008	450,000	\$0.35
Issued	4,300,000	\$0.15
Expired	(100,000)	\$0.35
Exercised	(112,354)	\$0.35
Outstanding warrants, November 30, 2009	4,537,646	\$0.16
Exercised	(4,037,646)	\$0.16
Outstanding warrants, November 30, 2010	500,000	\$0.15

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

10. Share Capital – Continued

c) Share Purchase Warrants – Continued

Expiry Date	Exercise Price	Number of Warrants	Remaining Contractual Life in Years
June 10, 2011	\$0.15	500,000	0.53

The fair value of warrants issued during the year ended November 30, 2009 was estimated using the Black-Scholes warrant pricing model with the following assumptions:

Estimated risk-free rate	1.43%
Expected volatility	175.78%
Estimated annual dividend yield	0.0%
Expected life of warrants	2.0 years

d) Options

On April 27, 2009, the Company adopted a stock option plan with the following terms:

- i) Options granted cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per share must be at least \$0.10.
- ii) At the time of the grant:
- the total number of shares so reserved for issuance by the Board of directors shall not exceed ten (10%) percent of the issued and outstanding shares (on a non-diluted basis);
 - the aggregate number of shares so reserved for issuance to any one optionee in a 12 month period shall not exceed five (5%) percent of the issued shares (on a non-diluted basis);
 - the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;
 - the aggregate number of options granted to employees, who provide investor relations activities must not exceed 2% of the issued shares in any 12 month period; and
 - options granted to consultants performing investor relations services must vest in stages over 12 months with no more than one-quarter of the options vesting in any 3 month period. Options granted to employees vest at the discretion of the Board of Directors.

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2010

Canadian Dollars

10. Share Capital – Continued

d) Options – Continued

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance, November 30, 2008	-	\$ -
Options granted	1,539,500	0.55
Balance, November 30, 2009	1,539,500	0.55
Options granted	70,000	0.59
Options exercised	(1,115,000)	0.55
Balance, November 30, 2010	494,500	0.55
Number of options currently exercisable	494,500	\$ 0.55

At November 30, 2010, the following options were issued and outstanding:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Expiring May 14, 2014	424,500	\$0.55	3.45
Expiring June 3, 2015	70,000	\$0.59	4.51
Total Options issued to November 30, 2010	494,500	\$0.55	3.60

The fair value of options issued during the year ended November 30, 2010 was estimated using the Black-Scholes option pricing model with the following assumptions:

Estimated risk-free rate	2.69%
Expected volatility	144.34%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

The fair value of options issued during the year ended November 30, 2009 was estimated using the Black-Scholes option pricing model with the following assumptions:

Estimated risk-free rate	2.24%
Expected volatility	99.34%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
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10. Share Capital – Continued

d) Options – Continued

During the year ended November 30, 2010, the Company granted options to acquire 70,000 (2009 – 1,539,500) common shares with a weighted average fair value of \$0.53 (2009 - \$0.40) per share, all of which vested during the year resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$37,186.

e) Contributed surplus

Balance at November 30, 2008	\$ 382,081
Fair value of options issued in May 2009	490,718
Fair value of warrants issued in June 2009	351,291
Fair value of options issued in June 2009	45,895
Fair value of options issued in August 2009	83,974
Fair value of warrants exercised	(20,985)
Balance at November 30, 2009	1,332,974
Fair value of options issued in June 2010	37,186
Fair value of options exercised	(282,590)
Fair value of warrants exercised	(354,833)
Balance at November 30, 2010	\$ 732,737

11. Related Party Transactions

The Company entered into the following related party transactions during the year:

a) Reimbursed expenses for travel and conference charges of \$29,700 (2009 - \$17,150), office and administration charges of \$57,747 (2009 - \$31,888) to a company controlled by two former directors and an officer of the Company.

b) Paid \$83,599 (2009 - \$163,049) in consulting fees to directors and officers and \$37,799 (2009 - \$29,350) in professional fees to an officer of the Company.

c) Directors and officers were issued 815,000 options on May 14, 2009, 100,000 options on June 11, 2009 and 250,000 options on August 26, 2009.

Included in accounts payable as at November 30, 2010 is \$35,757 (2009 - \$64,027) due to related parties. The amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

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12. Financial Instruments

Categories of financial assets and liabilities

As at November 30, 2010, the carrying value of the Company's financial instruments approximate their fair value. The carrying value of the Company's financial instruments is classified into the following categories:

	November 30, 2010	November 30, 2009
Held-for-trading	\$ 70,568,113	\$ 901,089
Receivables	\$ 191,314	\$ 34,301
Other financial liabilities	\$ 9,618,693	\$ 97,350

The fair value of the Company's accounts receivable, interest receivable, GST receivable and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the balance sheet. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2010, the Company had a cash balance of \$1,006,192 (2009 - \$901,089) to settle current liabilities of \$9,618,693 (2009 - \$97,350). Of the Company's financial liabilities, \$4,524,218 have contractual maturities of less than 30 days and are subject to normal trade terms, \$5,094,475 is interest free for 120 days, after which interest accrues at a rate of 12% per annum, payable semi-annually. The Company expects to repay its liabilities from funds raised in the concurrent financing completed with the acquisition of Wilson Creek (Note 16).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of November 30, 2010 and 2009, the Company did not have any investments invested in investment-grade short-term deposit certificates.

Corsa Capital Ltd.

Notes to the Consolidated Financial Statements

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12. Financial Instruments – Continued

(b) Foreign currency risk

The Company's foreign exchange risk arises primarily with respect to the US dollar as a result of its activities evaluating potential opportunities in the United States. The Company has elected not to actively manage its foreign exchange exposure at this time.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity as well as cash, GST receivable and current liabilities.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year ended November 30, 2010. The Company is not subject to externally imposed capital requirements.

14. Segmented Information

The Company operates in one industry, being the acquisition, exploration and development of resource properties. The Company's properties are located in Pennsylvania, United States.

The current year's presentation includes the following segments:

	November 30, 2010	November 30, 2009
Net Loss:		
Canada	\$ 1,558,526	\$ 1,780,268
United States	-	-
Loss for the year	\$ 1,558,526	\$ 1,780,268

Corsa Capital Ltd.
Notes to the Consolidated Financial Statements
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14. Segmented Information – Continued

	November 30, 2010	November 30, 2009
Capital assets:		
Canada	\$ 1,706	\$ 2,084
United States	78,793	-
Total capital assets	\$ 80,499	\$ 2,084

15. Income Taxes

- a) The income tax provision for the year differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates as follows:

	For the Year Ended November 30, 2010	For the Year Ended November 30, 2009
Loss before income taxes	\$ (1,558,526)	\$ (1,780,268)
Statutory Canadian federal and provincial tax rates	28.6%	30.0%
Expected tax recovery	(446,128)	(534,828)
Non-deductible (deductible) expenses		
Stock-based compensation	10,644	186,437
Amortization	288	683
Write-off of resource property costs	8,881	184,589
Financing, net	24,811	(8,275)
Unrecognized benefit of non-capital losses	401,504	171,394
	-	-
Future income tax recovery	\$ -	\$ -

- b) The components of the future income tax asset (liability) balances are as follows:

	2010	2009
Future income tax asset		
Equipment	\$ 1,000	\$ 900
Resource property costs	144,000	175,000
Non-capital loss carry-forwards	614,000	296,600
Share issuance costs	800,000	20,700
Future income tax asset	1,559,000	493,200
Valuation allowance	(1,559,000)	(493,200)
Future income tax assets	\$ -	\$ -

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Canadian Dollars

15. Income Taxes – Continued

The Company has available for deduction against future taxable income in Canada, non-capital losses of approximately \$1,970,000. These losses, if not utilized, will expire through 2030. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

16. Subsequent Events

- a) On December 8, 2010, the Company completed the purchase of 100% of Wilson Creek and the gross proceeds of the private placement of subscription receipts completed on September 30, 2010 of \$69,443,910 were released from escrow and delivered to Corsa.

Each subscription receipt was converted into one common share of the Company upon the completion of the acquisition of Wilson Creek. The Company issued 154,319,800 common shares on the conversion of the subscription receipts issued on September 30, 2010. In addition, the Company issued 6,338,206 common share purchase warrants to the agents for private placement equity financing. Each share purchase warrant entitles the holder to purchase one common share at a price of \$0.50 per common share. The net proceeds from the subscription receipts were \$66,415,010 after deducting \$3,028,900 in related costs.

The final purchase price paid for Wilson Creek was USD\$10,943,408 and the issuance of 52,570,204 common shares of Corsa. In addition, Corsa issued 1,000,000 common shares in payment of an advisory fee in connection with the acquisition transaction.

Wilson Creek, now a wholly owned subsidiary of Corsa, (together, the “Company”) is based in Johnstown, Pennsylvania. Its primary business is the mining, processing and selling of metallurgical coal, as well as actively exploring, and acquiring resource properties consistent with its coal business.

The leases, options and contracts of the Company give it control over coal properties in South-West Pennsylvania. The Company has nine surface and four underground projects with an aggregate area up to 18,065 acres located in Garrett County, Maryland and in the Cambria, Somerset and Washington Counties in Pennsylvania. These projects include the Acosta, Quarry and Cramer operating surface mines in the Northern Appalachian coal belt.

Bridge Loan

The bridge financing, evidenced by a debenture, was used by Corsa to advance funds to Wilson Creek to fund payments for the construction of the Wilson Creek coal preparation plant, has been repaid in full in accordance with its terms (note 9).

Wilson Creek

Coal Preparation Plant

The Company initiated construction of the Wilson Creek Coal Preparation Plant in July 2010. Construction of the plant, located near Somerset, Pennsylvania is well advanced and the plant is expected to be commissioned by the end of March 2011.

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Notes to the Consolidated Financial Statements
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16. Subsequent Events – Continued

Winner

The Winner underground project is located near Swanton in Garrett County, Maryland. The Company has an option to lease the property directly adjacent to this underground project.

Acosta Deep – Alumbaugh Property

The Company has entered into an agreement that provides it with an option, for 120 days, to acquire the rights to mine coal seams in Jenner, Quemahoning, Lincoln, and Somerset Townships in Somerset County, Pennsylvania referred to as the Alumbaugh property.

The property is immediately adjacent to the Company's existing Acosta Deep underground reserve. In the event that the Company elects to exercise the option, the purchase price would be a total of USD\$7,000,000 of which USD\$3,000,000 is payable on exercise and USD\$500,000 on each of the two anniversaries of the exercise (unless permitted earlier) and the balance in three equal annual instalments commencing on the earlier of the date the property is permitted and the third anniversary of the exercise.

Garrett

The Company exercised its options to enter into the Garrett Leases. Under the terms of the Garrett Leases, which have an initial term of five years (renewable for successive one-year periods), the Company has the right to extract the coal from the Upper Freeport Seam, which is in Somerset County, Pennsylvania. The Company has begun the permitting process on this project and expects to file its permit application by the end of March 2011.

Pittsburgh-Kovalchik

The Pittsburgh-Kovalchik is an underground project located in Washington County, Pennsylvania, which the Company has the right to acquire. The full purchase price is USD\$20,000,000. The option was to be exercised by December 31, 2010 and required a payment by Wilson Creek of USD\$7,000,000 by January 31, 2011 as an initial payment in respect of the aggregate USD\$20,000,000 purchase price. The Company has renegotiated the terms of this option, and the exercise date has been extended by one year to December 31, 2011. Wilson Creek will make quarterly installments of USD\$150,000, USD \$200,000, USD\$250,000 and USD\$300,000. These payments will be credited toward the USD \$7,000,000 exercise price. If exercised, the balance will be paid over four equal annual payments commencing September 2012.

- b) Subsequent to November 30, 2010, 295,000 stock options were exercised for proceeds of \$162,250 and 320,597 share purchase warrants were exercised for proceeds of \$90,929.
- c) Subsequent to November 30, 2010, 9,870,000 stock options at an exercise price of \$0.55 and 230,000 stock options at an exercise of \$0.92 were granted.