

**CORSA CAPITAL LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2010**

**In Canadian Dollars**

**Unaudited – Prepared by Management**

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Consolidated Balance Sheets**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

	As at August 31, 2010	As at November 30, 2009
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 395,663	\$ 901,089
Accounts receivable	2,316	-
GST receivable	107,650	34,301
Prepaid expenses	11,576	7,718
	<b>517,205</b>	<b>943,108</b>
<b>Equipment</b> <i>(Note 5)</i>	<b>1,957</b>	<b>2,084</b>
<b>Deferred Acquisition Costs</b> <i>(Note 4)</i>	<b>844,110</b>	<b>-</b>
<b>Resource Property Costs</b> <i>(Note 6)</i>	<b>352,633</b>	<b>-</b>
	<b>\$ 1,715,905</b>	<b>\$ 945,192</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 770,527	\$ 97,350
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> <i>(Note 7a)</i>	<b>3,284,477</b>	<b>2,195,425</b>
<b>Contributed surplus</b> <i>(Note 7e)</i>	<b>944,488</b>	<b>1,332,974</b>
<b>Deficit</b>	<b>(3,283,587)</b>	<b>(2,680,557)</b>
	<b>945,378</b>	<b>847,842</b>
	<b>\$ 1,715,905</b>	<b>\$ 945,192</b>

Nature and continuance of operations (Note 1)

ON BEHALF OF THE BOARD:

"Donald Charter" President and CEO, Director

"Robert Scott", Director

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Loss and Deficit**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

	<b>For the three month period ended August 31, 2010</b>	<b>For the three month period ended August 31, 2009</b>	<b>For the nine month period ended August 31, 2010</b>	<b>For the nine month period ended August 31, 2009</b>
<b>Expenses</b>				
Advertising and promotion	\$ 889	\$ 13,685	\$ 4,787	\$ 24,705
Amortization	252	569	754	1,707
Bank charges and interest	-	34	874	1,129
Legal, corporate secretary and accounting fees	18,844	14,335	154,373	69,000
Listing and filing fees	14,817	4,909	23,880	14,771
Office and administration	31,760	24,701	52,695	44,067
Salaries and consulting fees	55,959	64,774	154,966	183,044
Stock-based compensation	27,890	129,869	27,890	620,587
Transfer agent fees	4,025	1,772	7,181	7,214
Travel and corporate development	68,593	9,381	145,420	38,603
<b>Net loss for the period before other items</b>	<b>(223,029)</b>	<b>(264,029)</b>	<b>(572,820)</b>	<b>(1,004,827)</b>
Other items:				
Interest income	-	-	-	908
Write-off of resource property costs	-	(2,912)	(30,210)	(31,942)
<b>Net loss and comprehensive loss for the period</b>	<b>(223,029)</b>	<b>(266,941)</b>	<b>(603,030)</b>	<b>(1,035,861)</b>
Deficit – beginning of period	(3,060,558)	(1,669,209)	(2,680,557)	(900,289)
<b>Deficit – end of the period</b>	<b>\$ (3,283,587)</b>	<b>\$ (1,936,150)</b>	<b>\$ (3,283,587)</b>	<b>\$ (1,936,150)</b>
<b>Loss per share – basic and diluted</b>				
	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.07)
<b>Weighted Average Number of Common Shares Outstanding</b>				
	17,646,140	16,813,745	17,621,577	14,194,322

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Consolidated Statements of Cash Flows**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

<b>Cash Resources Provided By (Used In)</b>	<b>For the three month period ended August 31, 2010</b>	<b>For the three month period ended August 31, 2009</b>	<b>For the nine month period ended August 31, 2010</b>	<b>For the nine month period ended August 31, 2009</b>
<b>Operating Activities</b>				
Net loss for the period	\$ (223,029)	\$ (266,941)	\$ (600,030)	\$ (1,035,861)
Items not affected by cash:				
Write-off of resource property costs	-	2,912	30,210	31,942
Amortization	252	569	754	1,707
Stock-based compensation	27,890	129,869	27,890	620,587
Changes in non-cash working capital				
Accounts receivable	(834)	-	(2,316)	-
GST receivable	(67,084)	(3,080)	(73,349)	16,395
Prepaid expenses	(8,276)	1,086	(3,858)	2,982
Accounts payable and accrued liabilities	(73,537)	11,944	(34,539)	689
	<b>(344,618)</b>	<b>(123,641)</b>	<b>(658,238)</b>	<b>(361,559)</b>
<b>Investing Activities</b>				
Fixed asset purchases	-	-	(627)	(507)
Deferred Acquisition costs	(190,289)	-	(190,289)	-
Resource property costs	(250,089)	(2,912)	(328,948)	(84,292)
	<b>(440,378)</b>	<b>(2,912)</b>	<b>(519,864)</b>	<b>(84,799)</b>
<b>Financing Activities</b>				
Share subscriptions payable	-	(400,000)	-	-
Issuance of share capital, net of issuance costs	279,000	430,000	672,675	430,000
	<b>279,000</b>	<b>30,000</b>	<b>672,675</b>	<b>430,000</b>
<b>Net decrease in cash for the period</b>	<b>(505,996)</b>	<b>(96,553)</b>	<b>(505,426)</b>	<b>(16,358)</b>
<b>Cash – beginning of the period</b>	<b>901,659</b>	<b>1,090,690</b>	<b>901,089</b>	<b>1,010,495</b>
<b>Cash – end of the period</b>	<b>\$ 395,663</b>	<b>\$ 994,137</b>	<b>\$ 395,663</b>	<b>\$ 994,137</b>
<b>Supplemental Schedule of Non-Cash Investing and Financial Activities</b>				
Accounts payable included in resource property costs	\$ 53,894	\$ -	\$ 53,894	\$ -
Accounts payable included in deferred acquisition costs	\$ 653,821	\$ -	\$ 653,821	\$ -

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Consolidated Schedule of Resource Property Costs**

Canadian Dollars  
(Unaudited – Prepared by Management)

	Acquisition Costs	Deferred Exploration	For the nine month period ended August 31, 2010	For the year ended November 30, 2009
<b>Generative</b>				
Assays	\$ -	\$ -	\$ -	\$ 3,704
Field and general	-	-	-	1,157
Geological consulting	-	26,023	26,023	30,952
Travel and accommodation	-	4,186	4,186	2,119
	-	30,209	30,209	37,932
<b>Miller-Walker, Pennsylvania</b>				
Acquisition costs – cash	25,882	-	25,882	-
Field and general	-	7,477	7,477	-
Geological consulting	-	13,895	13,895	-
Travel and accommodation	-	3,149	3,149	-
	25,882	24,521	50,403	-
<b>Sy, Nunavut</b>				
Staking	-	-	-	10,212
Assays	-	-	-	18,021
Field and general	-	-	-	307
Geological consulting	-	-	-	13,522
Travel and accommodation	-	-	-	10,712
	-	-	-	52,774
<b>Wilson Creek Energy, LLC Properties</b>				
Field and general	-	132,719	132,719	-
Geological consulting	-	169,511	169,511	-
	-	302,230	302,230	-
<b>Resource property costs for the period</b>	25,882	356,960	382,842	90,706
<b>Resource property costs written off</b>	-	(30,209)	(30,209)	(614,438)
<b>Balance beginning of period</b>	-	-	-	523,732
<b>Balance end of the period</b>	\$ 25,882	\$ 326,751	\$ 352,633	\$ -

- See Accompanying Notes -

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*

*(Unaudited – Prepared by Management)*

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**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 is an exploration stage enterprise focusing on the acquisition, exploration and development of resource properties. On April 17, 2008, the Company was listed on the TSX Venture Exchange ("TSX-V") under the symbol "CSO".

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 August 31, 2010, the Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses since its inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

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**2. Significant Accounting Policies**

These interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and follow the same accounting policies and methods of their application as the most recent annual financial statements except that the Company has adopted the following CICA guidelines effective for the Company's first quarter commencing December 1, 2009. These interim financial statements do not include all disclosures required by Canadian Generally Accepted Accounting Principles for annual financial statements and accordingly, the interim financial statements should be read in conjunction with the audited financial statements and notes thereto of the Company as at November 30, 2009.

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**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 is currently developing its implementation timeline for the conversion process and will continue to invest in training and additional resources. The Company will then assess and report on the financial reporting impact of the transition to IFRS, which cannot be reasonably estimated at this time.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

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**4. Wilson Creek Energy, LLC Acquisition Transaction**

On August 17, 2010, the Company entered into an agreement with Wilson Creek Energy, LLC (“Wilson Creek”) and the owners of Wilson Creek, pursuant to which Corsa will acquire Wilson Creek (the “Acquisition Transaction”), subject to the terms and conditions of the Agreement, including the completion of the Private Placement (as described below).

Wilson Creek is based in Somerset County, Pennsylvania and will, upon completion of the Acquisition Transaction, own, control and/or have options to acquire coal properties with proven and probable reserves of 7.5 million tons and measured and indicated resources of 71.4 million tons and inferred resources of 2.4 million tons. Wilson Creek has commenced the construction of a wash plant, located on the CSX railway, to produce metallurgical coal for domestic and export use. The wash plant is expected to be commissioned by the end of the first quarter of 2011, and will be supplied initially by three open pit mines and additional coal purchase contracts from other regional operations. In addition, Wilson Creek plans to operate two underground mines and four open pit mines that are in the permitting stage and are expected to commence production between 2011 and 2014. The Pittsburgh Seam property in Washington County, Pennsylvania, is under option to Wilson Creek and is in the permitting stage and is expected to commence production in 2013.

A private placement of approximately \$69.4 million and an issuance of a debenture with a principal amount of \$5 million are intended to be completed by Corsa in connection with the Acquisition Transaction.

**5. Equipment**

Details are as follows:

	Cost	Accumulated Amortization	Net Book Value August 31, 2010
Computer equipment	\$ 3,208	\$ 1,666	\$ 1,542
Computer software	3,608	3,193	415
	\$ 6,816	\$ 4,859	\$ 1,957

	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.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

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**6. Resource Property Costs**

Details are as follows:

	Acquisition Costs	Exploration Costs	Cumulative as at August 31, 2010	Cumulative as at November 30, 2009
Miller-Walker, Pennsylvania	\$ 25,882	\$ 24,521	\$ 50,403	\$ -
Wilson Creek Energy, LLC Properties	-	302,230	302,230	-
	\$ 25,882	\$ 326,751	\$ 352,633	\$ -

**Miller-Walker Property**

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 was conducted through Corsa Coal Pennsylvania, Inc. (“Corsa Coal”), a 100% owned subsidiary of Corsa Capital Ltd. incorporated on December 16, 2009.

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. Exploration expenditures in Year 2 are at the option of Corsa Coal and must be before December 31, 2011;
- 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 of future mining income from the Property. Repayments to Corsa Coal by Sherpa will be made at the rate of \$2 per ton of raw coal extracted, with minimum payments of \$15,000 per annum until the expenditures are repaid.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

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**6. Resource Property Costs – Continued**

**Sy Property, Nunavut**

On July 20, 2007, the Company entered into an agreement with Kaminak Gold Corporation to acquire up to a 60% interest in the Sy Property, located on the Archean Yathkyed Greenstone Belt in Nunavut.

In December 2009, the Company gave formal written notice to Kaminak Gold Corporation of its intention to let lapse the option on Kaminak's Sy Gold Project in Nunavut, Canada as a result all costs incurred to November 30, 2009 had been written off.

**Wilson Creek Energy, LLC Properties**

Refer to Note 4.

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**7. 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	2,517,646	655,830
Shares issued on stock option exercise	450,000	433,222
<b>Balance at August 31, 2010</b>	<b>20,271,767</b>	<b>\$3,284,477</b>

b) Private Placements

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.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

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**7. Share Capital – Continued**

c) Share Purchase Warrants

At August 31, 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	(2,517,646)	\$0.18
Outstanding warrants, August 31, 2010	2,020,000	\$0.15

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
June 10, 2011	\$0.15	2,020,000	0.78

The fair value of warrants issued during the year ended November 30, 2009 were estimated using the Black-Scholes Warrant Pricing Model with the following assumptions:

Estimated risk-free rate	.43%
Expected volatility	175.78%
Estimated annual dividend yield	0.0%
Expected life of warrants	2.0 years

d) Stock Options

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

i) Options granted can not 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:

a) 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);

b) 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);

c) the aggregate number of options granted to any one consultant in a 12 month period shall not exceed 2% of the issued shares;

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**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*  
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**7. Share Capital – Continued**

d) Stock Options – Continued

d) 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

e) 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.

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 exercised	(450,000)	\$ 0.55
Options granted	70,000	\$ 0.59
Options expired	(10,000)	\$ 0.55
Balance, August 31, 2010	1,149,500	\$ 0.55

As at August 31, 2010, the following options were issued and outstanding:

	Number of Options Issued	Number of Options Vested	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Expiring May 14, 2014	729,500	729,500	\$0.55	3.70
Expiring June 11, 2014	100,000	100,000	\$0.55	3.78
Expiring August 26, 2014	250,000	250,000	\$0.55	3.99
Expiring June 3, 2015	70,000	35,000	\$0.59	4.76
August 31, 2010	1,149,500	1,114,500	\$0.55	3.84

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*

**7. Share Capital – Continued**

c) *Stock Options – Continued*

The fair value of options issued during the period ended August 31, 2010 were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	2.24%
Expected volatility	144%
Estimated annual dividend yield	0.0%
Expected life of options	5 years

During the period ended August 31, 2010, the Company granted options to acquire 70,000 common shares with a weighted average fair value of \$0.59 per share, half of which had vested during the period resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$27,890.

The fair value of options issued during the period ended August 31, 2010 were 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

During the year ended November 30, 2009, the Company granted options to acquire 1,539,500 common shares with a weighted average fair value of \$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 \$620,587.

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 warrants exercised	(230,655)
Fair value of options exercised	(185,721)
Fair value of options issued in June 2010	27,890
Balance at August 31, 2010	\$ 944,488

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*  
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**8. Related Party Transactions**

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

a) Reimbursed expenses for travel and conference charges of \$29,700 (2009 - \$7,400) and office and administration charges of \$30,598 (2009 - \$2,500) to a company controlled by an officer of the Company. At August 31, 2010, \$5,250 (2009 – Nil) of these costs remained in accounts payable.

b) Incurred \$72,450 (2009 - \$30,700) in accounting and consulting fees to directors and officers. At August 31, 2010, \$8,472 (2009 – Nil) of these costs remained in accounts payable.

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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**9. Financial Instruments**

**Categories of financial assets and liabilities**

As at August 31, 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:

	<b>August 31, 2010</b>	<b>November 30, 2009</b>
Held-for-trading	\$ 395,663	\$ 901,089
Receivables	\$ 109,966	\$ 34,301
Other financial liabilities	\$ 770,527	\$ 97,350

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The fair value of the Company's receivables 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 August 31, 2010, the Company had a cash balance of \$395,663 (November 30, 2009 - \$901,089) to settle current liabilities of \$770,527 (November 30, 2009 - \$97,350). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company currently has a shortfall in its working capital which it anticipates correcting with the closing of the acquisition transaction and concurrent financing, see Note 4 and 11.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*  
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**9. Financial Instruments – Continued**

*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 August 31, 2010 and November 30, 2009, the Company did not have any investments invested in investment-grade short-term deposit certificates.

(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 and its exploration of the Miller-Walker Property. 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.

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**10. 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 period ended August 31, 2010. The Company is not subject to externally imposed capital requirements.

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**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

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**11. Subsequent Events**

- a) The Company entered into a loan arrangement pursuant to which two investors have agreed to lend to the Corporation an aggregate principal amount of US\$5 million, evidenced by a debenture (the “Debenture”). The funds are to be advanced in two equal tranches. The first advance occurred on September 24, 2010, and the second advance is expected to occur on or about October 15, 2010. The Debenture is repayable in full on the closing of the Acquisition Transaction. The proceeds of the Debenture will be used by the Corporation to lend funds to Wilson Creek (by way of loan secured by the assets of Wilson Creek) to fund certain payments for the construction of the Wilson Creek Wash Plant, which is proceeding on schedule and on budget.

The Debenture will not bear interest for the first 120 days after the date of the first advance. Thereafter, the Debenture will bear interest at a rate of 12% per annum payable semi-annually. The Debenture may be prepaid by the Corporation on 5 days’ notice. If the Acquisition Transaction is not closed prior to December 31, 2010, the Debenture is thereafter repayable on demand. The Debenture is secured by an assignment of a security interest in the assets of Wilson Creek. In connection with the issuance of the Debenture, the Corporation will issue to the holders of the Debenture an aggregate of 2,000,000 Common Shares, of which 1,000,000 Common Shares were issued on September 24, 2010. The remaining 1,000,000 Common Shares will be issued in respect of the second advance on or about October 15, 2010.

- b) On September 30, 2010, the Company completed a private placement (the “Private Placement”) of 154,319,800 subscription receipts at a price of \$0.45 per Subscription Receipt (the “Issue Price”) for gross proceeds of \$69,443,910.

Each Subscription Receipt is convertible into one common share (“Common Share”) in the capital of the Corporation, upon the satisfaction of the release conditions specified in the Subscription Receipt Indenture referred to below (“Release Conditions”), including satisfaction of conditions to the completion of the previously announced merger (the “Acquisition Transaction”) between a wholly-owned subsidiary of the Corporation and Wilson Creek Energy, LLC (“Wilson Creek”).

The Agents have received in connection with the Private Placement 6,338,206 common share purchase warrants (the “Broker Warrants”). Each Broker Warrant entitles the holder to purchase one Common Share for a period of 24 months from the date of completion of the Acquisition Transaction at a price of \$0.50 per Common Share. The Agents will also receive, upon satisfaction of the Release Conditions, a cash commission equal to 5% of the gross proceeds of the Private Placement (the “Agency Fee”), subject to a reduction in respect of a specified subscriber. In addition, Cormark Securities Inc. will receive an advisory fee in connection with the Acquisition Transaction of \$450,000, which will be satisfied by the issuance of 1,000,000 Common Shares, or failing receipt of all necessary regulatory approvals, in cash.

The Subscription Receipts were issued pursuant to the terms of a subscription receipt indenture (the “Subscription Receipt Indenture”) entered into between the Corporation, Cormark Securities Inc. and GMP Securities L.P., as co-lead Agents, and Computershare Trust Company of Canada as escrow agent (the “Escrow Agent”). The gross proceeds from the sale of Subscription Receipts have been deposited with the Escrow Agent pursuant to the terms of the Subscription Receipt Indenture. The Subscription Receipt Indenture provides, among other things, that upon the satisfaction of the Release Conditions, the Agency Fee (and interest earned thereon) and the expenses of the Agents will be paid to the Agents and the remainder of the gross proceeds (and interest earned thereon) will be released from escrow and delivered to the Corporation.

**Corsa Capital Ltd.**  
**(An Exploration Stage Company)**  
**Notes to the Consolidated Financial Statements**  
**For the Nine Months Ended August 31, 2010**

*Canadian Dollars*  
*(Unaudited – Prepared by Management)*

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**11. Subsequent Events – Continued**

The net proceeds of the Private Placement will be advanced by the Corporation to its wholly owned subsidiary to be used to satisfy the cash portion of the purchase price (as may be adjusted) in respect of the Acquisition Transaction; to fund the construction costs of a coal cleaning plant (including repayment of the Debenture referred to below); to fund the purchase price of a property in respect of which Wilson Creek has an option to acquire; to fund development expenses in respects of Wilson Creek's properties and for general working capital purposes.

In the event that the Release Conditions are not satisfied within 120 days of the closing of the Private Placement, the gross proceeds from the sale of the Subscription Receipts shall be returned to their subscribers.