

**Corsa Coal Corp.**  
**(formerly Corsa Capital Ltd.)**  
**Interim Consolidated Financial Statements**  
**May 31, 2011**  
**(Unaudited)**

## **Management's Responsibility for Financial Reporting**

The accompanying interim consolidated financial statements of Corsa Coal Corp. (formerly Corsa Capital Ltd.) are the responsibility of management and have been approved by the Board of Directors.

The interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these principles have been set out in the Company's audited consolidated financial statements as at and for the year ended November 30, 2010. Only significant changes in accounting policies have been disclosed in these interim consolidated financial statements. The interim consolidated financial statements include estimates based on the experience and judgement of management in order to ensure that the financial statements are presented fairly, in all material respects.

The management of the Company and its subsidiaries developed and continues to maintain systems of internal accounting controls and management practices designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors exercises its responsibilities for ensuring that management fulfills its responsibilities for financial reporting with the assistance of the Audit Committee.

The Audit Committee is appointed by the Board of Directors and all its members are independent. The Committee meets periodically to review the interim consolidated financial statements and to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee reviews the Company's interim and annual consolidated financial statements and recommends their approval to the Board of Directors.

(Signed)

Donald K. Charter  
President and Chief Executive Officer

Toronto, Ontario  
July 25, 2011

(Signed)

Paul D. Caldwell  
Chief Financial Officer and Corporate Secretary

**Corsa Coal Corp.**  
**(formerly Corsa Capital Ltd.)**  
**Interim Consolidated Balance Sheets**  
**(Expressed in United States dollars)**  
**(All dollar amounts are in thousands)**  
**(Unaudited)**

	As at May 31, 2011	As at November 30, 2010
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 16,598	\$ 980
Restricted cash (note 7)	398	67,760
Amounts receivable (note 8)	2,291	186
Prepaid expenses and other	706	8
Inventories (note 9)	9,545	-
	<u>29,538</u>	<u>68,934</u>
Advance royalties and bonds (note 10)	1,955	-
Deferred loss on sale of equipment (note 14)	3,350	-
Advances to Wilson Creek Energy, LLC (note 5)	-	4,472
Deferred acquisition costs (note 5)	-	2,034
Mineral property, plant and equipment (note 11)	95,017	79
	<u>\$ 129,860</u>	<u>\$ 75,519</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 21)	\$ 4,901	\$ 4,407
Loan payable (note 12)	18,863	-
Current portion of notes payable (note 13)	544	4,963
Current portion of capital lease obligations (note 14)	1,469	-
	<u>25,777</u>	<u>9,370</u>
Loan payable (note 12)	5,100	-
Notes payable (note 13)	3,128	-
Capital lease obligations (note 14)	5,580	-
Asset retirement obligations (note 15)	4,363	-
	<u>43,948</u>	<u>9,370</u>
<b>Shareholders' Equity</b>		
Share capital (note 16)	95,203	4,815
Subscriptions received, net (note 16)	-	64,542
Contributed surplus (note 17)	3,247	680
Deficit	(12,696)	(4,046)
Accumulated other comprehensive income	158	158
	<u>85,912</u>	<u>66,149</u>
	<u>\$ 129,860</u>	<u>\$ 75,519</u>

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of the Board:

(Signed)

Colin K. Benner  
Chairman

(Signed)

Robert Scott  
Director

**Corsa Coal Corp.**  
**(formerly Corsa Capital Ltd.)**  
**Interim Consolidated Statements of Operations and Deficit**  
**(Expressed in United States dollars)**  
**(All dollar amounts are in thousands, except for per share amounts)**  
**(Unaudited)**

	Three months ended		Six months ended	
	May 31,		May 31,	
	2011	2010	2011	2011
<b>Revenue</b>				
Coal sales	\$ 3,100	\$ -	\$ 4,206	\$ -
<b>Expenses</b>				
Cost of coal sold	2,662	-	4,561	-
Royalties	290	-	439	-
Amortization	654	1	1,486	1
Corporate and administrative	1,561	234	2,680	337
Stock-based compensation (note 18)	477	-	1,365	-
Accretion (note 15)	52	-	99	-
	<u>5,696</u>	<u>235</u>	<u>10,630</u>	<u>338</u>
<b>Loss from operations</b>	<u>(2,596)</u>	<u>(235)</u>	<u>(6,424)</u>	<u>(338)</u>
<b>Other income and (expense)</b>				
Interest income	25	-	105	-
Interest expense	(42)	-	(60)	-
Accretion on discount of loan payable	(101)	-	(101)	-
Foreign exchange gain	22	-	1,926	-
Acquisition-related expenses	(218)	-	(3,015)	-
Financing fee	(989)	-	(989)	-
Loss on sale of assets	(2)	-	(92)	-
Write-off of mineral property	-	(28)	-	(29)
	<u>(1,305)</u>	<u>(28)</u>	<u>(2,226)</u>	<u>(29)</u>
<b>Net loss for the period</b>	<u>(3,901)</u>	<u>(263)</u>	<u>(8,650)</u>	<u>(367)</u>
Deficit, beginning of period	(5,998)	(2,643)	(4,046)	(2,539)
Acquisition-related expenses (note 2)	(2,797)	-	-	-
	<u>(8,795)</u>	<u>(2,643)</u>	<u>(4,046)</u>	<u>(2,539)</u>
<b>Deficit, end of period</b>	<u>\$ (12,696)</u>	<u>\$ (2,906)</u>	<u>\$ (12,696)</u>	<u>\$ (2,906)</u>
Weighted average number of common shares outstanding (thousands)				
- basic and diluted (note 19)	<u>234,089</u>	<u>17,646</u>	<u>225,430</u>	<u>17,622</u>
Net loss per common share				
- basic and diluted (note 19)	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>	<u>\$ (0.02)</u>

The accompanying notes form an integral part of these interim consolidated financial statements.

**Corsa Coal Corp.**  
**(formerly Corsa Capital Ltd.)**  
**Interim Consolidated Statements of Comprehensive Loss**  
**(Expressed in United States dollars)**  
**(All dollar amounts are in thousands)**  
**(Unaudited)**

	Three months ended May 31,		Six months ended May 31,	
	2011	2010	2011	2010
<b>Net loss for the period</b>	\$ (3,901)	\$ (263)	\$ (8,650)	\$ (367)
<b>Other comprehensive income</b>				
Unrealized exchange gain on translation of functional currency to reporting currency	-	8	-	11
Total other comprehensive income	-	8	-	11
<b>Comprehensive loss for the period</b>	\$ (3,901)	\$ (255)	\$ (8,650)	\$ (356)

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**Corsa Coal Corp.**  
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**Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(Expressed in United States dollars)**  
**(All dollar amounts are in thousands)**  
**(Unaudited)**

**Six months ended May 31, 2011**

	Number of Common Shares (000's)	Share Capital	Subscription receipts, net	Contributed surplus	Accumulated other Compre- hensive income	Deficit	Total Shareholders' Equity
<b>Balance, November 30, 2010</b>	24,457	\$ 4,815	\$ 64,542	\$ 680	\$ 158	\$ (4,046)	\$ 66,149
Private Placement	154,320	67,486	(67,486)	-	-	-	-
Acquisition of Wilson Creek Energy, LLC	52,570	23,404	-	-	-	-	23,404
Acquisition advisory fee	1,000	445	-	-	-	-	445
Financing fee	1,600	1,253	-	-	-	-	1,253
Exercise of stock options	360	509	-	(307)	-	-	202
Exercise of share purchase warrants	1,889	1,174	-	(266)	-	-	908
Issuance costs	-	(3,883)	2,944	-	-	-	(939)
Stock-based compensation	-	-	-	1,365	-	-	1,365
Share purchase warrants issued	-	-	-	1,775	-	-	1,775
Net loss for the period	-	-	-	-	-	(8,650)	(8,650)
Other comprehensive income	-	-	-	-	-	-	-
<b>Balance, May 31, 2011</b>	<u>236,196</u>	<u>\$ 95,203</u>	<u>\$ -</u>	<u>\$ 3,247</u>	<u>\$ 158</u>	<u>\$ (12,696)</u>	<u>\$ (85,912)</u>

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**Interim Consolidated Statements of Changes in Shareholders' Equity**  
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**Six months ended May 31, 2010**

	Number of Common Shares (000's)	Share Capital	Subscription receipts, net	Contributed surplus	Accumulated other Compre- hensive income	Deficit	Total Shareholders' Equity
<b>Balance, November 30, 2009</b>	17,304	\$ 2,079	\$ -	\$ 1,263	\$ -	\$ (2,539)	\$ 803
Private Exercise of stock options	150	139	-	(60)	-	-	79
Exercise of share purchase warrants	1,758	461	-	(162)	-	-	299
Net loss for the period	-	-	-	-	-	(367)	(367)
Other comprehensive income	-	-	-	-	11	-	11
<b>Balance, May 31, 2010</b>	<u>19,212</u>	<u>\$ 2,679</u>	<u>\$ -</u>	<u>\$ 1,041</u>	<u>\$ 11</u>	<u>\$ (2,906)</u>	<u>\$ 825</u>

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**Corsa Coal Corp.**  
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**Interim Consolidated Statements of Cash Flows**  
**(Expressed in United States dollars)**  
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**(Unaudited)**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Operating Activities</b>				
Net loss for the period	\$ (3,901)	\$ (263)	\$ (8,650)	\$ (367)
Items not affecting cash:				
Amortization	654	1	1,486	1
Stock-based compensation	477	-	1,365	-
Accretion	52	-	99	-
Accretion of discount on loan payable	101	-	101	-
Unrealized foreign exchange loss (gain)	4	-	(920)	-
Acquisition-related expenses	-	-	1,530	-
Financing fee	989	-	989	-
Loss on sale of assets	2	-	92	-
Write-off of mineral property	-	28	-	29
	<u>(1,622)</u>	<u>(234)</u>	<u>(3,908)</u>	<u>(337)</u>
Changes in non-cash working capital balances related to operations (note 20)	<u>(8,661)</u>	<u>100</u>	<u>(8,845)</u>	<u>37</u>
<b>Cash used in operating activities</b>	<u>(10,283)</u>	<u>(134)</u>	<u>(12,753)</u>	<u>(300)</u>
<b>Investing Activities</b>				
Acquisition of Wilson Creek Energy, LLC (note 5)	-	-	(10,940)	-
Acquisition of Maryland Energy Resources, LLC (note 6)	(14,999)	-	(14,999)	-
Restricted cash	(43)	-	67,688	-
Advance royalties and bonds	(1,313)	-	(1,935)	-
Proceeds on sale of assets	-	-	105	-
Mineral property, plant and equipment	<u>(8,071)</u>	<u>(38)</u>	<u>(18,757)</u>	<u>(77)</u>
<b>Cash provided by (used in) investing activities</b>	<u>(24,426)</u>	<u>(38)</u>	<u>21,162</u>	<u>(77)</u>
<b>Financing Activities</b>				
Loans payable	25,000	-	25,000	-
Sale-leaseback financing	7,168	-	7,168	-
Notes payable	(1,544)	-	(23,890)	-
Capital lease	(119)	-	(119)	-
Share capital proceeds	855	354	1,111	380
Share capital issuance costs	-	-	(2,954)	-
<b>Cash (used in) provided by financing activities</b>	<u>31,360</u>	<u>354</u>	<u>6,316</u>	<u>380</u>
<b>Foreign exchange (loss) gain on cash</b>	<u>(6)</u>	<u>3</u>	<u>893</u>	<u>7</u>
<b>Net increase (decrease) in cash for the period</b>	<u>(3,355)</u>	<u>185</u>	<u>15,618</u>	<u>10</u>
<b>Cash, beginning of period</b>	<u>19,953</u>	<u>679</u>	<u>980</u>	<u>854</u>
<b>Cash, end of period</b>	<u>\$ 16,598</u>	<u>\$ 864</u>	<u>\$ 16,598</u>	<u>\$ 864</u>

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**1. Nature of Operations**

The primary business of Corsa Coal Corp. (formerly Corsa Capital Ltd.) (“Corsa” or the “Company”) is the mining, processing and selling of metallurgical and thermal coal, as well as actively exploring, acquiring and developing resource properties that are consistent with its existing coal business. On December 8, 2010, the Company completed the acquisition of Wilson Creek Energy, LLC (“Wilson Creek”), which is based in Pennsylvania, U.S.A. On May 18, 2011, the Company completed the acquisition of Maryland Energy Resources, LLC (“Maryland Energy”), which is based in Maryland, U.S.A. The leases, options and contracts of the Company give it control over land in Pennsylvania and Maryland containing coal reserves, resources and inferred resources.

The business of exploring for and developing mineral resources is highly risky and there can be no assurance that planned programs will ultimately result in profitable mining operations. The recoverability of amounts recorded for mineral property depends upon the ability of the Company to obtain necessary financing to complete the development of mineral resources as well as to have future profitable operations. Changes in future conditions or circumstances, such as the amount of coal produced and sold, the market price of coal, operating costs, environmental costs and the level of exploration and development activity, might result in material write-downs of the carrying value of mineral property.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) applicable to a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at May 31, 2011, the Company had working capital of \$3,761,000 and has adequate resources to maintain its core activities and exploration and development plans for the upcoming 12 months, depending upon the Company achieving profitable operations or obtaining the necessary financing.

**2. Summary of Significant Accounting Policies**

*Basis of presentation*

These interim consolidated financial statements and accompanying notes have been prepared in accordance with Canadian GAAP for the preparation of interim financial statements. They do not include all the information and disclosures required by Canadian GAAP for annual consolidated financial statements. These interim consolidated financial statements have been prepared in accordance with the accounting policies and methods set forth in the Company’s audited consolidated financial statements as at and for the year ended November 30, 2010 and should be read in conjunction with those audited financial statements and notes thereto. Significant accounting policies adopted as a result of the Wilson Creek acquisition are as follows:

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**2. Summary of Significant Accounting Policies (continued)**

*Change in functional and reporting currency*

Effective December 1, 2010, the Company changed its functional and reporting currency to the United States dollar. The change in functional currency is to better reflect the Company's business activities as a result of the Wilson Creek acquisition. Concurrent with this change in functional currency, to facilitate the comparison of the Company's financial statements with other publicly traded businesses in the coal mining industry, the Company has adopted the United States dollar as its reporting currency effective December 1, 2010. Prior to December 1, 2010, the Company reported its annual and interim consolidated balance sheets and the related consolidated statements of operations and cash flows in Canadian dollars. In making this change in reporting currency, the Company followed the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA") set out in EIC 130 - Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency. In accordance with EIC -130, the comparative financial statements for the year and period presented have been translated to the new reporting currency using the current rate method. Under this method, the statements of operations and cash flow items for each year and period have been translated into the reporting currency using the average exchange rates prevailing during each reporting period. All assets and liabilities have been translated using the exchange rate prevailing at the balance sheet date. Shareholders' equity transactions since December 1, 2007 have been translated using the rate of exchange in effect as of the dates of the various capital transactions, while shareholders' equity balances on December 1, 2007 have been translated at the exchange rate on that date. All resulting exchange gains or losses arising from the translation are included as a separate component of other comprehensive income.

*Foreign currency translation*

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing at the consolidated balance sheet dates. Non-monetary assets and liabilities are translated at historical rates at each transaction date. Revenues and expenses are translated at exchange rates prevailing in the transaction period. All exchange gains and losses are included in the determination of income for the period.

*Inventories*

Coal inventory is valued at the lower of average production cost or purchase cost and net realizable value. Production costs include contract mining costs, direct labour, operating materials and supplies, transportation costs, amortization and royalties. Net realizable value is the expected difference between the average selling price for the finished product less the costs to get the product into saleable form and to the selling location.

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**2. Summary of Significant Accounting Policies (continued)**

*Mineral property, plant and equipment*

Mineral property and mine development are recorded at cost. Costs of developing new surface mines up until the commencement of mining, and the development of underground mines, along with certain underground expansion projects, are capitalized. Underground development costs, which are costs incurred to make the mineral physically accessible include costs to prepare property for, driving main entries for ventilation, haulage, personnel, construction of airshafts, roof protection and other facilities. Depletion of producing properties is provided using a unit-of-production method based upon the adjusted proven and probable mineral reserve position of the mine at the beginning of the fiscal year. Development costs are capitalized and charged to operations on a unit-of-production method based on proven and probable mineral reserves.

Plant, buildings and mine facilities are recorded at cost and depreciated on a straight-line basis over their useful lives of generally fifteen to twenty years, except for mine facilities which is over the life of the mine.

Equipment is recorded at cost and is depreciated on a straight line-basis over its useful life of generally three to five years. Maintenance and repairs of a routine nature are expensed as incurred.

Mineral property, plant and equipment include interest and financing costs relating to the construction of plant and equipment and operating costs, net of revenues, prior to the commencement of commercial production of new mines. Interest and financing costs are capitalized only for those projects for which funds have been borrowed.

*Revenue recognition*

Revenue is earned from the sale of coal and is recognized in the statement of operations when coal is delivered to a purchaser pursuant to a purchase agreement that fixes the quantity and price of the coal for each delivery.

*Recent accounting pronouncements*

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. During the three months ended May 31, 2011, Corsa retroactively adopted these sections effective December 1, 2010. The retroactive adoption resulted in the acquisition-related costs of \$2,797,000 that were capitalized in the three months ended February 28, 2011 being charged to the opening deficit at March 1, 2011.

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### **3. Capital Management**

The Company defines managed capital as its shareholders' equity. The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders. At May 31, 2011, total managed capital was \$85,912,000 (November 30, 2010 - \$66,149,000).

The Company's capital structure reflects the requirements of a company focused on sustaining cash flows from its current mining operations and financing both internal and external growth opportunities and development projects. The Company faces lengthy development lead times as well as risks associated with increasing capital costs and project completion due to unavailability of resources, permits and other factors beyond the Company's control. The Company's operations are also significantly affected by the market price of coal.

The Company continually assesses its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics associated with its underlying assets. In order to maintain or adjust the capital structure, the Company may issue new common shares or enter into new debt arrangements.

During the six months ended May 31, 2011, the Company changed its definition of managed capital from amounts receivable, current liabilities and shareholders' equity to shareholders' equity. The change was made due the acquisition of Wilson Creek on December 8, 2010.

### **4. Financial Instruments**

The Company's financial instruments consist of cash, restricted cash, amounts receivable, and accounts payable and accrued liabilities, loans payable and notes payable.

#### **(a) Fair Value**

Cash and restricted cash are designated as held-for-trading and therefore carried at fair value with the unrealized gains or losses recorded in the interim consolidated statements of operations and deficit. Amounts receivable are designated as loans and receivables and, therefore, carried at amortized cost with the gains or losses recognized in the interim consolidated statements of operations and deficit in the period that the asset is derecognized or impaired.

Accounts payable and accrued liabilities, loans payable and notes payable are designated as other financial liabilities and therefore carried at amortized cost with the gains or losses recognized in the interim consolidated statements of operations and deficit when the financial liability is derecognized or impaired. The estimated fair values of amounts receivable, accounts payable and accrued liabilities, loans payable and notes payable approximate their respective carrying values.

#### **(b) Financial Risk Management**

The Company is exposed to varying degrees to a variety of financial instrument related risks as described below.

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**4. Financial Instruments (continued)**

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts, whose balance at May 31, 2011 was \$16,598,000. Bank accounts are held with major banks in Canada and the United States. As the majority of the Company's cash is held by a Canadian bank, there is a concentration of credit risk with one bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to credit risk is on its amounts receivable which consists of trade receivables and sales taxes receivable. The Company assesses the quality of its customers, taking into account their creditworthiness and reputation, past experience and other factors. The risk on sales taxes receivable is minimal as they consist of refundable Canadian government value-added sales taxes.

*Currency Risk*

The Company also operates in Canada and is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency. The Company's cash, amounts receivable, and accounts payable and accrued liabilities that are held in Canadian dollars are subject to fluctuation against the United States dollar. A +/- 5% change in the exchange rates between the Canadian and United States dollars would, based on the Company's interim consolidated financial statements as at May 31, 2011, have an effect on the loss before taxes of approximately +/- \$165,000 .

*Interest Rate Risk*

The Company is exposed to interest rate risk as bank accounts earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short term interest rates. The income earned on these bank accounts is subject to the movements in interest rates. A change of 100 basis points in interest rates would have an effect on the loss before taxes for the three months ended May 31, 2011 of approximately +/- \$44,000.

The Company also records transaction costs related to the acquisition or issue of held-for-trading financial instruments to the interim consolidated statements of operations as incurred. Transaction costs related to financial instruments not designated as held for trading are included in the interim consolidated statements of operations as incurred.

*Liquidity Risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining a sufficient cash balance. As at May 31, 2011, the Company was holding cash totalling \$16,598,000.

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**5. Acquisition of Wilson Creek Energy, LLC**

On August 16, 2010, the Company entered into an agreement with Wilson Creek and the owners of Wilson Creek pursuant to which the Company would acquire it.

On December 8, 2010, the Company completed the acquisition of Wilson Creek, which is based in Pennsylvania, U.S.A. The leases, options and contracts of Wilson Creek give it control over land in west-central Pennsylvania containing coal reserves, resources and inferred resources. Wilson Creek has surface and underground projects located in Garrett County, Maryland and in the Cambria, Somerset and Washington Counties of Pennsylvania. The purchase has been accounted for as a business combination with the Company as the acquirer and Wilson Creek as the acquiree. The results of operations of Wilson Creek have been consolidated with those of the Company commencing on the acquisition date.

On September 24, 2010, the Company entered into a loan agreement with Wilson Creek for up to \$5,000,000 to partially fund the construction of the Wilson Creek coal preparation plant. Cash of \$4,498,000 provided by the Company to Wilson Creek under the terms of the loan agreement has been included in the total purchase price of Wilson Creek. The Company paid total consideration of \$38,845,000 which comprised cash of \$10,943,000 and 52,570,204 common shares issued at CDN\$0.45 to the owners of Wilson Creek and cash of \$4,498,000 loaned to Wilson Creek. The acquisition-related costs of \$2,853,000 were expensed.

The purchase price was allocated, on a preliminary basis, to the underlying assets acquired and liabilities assumed based on the fair values at the date of acquisition. The Company determined the fair values based on discounted cash flows, market information, independent valuations and management's estimates. Final valuations of certain items are not yet complete due to the inherent complexity associated with valuations, therefore, the purchase price allocation is preliminary and subject to adjustment over the course of the 2011 fiscal year on completion of the valuation process and resulting tax effects.

The total purchase price was as follows:

Cash	\$	10,943
Common shares issued		23,404
Cash advanced to Wilson Creek under loan agreement		4,498
	\$	<u>38,845</u>

The following table sets out the preliminary allocation of the purchase price to the fair values of the assets acquired and the liabilities assumed:

Cash	\$	3
Restricted cash		326
Net non-cash working capital		(18,255)
Mineral property, plant and equipment		61,740
Notes payable		(705)
Asset retirement obligations		(4,264)
	\$	<u>38,845</u>

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**6. Acquisition of Maryland Energy Resources, LLC**

On March 22, 2011, the Company entered into an agreement with Maryland Energy and the owners of Maryland Energy pursuant to which the Company would acquire it.

On May 18, 2011, the Company completed the acquisition of Maryland Energy, which is based in Maryland, U.S.A. The leases, options and contracts of Maryland Energy give it control over the Casselman Mine located in Garrett County, Maryland. The purchase has been accounted for as a business combination with the Company as the acquirer and Maryland Energy as the acquiree. The results of operations of Maryland Energy have been consolidated with those of the Company commencing on the acquisition date.

The Company paid total cash of \$15,000,000 to the owners of Maryland Energy. The acquisition-related costs of \$162,000 were expensed. In addition, production from the Casselman Mine is subject to a 1.25 percent royalty in favour of the Maryland Energy vendors.

The purchase price was allocated, on a preliminary basis, to the underlying assets acquired and liabilities assumed based on the fair values at the date of acquisition. The Company determined the fair values based on discounted cash flows, market information, independent valuations and management's estimates. Final valuations of certain items are not yet complete due to the inherent complexity associated with valuations, therefore, the purchase price allocation is preliminary and subject to adjustment over the course of the 2011 fiscal year on completion of the valuation process and resulting tax effects.

The total purchase price was as follows:

Cash	\$ <u>15,000</u>
------	------------------

The following table sets out the preliminary allocation of the purchase price to the fair values of the assets acquired and the liabilities assumed:

Cash	\$ 1
Net non-cash working capital	(1,117)
Mineral property, plant and equipment	16,162
Notes payable	<u>(46)</u>
	\$ <u>15,000</u>

**7. Restricted Cash**

Restricted cash at May 31, 2011 consists of interest bearing escrow accounts held as reclamation reserve for a contract miner and as collateral for the insurance company which provides mining bonds.

Restricted cash at November 30, 2010 consists of the gross proceeds of a private placement that were held in escrow by the Company's transfer agent pending completion of the acquisition of Wilson Creek (see Note 16(a)).

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**8. Amounts Receivable**

Accounts receivable consist of the following:

	<b>As at May 31, 2011</b>	<b>As at November 30, 2010</b>
Trade receivables	\$ 2,045	\$ -
Sales taxes receivable	246	186
	<u>\$ 2,291</u>	<u>\$ 186</u>

**9. Inventories**

Inventories consist of the following:

	<b>As at May 31, 2011</b>	<b>As at November 30, 2010</b>
Raw coal stockpiles	\$ <u>9,545</u>	\$ <u>-</u>

**10. Advance Royalties and Bonds**

Advance royalties consists of royalty payments that are required on certain mineral properties in advance of actual coal production or sales from those mineral properties. When production or sales commences from the properties, the royalty payments will be expensed on the basis of units-of-production or percentage of selling price depending on the terms of the royalty.

Bonds consist of cash collateral bonds for mineral properties and prepaid bond premium for mineral property bonds.

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**11. Mineral Property, Plant and Equipment**

Mineral property, plant and equipment consist of the following:

	<b>As at May 31, 2011</b>	<b>As at November 30, 2010</b>
Mineral property and mine development (a) (b)		
Cost	\$ 66,012	\$ 77
Less: accumulated amortization	(1,715)	-
	<u>64,297</u>	<u>77</u>
Plant		
Cost	21,339	-
Less: accumulated amortization	-	-
	<u>21,339</u>	<u>-</u>
Equipment		
Cost	2,307	7
Less: accumulated amortization	(94)	(5)
	<u>2,213</u>	<u>2</u>
Cost - under capital lease	7,168	-
Less: accumulated amortization	-	-
	<u>7,168</u>	<u>-</u>
	<u>9,381</u>	<u>2</u>
	<u>\$ 95,017</u>	<u>\$ 79</u>

- a.) Mineral property is subject to various royalties that are either based on a percentage of the sales price of the coal produced from a mineral property or a rate per ton for coal produced from a mineral property.
- b.) On April 5, 2011, the Company purchased the rights to mine all coal seams under the Alumbaugh Property located in Pennsylvania, U.S.A. The purchase price was a total of \$7,000,000, of which \$3,000,000 has been paid. The balance of the purchase price is payable over five years (see note 13).

**12. Loans Payable**

On May 18, 2011, the Company completed the drawdown of its \$25,000,000 senior credit facility (the "Facility") that was entered into on March 22, 2011. The first loan was for \$5,500,000 with a term of 13 months from May 18, 2011 and the second loan was for \$19,500,000 with an initial term of 6 months from May 18, 2011, subject to an extension by the Company for a further six month term. The purpose of the proceeds was to fund the purchase of Maryland Energy Resources, LLC (see note 6) and related capital requirements and for working capital.

The loans are evidenced by two separate debentures secured by a pledge by the Company of the shares of its principal subsidiary. No interest is payable for the initial terms of the loans (including the second six month term). Should the loans remain outstanding after maturity (or in the event of a default) the loans will bear interest at a rate of 5% per annum payable semi-annually, which interest may be satisfied by the issuance of common shares of the Company at a price equal to 95% of the market price determined at the date of payment.

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**12. Loans Payable (continued)**

At May 18, 2011, the fair value of the first loan was \$5,087,000 and the fair value of the second loan was \$18,815,000. The differences between the fair values of the loans and the cash consideration received (\$413,000 and \$685,000) have been recorded as a discount of loan payable on the interim balance sheet. The discount on loan payables is accreted over the term of the loans. During the three and six months ended May 31, 2011, accretion of \$13,000 related to the first loan and \$48,000 related to the second loan was expensed. At May 31, 2011, the fair value of the first loan was \$5,100,000 and the fair value of the second loan was \$18,863,000.

In connection with the Facility, the Company issued 3,000,000 share purchase warrants and 1,600,000 common shares of the Company to the lenders. Each share purchase warrant entitles the holder to purchase one common share at a price of CDN\$1.15 per common share until May 17, 2013 (see notes 16(a) and 16(c)). There are no standby or commitment fees payable by the Company in respect of the Facility. The fair value of \$2,087,000 for the share purchase warrants and common shares issued to the lenders less the discount of loan payable of \$1,098,000 was expensed as a finance fee in the interim consolidated statement of operations.

The lenders (each as to 50% of the aggregate principal amount of the Facility) are Lorito Holdings S.a.r.l. and Zebra Holdings and Investments S.a.r.l which are two companies wholly owned by a Lundin family trust.

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**13. Notes Payable**

Notes payable consist of the following:

	<b>As at May 31, 2011</b>	<b>As at November 30, 2010</b>
Three notes payable with monthly payments of \$718 and \$1,131 and an annual payment of \$57,000 with interest rates ranging from 0% to 6.25%, collateralized by equipment.	\$ 282	\$ -
Note payable with annual payments of \$500,000, \$500,000, \$1,000,000, \$1,000,000 and \$1,000,000 due on April 5 of each year and subject to acceleration one year after a mining permit is received for the Alumbaugh Property (see note 11) with interest rate on the last two payments of 4% , collateralized by a mortgage (a)	3,390	
Bridge financing in the aggregate principal amount of \$5,000,000, evidenced by a debenture, which was repaid in full on December 8, 2010 in accordance with its terms.	-	4,963
	3,672	4,963
Less: Current portion of notes payable	544	4,963
	\$ 3,128	\$ -

- (a) The fair value of the note payable was \$3,350,000. The difference between the fair values of the note payable and the principal amount has been recorded as a discount of note payable on the interim balance sheet. The discount on note payables is accreted over the term of the note. During the three and six months ended May 31, 2011, accretion of \$40,000 related to the note payable was expensed.

The aggregate amount of principal payments required on notes payable is as follows:

	<b>Amount</b>
Six months ending November 30, 2011	\$ 66
Year ending November 30, 2012	577
Year ending November 30, 2013	572
Year ending November 30, 2014	1,067
Year ending November 30, 2015	1,000
Year ending November 30, 2016	1,000
	\$ 4,282

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**14. Capital lease obligations**

On May 27, 2011, the Company entered into a sale-leaseback agreement for certain of its mobile equipment. The proceeds from the sale were \$7,168,000 and the net book value of the equipment was \$10,518,000. The loss of \$3,350,000 arising from the sale was deferred and will be amortized over the term of the capital leases.

The capital leases expire in 2015 and 2016 and bear interest at rates between 5.50% and 5.81%. Interest related to capital lease obligations during the six months ended May 31, 2011 was \$5,000 (2010- nil).

Capital lease obligations consist of the following:

	<b>As at May 31, 2011</b>	<b>As at November 30, 2010</b>
Total capital lease obligation	\$ 7,049	\$ -
Less: Current portion of capital lease obligation	1,469	-
	<u>\$ 5,580</u>	<u>\$ -</u>

The aggregate amount of minimum payments required on capital lease obligations is as follows:

	<b>Amount</b>
Six months ending November 30, 2011	\$ 762
Year ending November 30, 2012	1,830
Year ending November 30, 2013	1,830
Year ending November 30, 2014	1,830
Year ending November 30, 2015	1,324
Year ending November 30, 2016	409
Total minimum lease payments	<u>7,985</u>
Less: amounts representing interest	936
Present value of minimum lease payments	<u>\$ 7,049</u>

**15. Asset Retirement Obligations**

The Company's asset retirement obligations arise from its obligations to undertake site reclamation and remediation in connection with its activities.

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**15. Asset Retirement Obligations (continued)**

The changes in asset retirement obligations during the three and six months ended May 31, 2011 and 2010 are as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Balance, beginning of period	\$ 4,311	\$ -	\$ -	\$ -
Acquisition of Wilson Creek	-	-	4,264	-
Accretion	52	-	99	-
Balance, end of period	<u>\$ 4,363</u>	<u>\$ -</u>	<u>\$ 4,363</u>	<u>\$ -</u>

The assumptions used in the determination of the asset retirement obligations are as follows:

	<b>As at</b>	<b>As at</b>
	<b>May31,</b>	<b>November 30,</b>
	<b>2011</b>	<b>2010</b>
Estimated cost (undiscounted cash flow basis)	\$ <u>4,978</u>	\$ <u>-</u>
End of mine life	<u>2014</u>	<u>-</u>
Discount rate	<u>6.00%</u>	<u>-</u>

**16. Share Capital**

Share capital consists of the following:

	<b>As at</b>	<b>As at</b>
	<b>May 31,</b>	<b>November 30,</b>
	<b>2011</b>	<b>2010</b>
Common shares (a)	\$ <u>95,203</u>	\$ <u>4,815</u>

Authorized capital stock of the Company consists of an unlimited number of common voting shares without par value and an unlimited number of preferred shares without par value.

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**16. Share Capital (continued)**

(a) Common shares

The changes in issued and outstanding common shares during the six months ended May 31, 2011 are as follows:

	<b>Number of Common Shares (000's)</b>		<b>Amount</b>
Balance, November 30, 2010	24,457	\$	4,815
Private placement (i)	154,320		67,486
Acquisition of Wilson Creek (ii)	52,570		23,404
Acquisition advisory fee (iii)	1,000		445
Financing fee (iv)	1,600		1,253
Exercise of stock options (v)	360		509
Exercise of share purchase warrants (vi)	1,889		1,174
Issuance costs	-		(3,883)
Balance, May 31, 2011	<u>236,196</u>	<u>\$</u>	<u>95,203</u>

- (i) On December 8, 2010, the gross proceeds of the private placement of subscription receipts completed on September 30, 2010 of \$67,486,000 (CDN\$69,444,000) were released from escrow and delivered to the Company. 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 subscription receipts issued on September 30, 2010. The net proceeds from the subscription receipts were \$64,547,000 (CDN\$66,415,000) after deducting \$2,939,000 (CDN\$3,029,000) in related costs.
- (ii) On December 8, 2010, the Company completed the acquisition of Wilson Creek and paid total consideration of \$38,845,000 which comprised cash of \$10,943,000 and 52,570,204 common shares issued at CDN\$0.45 per share to the owners of Wilson Creek and cash of \$4,498,000 loaned to Wilson Creek. The acquisition-related costs of \$2,853,000 were expensed.
- (iii) On December 8, 2010, the Company issued 1,000,000 common shares with a value of CDN\$0.45 per share as payment of an advisory fee with respect to the acquisition of Wilson Creek. The total value of the common shares issued was \$445,000.
- (iv) On May 18, 2011, the Company issued 1,600,000 common shares with a value of CDN\$0.80 per share as payment of a fee with respect to the senior credit facility (see Note 12). The total value of the common shares issued was \$1,253,000.
- (v) During the six months ended May 31, 2011, 360,000 stock options, with exercise prices ranging from CDN\$0.55 to CDN\$0.59, were exercised.

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**16. Share Capital (continued)**

(vi) During the six months ended May 31, 2011, 1,889,282 share purchase warrants, with exercise prices ranging from CDN\$0.15 to CDN\$0.50, were exercised.

(b) Stock Option Plan

The Company has a stock option plan providing for the issuance of stock options to directors, officers, employees and service providers. The number of shares that may be acquired under an option granted to a participant is determined by the Board of Directors. The exercise price of the options granted shall comply with the requirements of the stock exchange or exchanges on which the Company's common shares are listed. The maximum term of any option may not exceed five years. Generally, options vest over three years. At May 31, 2011, there were 12,645,106 stock options available for grant under the stock option plan.

The changes in stock options during the six months ended May 31, 2011 are as follows:

	<b>Number of stock options (000's)</b>		<b>Weighted average exercise price (Cdn\$)</b>
Balance, November 30, 2010	495	\$	0.56
Granted to directors, officers and employees	10,770		0.59
Granted to a service provider (i)	70		0.55
Exercised	(360)		0.56
Balance, May 31, 2011	<u>10,975</u>	<u>\$</u>	<u>0.59</u>

(i) On December 8, 2010, the Company granted a stock option with an exercise price of CD\$0.55 per share and an expiry date of December 8, 2015 to a service provider.

The following tables summarize information about the stock options outstanding and exercisable at May 31, 2011:

Options outstanding:

<b>Exercise prices (Cdn\$)</b>	<b>Number outstanding at May 31, 2011 (000's)</b>	<b>Weighted average remaining contractual life (years)</b>		<b>Weighted average exercise price (Cdn\$)</b>
0.55	135	2.95	\$	0.55
0.55	9,870	4.53		0.55
0.82 to 1.07	970	4.79		1.01
<u>0.55 to 1.07</u>	<u>10,975</u>	<u>4.53</u>	<u>\$</u>	<u>0.59</u>

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**16. Share Capital (Continued)**

Options exercisable:

<b>Exercise prices (Cdn\$)</b>	<b>Number exercisable at May 31, 2011 (000's)</b>	<b>Weighted average exercise price (Cdn\$)</b>
<u>0.55</u>	<u>1,835</u>	<u>\$ 0.55</u>

(c) Share Purchase Warrants

The changes in share purchase warrants during the six months ended May 31, 2011 are as follows:

	<b>Number of share purchase warrants (000's)</b>	<b>Weighted average exercise price (Cdn\$)</b>
Balance, November 30, 2010	500	\$ 0.15
Issued (i)	6,338	0.50
Issued (ii)	3,000	1.15
Exercised	<u>(1,889)</u>	<u>0.46</u>
Balance, May 31, 2011	<u>7,949</u>	<u>\$ 0.73</u>

- (i) On December 8, 2010, the Company issued 6,338,206 common share purchase warrants to the agents for the private placement. Each share purchase warrant entitles the holder to purchase one common share at a price of CDN\$0.50 per common share until December 7, 2012.

The fair value of the share purchase warrants was estimated on the date of issue using the Black-Scholes warrant pricing model with the following weighted average assumptions:

Expected life in years: 1.0  
Risk-free interest rate: 1.34%  
Expected volatility: 93.9%  
Dividend yield: 0%

The weighted average fair value per share purchase warrant issued was Cdn\$0.15.

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**16. Share Capital (Continued)**

- (ii) On May 18, 2011, the Company issued 3,000,000 common share purchase warrants as payment of the fee with respect to the senior credit facility (see Note 12). Each share purchase warrant entitles the holder to purchase one common share at a price of CDN\$1.15 per common share until May 17, 2013.

The fair value of the share purchase warrants was estimated on the date of issue using the Black-Scholes warrant pricing model with the following weighted average assumptions:

Expected life in years: 1.0  
Risk-free interest rate: 1.26%  
Expected volatility: 107.9%  
Dividend yield: 0%

The weighted average fair value per share purchase warrant issued was Cdn\$0.27.

The following tables summarize information about the share purchase warrants outstanding and exercisable at May 31, 2011:

Exercise prices (Cdn\$)	Number outstanding at May 31, 2011 (000's)	Weighted Average remaining contractual Life (years)	Weighted average exercise price (Cdn\$)
0.15	300	0.03	\$ 0.15
0.50	4,649	1.53	0.50
1.15	3,000	1.96	1.15
<u>0.15 to 1.15</u>	<u>7,949</u>	<u>1.63</u>	<u>\$ 0.73</u>

**17. Contributed Surplus**

The changes in contributed surplus during the six months ended May 31, 2011 are as follows:

	Amount
Balance, November 30, 2010	\$ 680
Grant of stock options	488
Vesting of stock options granted	877
Share purchase warrants issued	1,775
Exercise of stock options	(307)
Exercise of share purchase warrants	(266)
Balance, May 31, 2011	<u>\$ 3,247</u>

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**18. Stock-based Compensation**

The stock-based compensation expense during the three months ended May 31, 2011 was \$477,000 (2010 – nil) and during the six months ended May 31, 2011 was \$1,365,000 (2010 - nil). In the case of options which vest immediately, the fair value of the options is expensed immediately. In the case of options which vest over time, the graded vesting method is used to expense compensation over the vesting period.

The exercise prices of the options granted to directors, officers, employees and a service provider during the six months ended May 31, 2011 ranged from CDN\$0.55 to CDN\$1.07. There were no options granted during the six months ended May 31, 2010.

The fair values of the stock options granted during the six months ended May 31, 2011 were estimated on the date of issue using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected life in years: 2.0 to 4.0  
Risk-free interest rate: 1.7% to 2.4%  
Expected volatility: 139.7% to 142.0%  
Dividend yield: 0.0%

The weighted average fair value per option for the options granted during the six months ended May 31, 2011 was Cdn\$0.37.

**19. Net Loss per Common Share**

Basic and diluted net loss per common share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period.

Basic and diluted net loss per common share has been calculated using the weighted average number of common shares outstanding of 234,089,000 during the three months ended May 31, 2011 (2010 – 17,646,000) and 225,430,000 during the six months ended May 31, 2011 (2010- 17,622,000).

Any potential common shares whose effect is anti-dilutive have not been reflected in the calculation of diluted loss per common share. The determination of the weighted average number of common shares outstanding for the calculation of diluted loss per common share does not include the effect of outstanding stock options since to do so would reduce the loss per common share and would therefore be anti-dilutive.

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**20. Supplemental Cash Flow Information**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>May 31,</b>		<b>May 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Changes in non-cash working capital balances related to operations:				
Amounts receivable	\$ (1,748)	\$ (4)	\$ (2,104)	\$ (7)
Prepaid expenses and other	(312)	6	(574)	4
Inventories	(7,120)	-	(8,673)	-
Accounts payable and accrued liabilities	519	98	2,506	40
	<u>\$ (8,661)</u>	<u>\$ 100</u>	<u>\$ (8,845)</u>	<u>\$ 37</u>
Non-cash investing activities:				
Advances to Wilson Creek settled by acquisition of Wilson Creek	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,472</u>	<u>\$ -</u>
Consideration for acquisition of Wilson Creek settled by issue of common shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,404)</u>	<u>\$ -</u>
Non-cash financing activities:				
Share capital issue costs settled by issue of share purchase warrants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (940)</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ (30)</u>	<u>\$ -</u>	<u>\$ (48)</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**21. Related Party Transactions**

During the three and six months ended May 31, 2011, the Company purchased \$320,000 and \$832,000, respectively, in goods and services from companies that are controlled by certain directors and employees of the Company.

During the three months ended May 31, 2010, the Company entered into the following transactions:

- (a) Reimbursed expenses for travel and conference charges of \$10,000 and office and administration charges of \$5,000 to a company controlled by an officer of the Company.
- (b) Incurred \$20,000 in accounting and consulting fees to directors and officers of the Company.

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**21. Related Party Transactions (continued)**

During the six months ended May 31, 2010, the Company entered into the following transactions:

- (a) Reimbursed expenses for travel and conference charges of \$16,000 and office and administration charges of \$9,000 to a company controlled by an officer of the Company.
- (b) Incurred \$43,000 in accounting and consulting fees to directors and officers of the Company.

Included in accounts payable and accrued liabilities at May 31, 2011 is \$188,000 (November 30, 2010 - \$35,000) 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.

**22. Segmented Information**

The Company currently operates in one reportable operating segment, being the mining, processing and selling of metallurgical and thermal coal, as well as actively exploring, acquiring and developing resource properties consistent with its coal business. The following geographic data includes revenues, net losses, non-current assets and total assets:

	<b>Three months ended May 31, 2011</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Revenue	\$ <u>3,100</u>	\$ <u>-</u>	\$ <u>3,100</u>
Net loss	\$ <u>(1,814)</u>	\$ <u>(2,087)</u>	\$ <u>(3,901)</u>
	<b>Three months ended May 31, 2010</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Net loss	\$ <u>-</u>	\$ <u>(263)</u>	\$ <u>(263)</u>
	<b>Six months ended May 31, 2011</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Revenue	\$ <u>4,206</u>	\$ <u>-</u>	\$ <u>4,206</u>
Net loss	\$ <u>(4,576)</u>	\$ <u>(4,074)</u>	\$ <u>(8,650)</u>

**Corsa Coal Corp.**  
**(formerly Corsa Capital Ltd.)**  
**Notes to Interim Consolidated Financial Statements**  
**May 31, 2011**  
**(Expressed in United States dollars)**  
**(All tabular dollar amounts are in thousands, except for per share amounts)**  
**(Unaudited)**

**22. Segmented Information (continued)**

	<b>Six months ended May 31, 2010</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Revenue	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
Net loss	\$ <u>          -</u>	\$ <u>        (367)</u>	\$ <u>        (367)</u>
	<b>As at May 31, 2011</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Non-current assets	\$ <u>      100,208</u>	\$ <u>          114</u>	\$ <u>      100,322</u>
Total assets	\$ <u>      116,608</u>	\$ <u>      13,252</u>	\$ <u>      129,860</u>
	<b>As at November 30, 2010</b>		
	<b>United States</b>	<b>Canada</b>	<b>Total</b>
Non-current assets	\$ <u>          77</u>	\$ <u>      6,508</u>	\$ <u>      6,585</u>
Total assets	\$ <u>          77</u>	\$ <u>      75,442</u>	\$ <u>      75,519</u>

**23. Subsequent Events**

Subsequent to May 31, 2011, 68,000 stock options with an exercise price of CDN\$0.55 each were exercised, 300,000 share purchase warrants with an exercise price of CDN\$0.15 each were exercised and 2,218,000 share purchase warrants with an exercise price of CDN\$0.50 each were exercised.

**24. Comparative Figures**

The comparative financial statements have been reclassified to conform to the presentation of the current period interim consolidated financial statements.