Corsa Coal Corp.
Consolidated Financial Statements
December 31, 2020 and 2019

Coulter & Justus, P.C.

Independent Auditor's Report

To the Shareholders of Corsa Coal Corp.

Opinion

We have audited the consolidated financial statements of Corsa Coal Corp. and its subsidiaries (the Company), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 30, 2020.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussions and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement, resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Richard A. Jackson.

Coulter & Justus, P.C.

Certified Public Accountants
Knoxville, Tennessee
March 3, 2021

Corsa Coal Corp.
Consolidated Balance Sheets
Expressed in United States dollars, tabular amounts in thousands

Assets		**December 31, 2020**		**December 31, 2019**
Cash	$	24,480	$	4,296
Accounts receivable (note 5)		5,442		29,292
Prepaid expenses and other current assets		3,443		4,461
Inventories (note 6)		9,149		10,477
Current Assets		42,514		48,526
Restricted cash and investments (note 7)		39,420		37,166
Advance royalties and other assets		2,798		3,905
Property, plant and equipment, net (note 8)		125,420		179,729
Total Assets	$	210,152	$	269,326
Liabilities				
Accounts payable and accrued liabilities (note 9)	$	9,940	$	22,552
Notes payable		—		7
Lease liabilities – current (note 10)		1,409		957
Loan payable, net – current (note 11)		4,142		2,576
Paycheck Protection Program loan payable - current (note 11)		654		—
Other liabilities - current (note 12)		1,625		2,684
Reclamation and water treatment provision (note 13)		2,646		3,419
Current Liabilities		20,416		32,195
Revolving credit facility (note 11)		—		14,490
Loan payable, net – long-term (note 11)		28,446		8,282
Paycheck Protection Program loan payable - long-term (note 11)		472		—
Lease liabilities – long-term (note 10)		2,772		2,564
Other liabilities – long-term (note 12)		5,466		4,885
Reclamation and water treatment provision (note 13)		64,863		55,752
Total Liabilities		122,435		118,168
Equity				
Share capital (note 15)		180,130		180,130
Contributed surplus		341		988
Accumulated deficit		(137,856)		(82,063)
Total Shareholders' Equity		42,615		99,055
Non-controlling interest		45,102		52,103
Total Equity		87,717		151,158
Total Liabilities and Equity	$	210,152	$	269,326

Commitments and Contingencies (note 28)

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

Approved by the Board of Directors:

/s/ Robert C. Sturdivant — Robert C. Sturdivant, Director

/s/ Alan M. De'Ath — Alan M. De'Ath, Director

Corsa Coal Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
Expressed in United States dollars, tabular amounts in thousands except for per share amounts

	For the years ended December 31, 2020	2019
Revenue (note 16)	$ 128,486	$ 232,069
Cost of sales (note 17)	(144,402)	(216,748)
Cost of sales - asset impairment (note 17)	(41,684)	—
Total cost of sales	(186,086)	(216,748)
Gross (Loss) Margin	(57,600)	15,321
Selling, general and administrative expense (notes 18 and 19)	(10,057)	(15,748)
Loss from operations	(67,657)	(427)
Finance expense (note 20)	(5,170)	(7,628)
Finance income (note 20)	812	4,205
Other income, net (note 21)	8,381	3,337
Loss before tax	(63,634)	(513)
Current income tax expense (note 23)	89	—
Deferred income tax expense (note 23)	—	—
Provision for income taxes	89	—
Net and comprehensive loss	$ (63,723)	$ (513)
Attributable to:		
Shareholders	$ (56,722)	$ (2,720)
Non-controlling interest	$ (7,001)	$ 2,207
Basic (loss) earnings per share (note 22)	$ (0.60)	$ (0.03)
Diluted (loss) earnings per share (note 22)	$ (0.60)	$ (0.03)

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

Corsa Coal Corp.
Consolidated Statements of Changes in Shareholders' Equity
Expressed in United States dollars, tabular amounts in thousands

	For the year ended December 31, 2020					
	Number of Corsa Common Shares (000's)	Share Capital	Contributed Surplus	Accumulated Deficit	Non-Controlling Interest	Total Equity
Balance - January 1, 2020	94,759	$ 180,130	$ 988	$ (82,063)	$ 52,103	$ 151,158
Stock-based compensation (note 19)	—	—	282	—	—	282
Stock option expiration/forfeiture	—	—	(929)	929	—	—
Net and comprehensive loss	—	—	—	(56,722)	(7,001)	(63,723)
Balance - December 31, 2020	94,759	$ 180,130	$ 341	$ (137,856)	$ 45,102	$ 87,717

	For the year ended December 31, 2019					
	Number of Corsa Common Shares (000's)	Share Capital	Contributed Surplus	Accumulated Deficit	Non-Controlling Interest	Total Equity
Balance - January 1, 2019	94,759	$ 180,130	$ 2,244	$ (81,274)	$ 49,896	$ 150,996
Stock-based compensation (note 19)	—	—	675	—	—	675
Stock option expiration/forfeiture	—	—	(1,931)	1,931	—	—
Net and comprehensive loss	—	—	—	(2,720)	2,207	(513)
Balance - December 31, 2019	94,759	$ 180,130	$ 988	$ (82,063)	$ 52,103	$ 151,158

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

Corsa Coal Corp.
Consolidated Statements of Cash Flows
Expressed in United States dollars, tabular amounts in thousands

	For the years ended December 31, 2020	2019
Operating Activities		
Net and comprehensive (loss) income	$ (63,723)	$ (513)
Items not affecting cash:		
Paycheck Protection Program grant income (note 11)	(7,227)	—
Amortization	19,825	25,961
Stock-based compensation expense (note 19)	282	675
Non-cash finance expense (income)	760	(754)
Asset impairment (note 8)	41,684	—
Change in estimate of reclamation provision	7,791	1,190
Write-off of advance royalties and other assets	484	171
Other non-cash operating expense	1,189	795
Cash spent on reclamation and water treatment activities (note 13)	(3,251)	(6,130)
Changes in working capital balances related to operations (note 24)	12,880	(6,709)
Cash provided by operating activities	10,694	14,686
Investing Activities		
Restricted cash and investments	(3,432)	(2,974)
Restricted cash and investments released	935	897
Advance royalties and other assets	(567)	(1,141)
Proceeds on sale of assets	—	339
Property, plant and equipment additions	(1,850)	(7,362)
Cash used in investing activities	(4,914)	(10,241)
Financing Activities		
Proceeds from Revolving Credit Facility borrowings	64,698	82,198
Repayments of Revolving Credit Facility borrowings	(79,187)	(67,709)
Proceeds from Paycheck Protection Program borrowings	8,353	—
Proceeds from issuance of loan payable	25,000	12,000
Debt issuance costs	(720)	(538)
Repayment of loan payable	(2,610)	(33,035)
Repayment of notes payable	(7)	(418)
Repayment of lease liabilities	(1,123)	(2,771)
Cash provided by (used in) financing activities	14,404	(10,273)
Net increase (decrease) in cash for the year	20,184	(5,828)
Cash, beginning of year	4,296	10,124
Cash, end of year	$ 24,480	$ 4,296

Supplemental disclosure (note 24)

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

1. Basis of Presentation and Nature of Operations

Nature of Operations and COVID-19 Matter

Corsa Coal Corp. (“Corsa” or the “Company”) is in the business of mining, processing and selling of metallurgical coal, as well as exploring, acquiring and developing resource properties that are consistent with its existing coal business. The Company is a corporation existing under the *Canada Business Corporations Act* and is domiciled in Canada. The registered office of Corsa is located at 199 Bay Street, Suite 5300, Commerce Court West, Toronto, Ontario, Canada, M5L 1B9, and the head/corporate office of Corsa is located at 1576 Stoystown Road, P.O. Box 260, Friedens, Pennsylvania, USA, 15541.

These consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business as they become due in the foreseeable future.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The current COVID-19 pandemic has and continues to significantly impact the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and rapidly evolving, and to date has resulted in, among other things, extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. In addition, many state and local governments in the U.S. continue to institute measures designed to decrease the spread of the virus. If the impacts of the COVID-19 outbreak, including the decrease in economic activity or restrictions on certain business activities, continue for an extended period of time or worsen, it could have a negative impact on the demand for metallurgical coal and/or business activities, which could have a material adverse effect on the Company’s business, financial condition, cash flows and results of operations.

As a result of the liquidity risks, due in large part to the COVID-19 pandemic, management has reduced coal production in order to limit the amount of coal sold under depressed market conditions. Additionally, the Company obtained debt financing in April 2020 and December 2020 to provide the necessary liquidity to continue as a going concern. To the extent that demand and metallurgical coal prices do not increase, or additional liquidity enhancing measures are not successful, the Company will have to obtain additional debt or equity financing. Although debt and equity financings have been successful in the past, there is no assurance that Corsa will be able to successfully complete such financings in the future.

Unless otherwise indicated, all dollar amounts in these consolidated financial statements are expressed in United States dollars. References to “C$” are to Canadian dollars.

At December 31, 2020, the Company had one operating division, Northern Appalachia (“NAPP Division” or “NAPP”). The NAPP Division, based in Somerset, Pennsylvania, USA, produces and sells low volatile metallurgical coal used for the production of coke from its mines in the Northern Appalachia coal region of the USA. The Company’s corporate office provides support and manages the mining investments, and is also deemed a reportable segment.

All scientific and technical information contained in these consolidated financial statements has been reviewed and approved by Peter V. Merritts, Professional Engineer and the Company’s Chief Executive Officer, who is a qualified person within the meaning of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

Statement of Compliance

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations as approved by the International Accounting Standards Board (“IASB”) effective as of December 31, 2020. The Company has consistently applied the same accounting policies throughout all periods presented.

Certain reclassifications of prior year data, which include the gross presentation of limestone sales from other income and expense to revenue and cost of sales and the gross presentation of finance income and expense, have been made to conform to the current annual consolidated financial statements.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

These consolidated financial statements were authorized by the Board of Directors of the Company on March 3, 2021.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2. Significant Accounting Policies

Functional and presentation currency

The functional currency of the Company and each of its subsidiaries is the United States dollar, which is also the presentation currency of the consolidated financial statements. All amounts are rounded to the nearest thousand, except for share and per share data, or as otherwise noted.

Basis of Consolidation

The legal ownership structure for the Company's subsidiaries is presented below. All intercompany balances and transactions are eliminated upon consolidation including any income and expenses arising from such intercompany transactions.

Legal Entity Name	Jurisdiction of Incorporation or Formation	Legal Parent	Operating Division	Corsa Indirect Ownership
Corsa Coal Corp.	Canada	Publicly Traded	Corporate	N/A
Wilson Creek Holdings, Inc. ("WCH")	Delaware, USA	Corsa - 100%	Corporate	N/A
Wilson Creek Energy, LLC ("WCE")	Delaware, USA	WCH - 81%	NAPP	81%
Maryland Energy Resources, LLC	Delaware, USA	WCE - 100%	NAPP	81%
Mincorp Acquisition Corp. ("MAC")	Delaware, USA	WCH - 100%	NAPP	100%
Mincorp, Inc.	Delaware, USA	MAC - 100%	NAPP	100%
PBS Coals, Inc. ("PBS")	Delaware, USA	Mincorp, Inc. - 100%	NAPP	100%
RoxCoal, Inc.	Pennsylvania, USA	Mincorp, Inc. - 100%	NAPP	100%
Quecreek Mining, Inc.	Pennsylvania, USA	PBS - 100%	NAPP	100%
Croner, Inc.	Pennsylvania, USA	PBS - 100%	NAPP	100%
Elk Lick Energy, Inc.	Pennsylvania, USA	PBS - 100%	NAPP	100%

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is acquired by the Company and are de-consolidated from the date control ceases. Financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany balances, revenues, expenses, earnings and losses from intercompany transactions are eliminated upon consolidation.

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original business combination, recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, plus the non-controlling interest's share of changes in equity since the date of acquisition.

Foreign currency translation

Monetary assets and liabilities which are denominated in foreign currencies are translated into the Company's functional currency 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 foreign exchange gains and losses are recognized in the consolidated statements of operations and comprehensive income (loss).

Inventories

Raw coal inventory is valued at the lower of the average mining cost (or average purchase cost) and net realizable value. Mining costs include contractor costs, direct labor, operating materials and supplies, transportation costs to the preparation plant, royalties and amortization of mining assets. Clean coal inventory is valued at the lower of average mining cost, including preparation plant costs and amortization of preparation plant assets, and net realizable value. Net realizable value represents the average selling price for coal less the costs to get the coal into saleable form and to the selling location. Parts and supplies inventory consists of parts, supplies and other consumables and is valued using the average cost method of accounting. Additionally, the Company evaluates its inventory in terms of excess and obsolete exposures. This evaluation includes such factors as anticipated usage, inventory turnover, inventory levels and ultimate market value.

Accounts receivable

Accounts receivable are recognized when coal is delivered to the customer at the delivery point indicated in the customer contract, or coal is processed at the Company's processing facility, as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due. Any allowance for uncollectible receivables are offset against the account receivable with an offsetting charge to the consolidated statement of operations and comprehensive income (loss).

Advance royalties and other assets

Advance royalties consist of royalty payments that are required on certain mineral properties in advance of actual coal production or sales from those mineral properties. These items will be outstanding for at least one year from the balance sheet date. When production or sales commence from the properties, these royalty payments are recouped to offset the production royalty payments.

Deposits, deferred stripping costs, long-term prepaid expenses and non-current receivables are included in advance royalties and other assets. Deposits are for payments as security and are expected to be returned to the Company at a later date.

Property, plant and equipment

Major parts of property, plant and equipment include mining and other equipment, preparation plants, land and mineral properties. Costs include expenditures that are directly attributable to the acquisition of the asset. Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Maintenance and repairs are expensed as incurred. Property, plant and equipment is measured at cost less accumulated amortization and accumulated impairment losses.

Mineral properties include the costs of acquiring the surface and mineral rights required to mine mineral properties, the costs of developing new surface and underground mines until commencement of commercial production, along with certain underground expansion projects and reclamation cost assets recognized at the same time as a reclamation provision for a specific mineral property.

Development costs, which are the costs incurred to make the mineral physically accessible, include costs for driving main entries for ventilation, haulage, personnel, construction of airshafts, roof protection and support facilities. When the benefit from surface mining operations comes in the form of inventory produced, stripping costs incurred are charged to cost of sales or included in the cost of inventories at period end. To the extent the stripping activity provides a benefit in the form of improved access to coal reserves, and the Company can identify and reasonably estimate the future economic benefits of the improved access, a 'non-current stripping activity' asset is recognized. The 'non-current stripping activity' asset is then expensed through cost of sales over the expected useful life of the identified component of the coal reserves that becomes more accessible as a result of the stripping activity utilizing the units-of-production method.

Interest and financing costs relating to the construction or development of an item of property, plant and equipment as well as costs incurred to bring the asset to the condition intended by management are capitalized as part of the cost of mineral property, plant and equipment. Interest and financing costs are capitalized for projects for which a direct relationship between the borrowed funds and use of these funds towards the development or construction of an item of property, plant and equipment can be established. Interest and financing costs related to general borrowings are capitalized towards qualifying assets by applying a capitalization rate to the expenditures on that asset.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Depletion of producing mineral properties and other development costs is provided using a unit-of-production method based upon the proven and probable mineral reserve position of the mine at the beginning of the year.

Plant, structures and equipment are amortized using the straight-line method. The useful lives are generally three to five years for mobile equipment and five to twenty years for plants, structures and other equipment but do not exceed the related estimated mine life.

Exploration and evaluation costs

Exploration and evaluation costs include expenditures for the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling and other activities related to determining the technical feasibility and commercial viability of a specific property. Exploration costs not supported by geological evidence to support economically viable projects are expensed as incurred. Capitalized exploration and evaluation costs are carried initially at historical cost and are subject to impairment testing if there are indications of impairment identified.

Impairment of non-financial assets

Items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. For the purposes of recognition and measurement of an impairment loss, assets are grouped at the lowest levels for which there are identifiable separate cash flows referred to as cash generating units ("CGUs"). Recoverable amounts for impairment testing of assets to be held and used are measured by comparison of the carrying amount of an asset to the greater of the fair value less costs of disposal and value in use. Value in use is measured using the present value of the expected future cash flows to be derived for a specific asset or CGU that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. Fair value less costs of disposal is measured using marketplace participant information for determining fair value.

An impairment loss is recognized when the carrying amount of the CGU exceeds the recoverable amount and is charged to the consolidated statements of operations and comprehensive income (loss). The Company evaluates impairment losses previously recognized for potential reversals when events or changes in circumstances warrant such consideration.

Financial instruments

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to cash flows from the financial assets expire, or when the Company transfers the financial assets and substantially all of the associated risks and rewards of ownership. Financial liabilities are derecognized at the time a substantial modification of the liability occurs or when the Company discharges any continuing or further obligation for the specific liability.

The Company classifies its financial instruments in the categories below:

a. Financial assets at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's accounts receivable consists of fixed or determined cash flows related solely to principal and interest amounts. The Company's intent is to hold these receivables until the related cash flows are collected. Cash, other than restricted cash, is measured at amortized cost. Other receivables are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

b. Financial assets and liabilities at fair value through profit or loss ("FVTPL"): Financial assets and liabilities are measured at FVTPL and are assets which do not qualify as financial assets or financial liabilities at amortized cost or at fair value through other comprehensive income. Restricted cash and investments are classified as FVTPL. These financial assets and liabilities are initially recognized at their fair value with changes to fair values recognized in the consolidated statements of operations and comprehensive income (loss) within finance expense or finance income in the period in which they arise.

c. Financial liabilities at amortized cost: Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Accounts payable and accrued liabilities, revolving credit facility borrowings, lease liabilities, loans payable, Paycheck Protection Program loan payable and other liabilities are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost, using the effective interest method.

Impairment of financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For accounts receivables due in less than 12 months, the Company applies the simplified approach in calculating expected credit losses, as permitted by IFRS 9. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on the financial asset's lifetime expected credit loss at each reporting date. The Company monitors its historical credit loss, if any, and adjusts this analysis for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of operations and comprehensive income (loss) and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. If, in a subsequent period, the estimated impairment loss decreases because of an event, any reversal would be recognized in the consolidated statements of operations and comprehensive income (loss).

Cash

Cash consists of balances with banks and the carrying value approximates fair value.

Restricted cash and investments

Cash and investments which are subject to legal or contractual restrictions on its use is classified separately as restricted cash and investments.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as rent expense on a straight-line basis over the lease term.

Revenue recognition

Revenue associated with the sale of coal, processing service or sale of limestone is recognized when control passes to the customer and the amount of revenue can be measured reliably. Coal is sold under fixed price, spot or index linked contracts. Transportation costs from preparation plants to customers are included in cost of sales in the consolidated statements of operations and comprehensive income (loss) and amounts billed by the Company to its customers for these transportation costs are included in revenue.

Reclamation provision

The Company recognizes a reclamation provision for the expected costs of reclamation at mining properties where the Company is legally or contractually responsible for such costs. Reclamation provisions arise from the Company's obligations to undertake site reclamation and remediation in connection with the ongoing operations, exploration and development of mineral properties and other facilities. The Company recognizes the estimated reclamation costs when environmental disturbance occurs and when a reasonable estimate of the estimated reclamation costs can be made.

The reclamation provision recognized is estimated based on the risk adjusted costs required to settle present obligations, discounted using a pre-tax risk-free discount rate consistent with the expected timing of expected cash flows.

Changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the reclamation provision are recognized using the same present value technique as above at the time of the change in estimate, when such changes are not the result of current inventory production. An offsetting amount for the change in estimate is added to the reclamation cost asset previously recognized for the specific property. For such properties where mining has ceased, an offsetting charge for the change in estimate is recorded to cost of sales in the consolidated statements of operations and comprehensive income (loss).

Actual reclamation expenditures reduce the carrying value of the reclamation provision as incurred.

Water treatment provision

The Company has signed certain agreements with United States environmental and regulatory agencies which require the perpetual monitoring and treatment of water in areas where the Company is operating or has operated in the past. The Company has the obligation to fund such water treatment activities and has recorded a provision for the total expected costs of such water treatment.

The water treatment provision is estimated based on a determination of the estimated costs of treatment using assumptions effective as of the end of the reporting period discounted using a pre-tax risk-free discount rate consistent with the expected timing of the cash flows.

Changes in the estimated undiscounted cash flows and risk-free discount rate used in calculating the present value of the water treatment provision are recognized at the time of the change in estimate and an offsetting charge is recorded to cost of sales in the consolidated statements of operations and comprehensive income (loss).

Actual water treatment expenditures reduce the carrying value of the water treatment provision as incurred.

Share-based payments

All share-based payments, including stock options, are measured and recognized using a fair value-based method. Accordingly, the fair value of the options at the date of the grant, adjusted for the number of options expected to vest, is charged to selling, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss), with the offsetting credit to contributed surplus over the vesting period. Each tranche is considered its own award with its own vesting period and fair value at grant date. The number of awards expected to vest is reviewed at least annually, with any impact being recognized to the consolidated statements of operations and comprehensive income (loss) immediately.

If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital. Should the stock-based awards expire before exercise, the appropriate amount of contributed surplus is reclassified within equity to retained earnings or accumulated deficit.

If and when the stock options are forfeited, the amount of stock-based compensation recognized historically, to contributed surplus, for vested stock options is transferred to retained earnings or accumulated deficit. For stock options forfeited which have not yet vested, the amount of stock-based compensation recognized historically, to contributed surplus is charged to selling, general and administrative expenses.

Income taxes

Income taxes consist of current and deferred taxes. Income tax expense is recognized in the consolidated statements of operations and comprehensive income (loss) except to the extent it relates to items recognized directly in equity, in which case the income tax is directly recognized in equity.

Current income tax expense consists of the income tax payable by the Company on income, calculated using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The effect on deferred 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 future benefit to the Company is probable. The Company recognizes deferred income tax assets to the amount that is believed more likely than not to be realized.

Earnings per share

The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments, assuming that the proceeds would be used to purchase common shares at the average market price during the period.

Basic earnings (loss) per common share is calculated using the weighted-average number of shares outstanding during the period.

Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS 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 consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual outcomes may differ from those estimates should different assumptions or conditions arise. Significant areas of estimation uncertainty that could cause a material adjustment to the carrying amounts of assets and liabilities within one year are presented below.

a. Property, plant and equipment

The useful life of property, plant and equipment is based on management’s best estimate of the useful life at the time of acquisition. The useful lives are reviewed at least annually or when other changes or circumstances warrant this review. The useful lives impact the amortization expense recorded in the consolidated statements of operations and comprehensive income (loss) and the carrying value of the items of property, plant and equipment. Accordingly, a significant departure from management’s expectation, including the impact of any changes in economic, technological or regulatory circumstances beyond management’s control, may impact the carrying value of items of property, plant and equipment.

b. Reserve and resource estimates

Coal reserve and resource estimates indicate the amount of coal that can be feasibly extracted from the Company’s mineral properties. These estimates involve the inclusion of various complex inputs requiring interpretation by qualified geological personnel such as the size, shape and depth of the mineral deposit and other geological assumptions. Other estimates include commodity prices, production costs and capital expenditure requirements. Significant departures from the estimates utilized in management’s calculations may impact the carrying value of the mineral properties, reclamation provisions and amortization expense.

c. Reclamation and water treatment provision estimates

Reclamation and water treatment provisions are recognized by the Company for the estimated costs to reclaim the site at the end of mine life and for treatment and monitoring of water in certain circumstances. The carrying amount of the reclamation and water treatment provision in the consolidated financial statements is subject to various estimates including mine life, undiscounted cash flows to reclaim mineral properties, estimated water treatment costs, inflation and discount rates. The provision at the balance sheet date represents management's best estimate but significant departures from management's expectation, including the impact of any changes in economic, technological or regulatory circumstances, may impact the carrying value of the reclamation and water treatment provision and the associated reclamation cost asset included in property, plant and equipment.

d. Impairment of long-lived assets

The Company reviews and tests the carrying amounts of long-lived assets when an indicator of impairment is considered to exist. The Company considers both external and internal sources of information in assessing whether there are any indications that long-lived assets are impaired. External sources of information that the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amounts of long-lived assets. Internal sources of information that the Company considers include the manner in which long-lived assets are being used or are expected to be used and indications of economic performance of the assets.

For the purposes of determining whether an impairment of a long-lived asset has occurred, and the amount of any impairment or its reversal, management uses key assumptions in estimating the recoverable value of a CGU which is calculated as the higher of the CGU's value in-use and fair value less costs of disposal.

Changes in these estimates which decrease the estimated recoverable amount of the CGU could affect the carrying amounts of the long-lived assets and result in an impairment charge.

e. Evaluation of exploration and evaluation costs

Management makes estimates as to when a known mineral deposit would provide future benefit sufficient enough to begin capitalization of exploration and evaluation costs. Actual results as to when a project provides future benefit may vary from management's estimate.

f. Deferred income tax assets

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered. There is no certainty that income tax rates will be consistent with current estimates. Changes in tax rates increase the volatility of the Company's earnings.

Future accounting pronouncements

No new standards, interpretations, amendments and improvements to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee that will impact the Company's financial statements and are mandatory for future accounting periods have been issued. Updates that are not applicable or are not consequential to the Company have been excluded.

3. Capital Management

The Company defines managed capital as its total 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 December 31, 2020 and 2019, total managed capital was $87,717 and $151,158, respectively.

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. There are no external restrictions on managed capital of the Company.

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.

4. Financial Instruments

The Company's financial instruments consist of cash, restricted cash and investments, accounts receivable, accounts payable and accrued liabilities, lease liabilities, Revolving Credit Facility (as defined herein), loan payable in connection with the Main Street Facility (as defined herein), loan payable in connection with the 36th Street Facility (as defined herein), loan payable in connection with the Paycheck Protection Program (as defined herein) and other liabilities.

Financial risk management

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

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 is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. These deposit accounts are held with high credit quality institutions in Canada and the United States. Restricted cash consists of cash, money market accounts and certificates of deposit. Restricted investments consist of interest-bearing securities invested with highly rated financial institutions.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. The Company trades only with recognized creditworthy third parties who are subject to credit verification procedures, and often times are backed by letters of credit or trade credit insurance. In addition, outstanding receivable balances are regularly monitored on an ongoing basis. The Company has not recorded any allowance for credit losses for the years ended December 31, 2020 and 2019.

At December 31, 2020 and 2019, the Company had two and seven customers, respectively, that owed the Company more than $1,000 each and accounted for approximately 56% and 94%, respectively, of total accounts receivable. There were no customers with a balance greater than $10,000 at December 31, 2020 and 2019. At December 31, 2020 and 2019, 0% and 89%, respectively, of the Company's total accounts receivables were covered by letters of credit and other forms of credit insurance.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include the Main Street loan payable, the Revolving Credit Facility and restricted cash and investments.

Commodity Risk

The value of the Company's mineral properties is related to the price of metallurgical coal and the outlook for this commodity, which is beyond the control of the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At December 31, 2020, the Company had a consolidated cash balance of $24,480, consolidated working capital of $22,098 and availability under the Revolving Credit Facility of $3,390. The future operations of the Company are dependent on the continued generation of positive cash flows from operations which in turn is dependent on the future demand and price for metallurgical coal. The Company plans to utilize expected operating cash flows to service the Company's debt obligations.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

If cash flows from operations are less than required, the Company may need to incur additional debt or issue additional equity. From time-to-time the Company may need to access the long-term and short-term capital markets to obtain financing. Although the Company believes it can currently finance its operations on acceptable terms and conditions, the Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be affected by many factors, including the liquidity of the overall capital markets, the current state of the global economy and restrictions in the Company's existing debt agreements and any other future debt agreements. There can be no assurance that the Company will have or continue to have access to the capital markets on acceptable terms.

The Company's commitments based on contractual terms are as follows:

	Carrying Value at Dec. 31, 2020	Payments due by period				
		Total	Less Than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 9,940	$ 9,940	$ 9,940	$ —	$ —	$ —
Lease liabilities	4,181	4,181	1,409	2,235	537	—
Revolving Credit Facility	—	—	—	—	—	—
Loan payable - 36th Street Facility	8,282	8,372	4,176	4,196	—	—
Loan payable - Main Street Facility	24,306	25,020	—	3,753	21,267	—
Paycheck Protection Program loan payable	1,126	1,126	654	472	—	—
Other liabilities	7,091	7,097	1,631	1,960	1,960	1,546
Asset retirement obligations - reclamation	36,909	36,909	1,229	3,553	3,718	28,409
Asset retirement obligations - water treatment	30,600	30,600	1,417	2,911	2,997	23,275
Purchase order firm commitments	—	271	271	—	—	—
Water treatment trust funding	—	1,011	1,011	—	—	—
Reclamation bond restricted cash deposits	—	8,313	1,000	2,000	2,000	3,313
Operating leases and other obligations	—	8	8	—	—	—
Total	$ 122,435	$ 132,848	$ 22,746	$ 21,080	$ 32,479	$ 56,543

Fair Value

The estimated fair values of all financial instruments approximate their respective carrying values except for the loans payable in connection with the Main Street Facility, the 36th Street Facility and the Paycheck Protection Program. The loan payables are carried at amortized cost and the carrying amount and fair value is presented below:

	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loan payable - Main Street Facility	$ 24,306	$ 14,126	$ —	$ —
Loan payable - 36th Street Facility	8,282	8,183	10,858	11,074
Paycheck Protection Program loan payable	1,126	1,003	—	—
	$ 33,714	$ 23,312	$ 10,858	$ 11,074

The fair value of the loan payables were determined by discounting the future contractual cash flows at a discount rate that represents an approximation of the borrowing rates presently available to the Company which was 13.5% and 10.0% at December 31, 2020 and 2019, respectively. Management's estimate of the fair value of the loan payables are classified as level 2 in the fair value hierarchy, as explained below.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

The fair value hierarchy categorizes into three levels the inputs in valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are those other than quoted market prices in active markets, which are observable for the asset or liability, either directly or indirectly, such as inputs derived from market prices.

Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on a degree to which the inputs used to determine the fair value are observable.

	December 31, 2020		December 31, 2019	
	Level 1	Level 2	Level 1	Level 2
Restricted cash	$ 28,257	$ —	$ 9,514	$ —
Restricted investments				
Debt securities	2,711	—	8,314	—
Equity securities	8,452	—	19,338	—
	11,163	—	27,652	—
Total restricted cash and investments	$ 39,420	$ —	$ 37,166	$ —

At December 31, 2020 and 2019, the Company had no financial instruments which used Level 3 fair value measurements.

5. Accounts Receivable

Accounts receivable consist of the following:

	December 31, 2020	December 31, 2019
Trade receivables	$ 5,144	$ 28,501
Income tax refundable credit	—	689
Other	298	102
	$ 5,442	$ 29,292

The Company has not recorded any allowance for credit losses for the years presented above.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

6. Inventories

Inventories consist of the following:

	December 31, 2020	December 31, 2019
Metallurgical coal		
Clean coal stockpiles	$ 2,727	$ 4,536
Raw coal stockpiles	1,900	1,365
	4,627	5,901
Parts and supplies, net	4,522	4,576
	$ 9,149	$ 10,477

The net realizable value adjustment, measured as the inventory balances at full cost less the net realizable value at December 31, 2020 was $214. There was no net realizable value adjustment for the year ended December 31, 2019. An obsolescence reserve of $566 has been provided for the parts and supplies inventory for the years ended December 31, 2020 and 2019.

7. Restricted Cash and Investments

Restricted cash and investments consists of the following:

	December 31, 2020				December 31, 2019			
	Cash	Debt Securities	Equity Securities	Total	Cash	Debt Securities	Equity Securities	Total
Water treatment (a)	$ 17,620	$ 2,281	$ 8,021	$ 27,922	$ 765	$ 7,837	$ 18,966	$ 27,568
Reclamation bonds (b)	6,515	369	35	6,919	5,103	348	32	5,483
Workers' compensation (c)	4,122	50	396	4,568	3,646	118	340	4,104
Other restricted deposits	—	11	—	11	—	11	—	11
	$ 28,257	$ 2,711	$ 8,452	$ 39,420	$ 9,514	$ 8,314	$ 19,338	$ 37,166

(a) The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the perpetual monitoring and treatment of water in areas where the Company is operating or has operated in the past. As a result of these agreements, the Company was required to establish separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is either held or invested in debt and equity securities and income earned on such funds, under certain circumstances, may be used by the Company to pay for certain water treatment costs once the trust funds have been fully funded. As of December 31, 2020, the Company is required to contribute an additional $1,011 in the next twelve months to fully fund the remaining underfunded trust.

(b) The Company is required to post bonds to ensure reclamation is completed on its mining properties as required under U.S. state and federal regulations. The Company has agreements with insurers to provide these bonds. The cash collateral is held or invested in certificates of deposit, that are insured by the U.S. Federal Deposit Insurance Corporation, or in debt security investments. In January 2020, in connection with a request for a bond increase, the Company's previous surety bond provider, which had issued approximately $59,000 of reclamation and other bonds, required a substantial increase in the restricted cash and investments posted as collateral against these bonds as well as the new bond. Due to the request for additional collateral, the Company entered into an agreement with a new surety bond provider to replace all of its existing reclamation and other bonds, as well as to issue the new bond at a future date when required. The new agreement required the transfer of the existing collateral of $5,000, an initial deposit of $1,000 and requires quarterly installment payments of $250 to increase the level of cash collateral over time to reach the target set by the new surety of 25% of the issued bond amount.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

(c) The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation.

8. Property, Plant and Equipment, net

Property, plant and equipment consists of the following:

	Mineral Properties (a)	Plant and Equipment	Total
Cost			
Balance - January 1, 2019	$ 156,410	$ 157,733	$ 314,143
Additions	—	10,121	10,121
Capitalized development costs	54	—	54
Change in reclamation provision	5,271	—	5,271
ROU asset termination	—	(1,134)	(1,134)
Disposals	(2,827)	(14,207)	(17,034)
Balance - December 31, 2019	158,908	152,513	311,421
Additions	—	3,707	3,707
Capitalized development costs	275	—	275
Change in reclamation provision	2,672	—	2,672
Disposals	—	(1,385)	(1,385)
Balance - December 31, 2020	$ 161,855	$ 154,835	$ 316,690
Accumulated Amortization and Impairment Losses			
Balance - January 1, 2019	$ (25,235)	$ (97,303)	$ (122,538)
Amortization	(8,750)	(17,248)	(25,998)
ROU asset termination	—	127	127
Disposals	2,827	13,890	16,717
Balance - December 31, 2019	(31,158)	(100,534)	(131,692)
Amortization	(5,777)	(13,502)	(19,279)
Asset impairment (b)	(30,205)	(11,479)	(41,684)
Disposals	—	1,385	1,385
Balance - December 31, 2020	$ (67,140)	$ (124,130)	$ (191,270)
Net Book Value			
December 31, 2019	$ 127,750	$ 51,979	$ 179,729
December 31, 2020	$ 94,715	$ 30,705	$ 125,420

(a) Mineral properties include the cost of obtaining the mineral and surface rights required to conduct mining operations. The two types of lease rights in the states of Maryland and Pennsylvania are surface rights, which provide access to the surface of a specific property, and mineral rights, which provide the right to extract the minerals from a specific property. The Company either purchases outright or leases these rights from various owners specific to each property. Mineral and surface rights which are leased are subject to royalty payments to the various owners based on the tons of coal extracted from that specific property. Royalty rates on leased mineral rights can range from 5% to 16%, although they typically range from 6% to 7%, of the selling price of the coal. Mineral and surface rights which are owned by the Company are not subject to royalties. The value of mineral properties that are not in production at December 31, 2020 was $24,585.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

(b) A triggering event was identified as a result of the continued deterioration of both the domestic and export metallurgical coal markets, driven in large part by the COVID-19 pandemic. Accordingly, an impairment charge of $41,684 was recognized in cost of sales in the consolidated statements of operations and comprehensive income (loss), reducing the carrying values of mineral properties and plant and equipment. The impairment loss reflected a strategic review of the NAPP Division performed by management, which resulted in an impairment analysis of the recoverable amount of the division's assets.

Key Assumptions

The recoverable amount of the NAPP CGU was $128,176 and was determined based on the fair value less cost of disposal ("FVLCD") using discounted cash flow projections. Key assumptions used in the calculation of recoverable amounts include discount rates, coal prices, future timing of production, including the date when a mineral property can be brought into production, the expected cost to produce coal, future care and maintenance and operating costs.

The assumed metallurgical coal prices used to determine the FVLCD were in a price range from $59-$110 per ton free-on-board at the Company's preparation plant for the period from 2021 through 2041. The discount rate used of 14.8% was based on the Company's estimated weighted-average cost of capital for discounting the cash flow projections. Management's estimate of the FVLCD of the NAPP Division is classified as level 3 in the fair value hierarchy.

Sensitivity Assumptions

The projected cash flows and estimated FVLCD can be affected by any one or more changes in the estimates used. Changes in coal prices and discount rates have the greatest impact on value, where a 1% change impacts the FVLCD as follows:

Change to FVLCD			
1% Decrease in Coal Prices	1% Increase in Coal Prices	1% Increase in Discount Rate	1% Decrease in Discount Rate
$ (9,314)	$ 9,314	$ (10,666)	$ 11,965

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	December 31, 2020	December 31, 2019
Trade payables	$ 4,891	$ 7,595
Purchased coal payables	—	2,804
Freight payables	753	6,078
Other accrued liabilities	4,296	6,075
	$ 9,940	$ 22,552

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

10. Lease Liabilities

Lease liabilities consists of the following:

	Interest Rate	Maturity	December 31, 2020	December 31, 2019
Equipment - Preparation Plant (a)	11.0%	September 2023	$ 783	$ 1,005
Equipment - Preparation Plant (a)	11.0%	December 2021	215	403
Equipment - Surface	10.8% to 11%	May 2022 - July 2025	3,161	2,084
Equipment - Information Technology	11.0%	July 2023	22	29
Balance, end of year			4,181	3,521
Less: Current portion			(1,409)	(957)
Total long-term lease liabilities			$ 2,772	$ 2,564

(a) Contingent rent related to these lease obligations is payable if the equipment exceeds certain operating levels. The contingent rent recognized in the years ended December 31, 2020 and 2019 was income of $163 and $22, respectively. Contingent rent is included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

Lease liabilities and minimum lease payments at December 31, 2020 are as follows:

Less than 1 year	$ 1,791
1-3 years	2,579
4-5 years	572
Thereafter	—
Total payments	4,942
Less: Amounts representing interest	(761)
Total finance lease obligations	$ 4,181

For the years ended December 31, 2020 and 2019, interest expense, which is included in finance expense in the consolidated statements of operations and comprehensive income (loss) and total cash outflows related to lease liabilities were as follows:

	For the years ended December 31, 2020	2019
Interest expense related to lease liabilities	$ 441	$ 516
Total cash outflows related to lease liabilities	$ 1,564	$ 3,287

The expense relating to leases of low value assets was not material.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Right-of-use assets, which are included in property, plant and equipment, net, in the consolidated balance sheets, consist of the following:

	Equipment					Office	
	U/G	Plant	Plant	Surface	IT	Lease	Total
Gross Right-of Use Asset							
Balance – January 1, 2019	$ 22,045	$ 1,696	$ 2,200	$ 838	$ 37	$ —	$ 26,816
IFRS 16 adoption	—	—	—	—	—	1,193	1,193
Accrued lease payments	—	—	—	—	—	(59)	(59)
Additions	—	—	—	1,682	—	—	1,682
ROU asset termination	—	—	—	—	—	(1,134)	(1,134)
ROU asset transfer	(22,045)	—	—	—	—	—	(22,045)
Balance – December 31, 2019	—	1,696	2,200	2,520	37	—	6,453
Additions	—	—	—	1,782	—	—	1,782
Balance – December 31, 2020	$ —	$ 1,696	$ 2,200	$ 4,302	$ 37	$ —	$ 8,235
Accumulated Amortization							
Balance – January 1, 2019	$ (21,494)	$ (678)	$ (177)	$ (105)	$ (3)	$ —	$ (22,457)
Amortization	(413)	(339)	(426)	(397)	(8)	(127)	(1,710)
ROU asset termination	—	—	—	—	—	127	127
ROU asset transfer	21,907	—	—	—	—	—	21,907
Balance – December 31, 2019	—	(1,017)	(603)	(502)	(11)	—	(2,133)
Amortization	—	(339)	(426)	(787)	(7)	—	(1,559)
Balance – December 31, 2020	$ —	$ (1,356)	$ (1,029)	$ (1,289)	$ (18)	$ —	$ (3,692)
Net Book Value							
December 31, 2019	$ —	$ 679	$ 1,597	$ 2,018	$ 26	$ —	$ 4,320
December 31, 2020	$ —	$ 340	$ 1,171	$ 3,013	$ 19	$ —	$ 4,543

In December 2019, the Company terminated the office lease which was initially recognized as a lease liability on January 1, 2019 for a cash payment of $167. At the point of termination, there were eight years remaining on the original lease. The total expense related to this lease termination was $100 and is included in other income and expense in the consolidated statements of operations and comprehensive income (loss). The total expense includes the removal of the right-of-use asset of $1,007, lease termination payment of $167 and additional lease termination costs, including contract terminations of $44, partially offset by income related to the removal of the lease liability of $1,118.

For the years ended December 31, 2020 and 2019, amortization expense of $1,559 and $1,710, respectively, related to the right-of-use assets, is included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

11. Debt

Revolving Credit Facility

On August 16, 2019, certain wholly-owned subsidiaries of the Company, as borrowers, entered into a three-year credit and security agreement (the "Credit Agreement") with KeyBank National Association ("KeyBank") for up to $25 million and which was reduced to $5 million in December 2020 in connection with an amendment thereto (the "Revolving Credit Facility"). The Revolving Credit Facility bears interest at London Inter-Bank Offered Rate ("LIBOR") plus 350 basis points or the Base Rate plus 150 basis points. The Base Rate is the rate per annum equal to the highest of (i) the rate of interest established by KeyBank, from time-to-time, as its "prime rate," (ii) the Federal Funds Effective Rate, as defined in the Credit Agreement, in effect from time-to-time plus ½ of 1% per annum, and (iii) 100 basis points in excess of LIBOR for loans with an interest period of one month. The Revolving Credit Facility also includes a 0.50% unused facility fee. The Revolving Credit Facility contains customary financial covenants which have been amended in December 2020 to align with the financial covenants of the Main Street Loan Facility (as defined below). In connection with the arrangement and subsequent amendment of the Revolving Credit Facility, the Company paid a commitment fee, upfront fee and administration fees totaling $403 which are included in prepaid expenses and other current assets and advance royalties and other assets in the consolidated balance sheets. The Revolving Credit Facility is secured against all currently owned and after acquired tangible and intangible assets of the borrowers and the guarantor. At December 31, 2020, the Company had no outstanding borrowings on the Revolving Credit Facility, a letter of credit had been issued to support historical workers compensation claims in the amount of $890 and the Company had additional availability to borrow $3,390. Total liquidity under the Revolving Credit Facility is subject to certain restrictions which include, among others, a percentage of accounts receivable and coal inventory. The Company was in compliance with all financial covenants at December 31, 2020.

Loan Payable - 36th Street Facility

On August 16, 2019, Wilson Creek Holdings, Inc. ("WCH"), as lessee, and the Company along with all of the subsidiaries of WCH, as guarantors, entered into a lease financing agreement with Key Equipment Finance, as lessor and assignor, and 36th Street Capital Partners, LLC, as assignee ("36th Street"), for the sale and leaseback of various coal mining equipment (the "Leased Property") for a funding amount of $12 million (the "36th Street Facility" and together with the Revolving Credit Facility, the "New Credit Facilities"). The 36th Street Facility has an effective interest rate of 9.50%, a lease term of 48 months and contains customary financial covenants which have been amended in December 2020 to align with the financial covenants of the Main Street Loan Facility. In connection with the 36th Street Facility, the Company paid certain fees in the amount of $135 at closing. The 36th Street Facility is secured by the Leased Property. The Company was in compliance with all financial covenants at December 31, 2020. WCH received notice from 36th Street that a prepayment equal to $1,190 is due as the result of the annual equipment appraisal covenant. The prepayment would be effective as of February 1, 2021 and accordingly, this amount is recognized in the current portion of the loan payable.

The New Credit Facilities replaced the $25 million senior secured term credit facility with Sprott Resource Lending Corp. entered into on August 19, 2014 (the "Sprott Facility"), which was repaid using a portion of the proceeds from the New Credit Facilities. As a result of the Sprott Facility refinancing, the Company recognized a loss on debt extinguishment of $1,238 which was included in other income and expense in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2019. The loss on debt extinguishment includes $1,024 of expense related to the unamortized fees on the Sprott Facility and $214 of related legal expenses.

Loan Payable - Main Street Facility

On December 14, 2020, certain wholly-owned subsidiaries of the Company, as borrowers, entered into a five-year secured term loan with KeyBank National Association for $25 million (the "Main Street Facility") through the Main Street Lending Program established by the board of governors of the U.S. Federal Reserve System. Under this program, lending is facilitated through a special purpose vehicle established by the Federal Reserve Bank of Boston which committed to purchase, on December 21, 2020, a participation interest equal to 95% of the Main Street Facility. The Main Street Facility bears interest, payable monthly, at LIBOR plus 3.00% and contains customary financial covenants as well as affirmative and negative covenants, including covenants that would restrict the ability to pay dividends, make distributions and transfer funds to the Canadian parent entity. Until the first anniversary of the closing date of the Main Street Facility, interest will be paid-in-kind (capitalized) and added to the principal balance thereof. The Main Street Facility is repayable on each of the third and fourth anniversaries of the closing date of the Main Street Facility in an amount equal to 15% of the principal amount, with the remaining balance due in full on the fifth anniversary of the closing date and is pre-payable at any time without any premium or penalty. In connection with the arrangement of the Main Street Facility, the borrowers paid a transaction fee, an origination fee and administration fees in the amount of $720. The Main Street Facility is secured against certain real and personal property of the borrowers. The borrowers were in compliance with all financial covenants at December 31, 2020.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

The changes in the loan payable balance for the years ended December 31, 2020 and 2019 are as follows:

	36th Street Facility			Sprott Facility			
	Principal	Unamortized Discount	Total	Principal	Unamortized Discount	Total	Total
Balance - January 1, 2019	$ —	$ —	$ —	$ 32,017	$ (1,565)	$ 30,452	$ 30,452
Initial borrowing	12,000	—	12,000	—	—	—	12,000
Accrued interest	338	—	338	2,501	—	2,501	2,839
Interest paid	(338)	—	(338)	(2,501)	—	(2,501)	(2,839)
Issuance costs	—	(135)	(135)	—	—	—	(135)
Amortization of discount (note 20)	—	11	11	—	541	541	552
Loss on extinguishment	—	—	—	—	1,024	1,024	1,024
Principal repayment	(1,018)	—	(1,018)	(32,017)	—	(32,017)	(33,035)
Balance - December 31, 2019	$ 10,982	$ (124)	$ 10,858	$ —	$ —	$ —	$ 10,858

	36th Street Facility			Main Street Facility			
	Principal	Unamortized Discount	Total	Principal	Unamortized Discount	Total	Total
Balance - December 31, 2019	$ 10,982	$ (124)	$ 10,858	$ —	$ —	$ —	$ 10,858
Initial borrowing	—	—	—	25,000	—	25,000	25,000
Issuance costs	—	—	—	—	(720)	(720)	(720)
Accrued interest	980	—	980	20	—	20	1,000
Interest paid	(980)	—	(980)	—	—	—	(980)
Amortization of discount (note 20)	—	34	34	—	6	6	40
Principal repayment	(2,610)	—	(2,610)	—	—	—	(2,610)
Balance - December 31, 2020	$ 8,372	$ (90)	$ 8,282	$ 25,020	$ (714)	$ 24,306	$ 32,588
Less: current portion	(4,176)	34	(4,142)	—	—	—	(4,142)
Total long-term loan payable	$ 4,196	$ (56)	$ 4,140	$ 25,020	$ (714)	$ 24,306	$ 28,446

Paycheck Protection Program Loans Payable

In connection with the COVID-19 pandemic, the U.S. Small Business Administration ("SBA"), an agency of the U.S. federal government, administered the Paycheck Protection Program (15 U.S.C. § 636(a)(36)), a loan program designed to incentivize qualifying businesses to keep their workers on payroll. Under the Paycheck Protection Program: (i) loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent and utilities (at least 60% of the forgiven amount must be used for payroll), and partially forgiven if full-time equivalent headcount declines, or if salaries and wages decrease; (ii) interest on the loans is charged at 1% and principal and interest payments are to begin seven months from the date of the loan, with a maturity date of two years from the date of the loan; (iii) no collateral is required; (iv) neither the U.S. federal government nor lenders will charge any fees; and (v) the loans are guaranteed by the SBA.

In April 2020, two of Corsa's U.S. subsidiaries, Wilson Creek Holdings, Inc. and Wilson Creek Energy, LLC, entered into loan agreements under the Paycheck Protection Program providing for loans in an aggregate amount of $8,353. The loan agreements are with KeyBank, as lender, and include standard terms and conditions under the Paycheck Protection Program. The Company used the funds as contemplated under the Paycheck Protection Program and, accordingly, expects $7,227 to be forgiven and has recognized the expected grant income in other income and expense in the consolidated statements of operations and comprehensive income (loss).

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

12. Other Liabilities

Other liabilities consist of the following:

	December 31, 2020	December 31, 2019
Workers' compensation provision (a)	$ 6,446	$ 6,050
Transportation contract liquidated damages (b)	394	732
Other (c)	251	787
	7,091	7,569
Less: current portion (a,b,c)	(1,625)	(2,684)
Total Other Liabilities	$ 5,466	$ 4,885

(a) The provision relates to workers' compensation and occupational disease claims that have not yet been paid by the Company. The estimates use an actuarial valuation approach based on historical claims and known events, where such estimates may differ materially from the estimates used herein. The balance that is expected to be settled within the next twelve months is $980. The Company has established separate trust funds with its insurance carriers to pay potential awards and claims related to workers' compensation claims (note 7).

(b) The Company's subsidiary, PBS, had contractual agreements with a transportation provider, which indicated minimum levels of coal to be shipped via rail over an expired contract period, which was not met. Corsa acquired these contractual agreements as a result of an acquisition. The balance that is expected to be settled within the next twelve months is $394.

(c) Other includes various accruals based on management's best estimate of other matters.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

13. Reclamation and Water Treatment Provision

The Company's reclamation and water treatment provision arises from its obligations to undertake site reclamation and remediation as well as certain water treatment activities in connection with its historical operations.

The changes to the reclamation and water treatment provision were as follows:

	Site Reclamation and Remediation (a)	Water Treatment Obligation (b)	Total
Balance - January 1, 2019	$ 30,047	$ 27,269	$ 57,316
Costs incurred	(4,279)	(1,851)	(6,130)
Change in estimate	7,284	(824)	6,460
Accretion expense (note 20)	796	729	1,525
	3,801	(1,946)	1,855
Balance - December 31, 2019	$ 33,848	$ 25,323	$ 59,171
Costs incurred	(1,445)	(1,806)	(3,251)
Change in estimate	3,866	6,597	10,463
Accretion expense (note 20)	640	486	1,126
	3,061	5,277	8,338
Balance - December 31, 2020	$ 36,909	$ 30,600	$ 67,509
Less: current portion	(1,229)	(1,417)	(2,646)
Long-Term Reclamation and Water Treatment Provision	$ 35,680	$ 29,183	$ 64,863
Estimated costs (undiscounted cash flow basis)	$ 33,543	$ 27,812	$ 61,355
End of reclamation period	1-21 years	Perpetual	
Discount rate	0.10%-1.47%	0.10%-1.45%	
Inflation rate	2.0%	2.0%	

(a) Site reclamation and remediation

(i) The current portion represents the amount of costs expected to be incurred by the Company within one year from December 31, 2020.

(ii) At December 31, 2020, the Company had $58,299 in surety bonds outstanding to secure reclamation obligations.

(b) Water treatment obligation

The Company has signed certain agreements with U.S. environmental and regulatory agencies which require the monitoring and treatment of water in areas where the Company is operating or has operated in the past. The Company has the obligation to fund such water treatment activities and has recorded a provision for the total expected costs of such water treatment.

Water treatment costs incurred are offset against the water treatment provision. At each reporting period, the Company makes a determination of the estimated costs of water treatment using assumptions effective as of the end of the reporting period. The change in estimate within the reporting period is charged to cost of sales.

Certain factors may cause the expected water treatment costs to vary materially from the estimates included herein, including, but not limited to, changes in water quality and changes in laws and regulations. The estimates used herein represent management's best estimates as of the end of the reporting period.

The Company was required to establish separate trust funds to ensure water treatment activities would continue after the Company ceased operating in the affected areas. The cash is invested in debt and equity securities and income earned on such funds, under certain circumstances, may be used by the Company to pay for certain water treatment costs once the trust funds have been fully funded. See note 7(a) for a further description of the water treatment trust funds.

The current portion represents the amount of costs expected to be incurred by the Company within one year from December 31, 2020.

14. Redeemable Units

WCE had 897,265,035 membership units outstanding at December 31, 2020 and 2019. A majority of these membership units are owned by WCH which are eliminated upon consolidation of the financial results of the Company. The remaining membership units of WCE (referred to as "Redeemable Units") are owned by QKGI Legacy Holdings LP ("Legacy QKGI"), an affiliate of Quintana Energy Partners, L.P. and its affiliated investment funds, which entitle them to a pro-rata interest in the net and comprehensive income (loss) and net assets of WCE and are redeemable at the option of Legacy QKGI for cash equal to the product of (i) the number of membership units to be redeemed divided by 20; and (ii) the 10-day volume weighted average trading price, prior to date of notice of redemption, of the Company's Common Shares. The Company has the option to satisfy the redemption price for the Redeemable Units with Common Shares on a 20 to one basis (i.e., 20 Redeemable Units for one Common Share). The Company is restricted from paying cash to Legacy QKGI for the redemption of Redeemable Units if a balance remains outstanding under the New Credit Facilities and the Main Street Facility. At December 31, 2020 and 2019, Legacy QKGI held 170,316,639 Redeemable Units.

15. Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares issuable in series, with such rights, privileges, restrictions and conditions as the board of directors of the Company may determine from time to time. At December 31, 2020 and 2019, the Company had 94,759,245 Common Shares outstanding and no preferred shares outstanding. At December 31, 2020 and 2019, Legacy QKGI also owns 170,316,639 Redeemable Units entitling it to a 19% minority interest in the net assets, income and expenses of WCE which can be redeemed for Common Shares. See note 14 for a description of the redemption mechanism relating to Redeemable Units.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

16. Revenue

Revenue consists of the following:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Metallurgical coal sales	$ 125,292	$ 223,642
Thermal coal sales	951	883
Tolling revenue	1,345	6,344
Limestone sales	898	1,200
	$ 128,486	$ 232,069

The following table displays revenue from contracts with customers and other sources:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Revenue from contracts with customers	$ 127,263	$ 230,386
Revenue from other sources	1,223	1,683
	$ 128,486	$ 232,069

Revenue from other sources is primarily thermal coal and limestone sold to various customers where control passes upon the loading of the coal or limestone at a point of sale transaction.

Corsa derives revenue from contracts with customers through the transfer of goods and services at a point in time in the following by type and geographical regions:

	For the year ended December 31, 2020			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 49,257	$ —	$ —	$ 49,257
United States	47,646	626	1,345	49,617
South America	27,213	—	—	27,213
Europe	1,176	—	—	1,176
Total revenue from contracts with customers	$ 125,292	$ 626	$ 1,345	$ 127,263

	For the year ended December 31, 2019			
Geographic Region	Metallurgical Coal	Thermal Coal	Tolling Revenue	Total
Asia	$ 132,500	$ —	$ —	$ 132,500
United States	65,022	400	6,344	71,766
South America	24,464	—	—	24,464
Europe	1,656	—	—	1,656
Total revenue from contracts with customers	$ 223,642	$ 400	$ 6,344	$ 230,386

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

17. Cost of Sales

Cost of sales consists of the following:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Mining and processing costs	$ 80,080	$ 97,000
Purchased coal costs	13,856	47,358
Royalty expense	6,149	6,968
Amortization expense	19,825	25,961
Transportation costs from preparation plant to customer	13,236	33,475
Idle mine expense	447	938
Tolling costs	912	2,953
Limestone costs	457	698
Change in estimate of reclamation and water treatment provision	7,791	1,190
Write-off of advance royalties and other assets	484	171
Other costs	1,165	36
Cost of sales	144,402	216,748
Cost of sales - asset impairment (note 8)	41,684	—
Total cost of sales	$ 186,086	$ 216,748

18. Selling, General and Administrative Expense

Selling, general and administrative expense consists of the following:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Salaries and other compensation	$ 4,592	$ 6,262
Employee benefits	1,054	1,406
Selling expense	424	3,446
Professional fees	2,336	2,039
Office expenses and insurance	1,374	2,002
Other	277	593
	$ 10,057	$ 15,748

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

19. Stock-Based Compensation

The Company has a stock option plan and a restricted share unit ("RSU") plan providing for the issuance of stock options and RSUs, respectively, to directors, officers, employees and service providers. The number of Common Shares reserved for issuance under the stock option plan may not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis on the grant date. Additionally, the number of Common Shares that may be acquired under a stock option or RSU granted to a certain participant is determined by the Company's Board of Directors and may not exceed 5% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis. The exercise price of the stock options granted shall comply with the requirements of the stock exchange on which the Common Shares are listed (currently the TSX Venture Exchange). The maximum term of any stock option may not exceed five years unless approved by the Company's Board of Directors. Generally, stock options vest over three years. Each RSU granted entitles the participant to receive, from the Company, payment in cash or, at the option of the Company, payment in fully paid Common Shares. For a cash payment, the RSUs will be redeemed by the Company for cash equal to the market value of the Common Shares, determined based on the volume weighted average trading price of a Common Share on the stock exchange during the five trading days immediately preceding the payment date. In the event that the Company elects to satisfy all or part of its payment obligation in fully paid Common Shares, the Company will satisfy the payment obligation with the issuance, or delivery, of fully paid Common Shares on the payment date. No RSUs have been granted, including during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, there were 4,199,041 and 1,516,977 stock options available for issuance under the stock option plan, respectively.

The following illustrates the changes in issued and outstanding stock options:

	Number of Stock Options (000's)	**Weighted Average Exercise Price (C$)**
Balance - January 1, 2019	9,238	$1.43
Options granted	2,005	0.38
Options cancelled/forfeited	(3,056)	1.45
Options expired	(228)	4.38
Balance - December 31, 2019	7,959	1.08
Options cancelled/forfeited	(1,233)	1.11
Options expired	(1,449)	1.00
Balance - December 31, 2020	5,277	$1.09

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

The following illustrates the stock options granted. These stock options were granted to directors, officers and employees of the Company and were valued using a Black-Scholes pricing model at the date granted using the following valuation assumptions:

Date of Grant:	November 6, 2019
Options Granted (000's)	2,005
Expected life in years:	2 to 4
Exercise price:	C$0.38
Risk-free interest rate:	1.59% to 1.61%
Common Share price:	C$0.38
Expected volatility	68% to 102%
Dividend yield:	— %
Forfeiture rate:	12.43 %

The risk-free interest rate used is the United States Treasury Yield Curve Rate for the time period relating to the expected life of the options granted. The expected volatility is based on historic market data for the Company using a look-back period equivalent to the expected life of the stock options granted. The estimated forfeiture rate is based on the historical forfeiture rate.

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2020:

Exercise Price (C$)	Options Outstanding (000's)	Weighted Average Remaining Contractual Life (years)	Outstanding Weighted Average Exercise Price (C$)	Stock Options Exercisable (000's)	Exercisable Weighted Average Exercise Price (C$)
$0.38	1,846	3.85	$0.38	615	$0.38
$0.90	1,207	2.85	$0.90	805	$0.90
$1.39	8	1.95	$1.39	8	$1.39
$1.40	347	0.38	$1.40	347	$1.40
$1.53	1,038	1.87	$1.53	1,038	$1.53
$1.83	55	2.04	$1.83	36	$1.83
$2.30	776	0.85	$2.30	776	$2.30
$0.38 to $2.30	5,277	2.54	$1.09	3,625	$1.35

For the years ended December 31, 2020 and 2019, the Company recorded stock-based compensation expense on the outstanding stock options to selling, general and administrative expense as shown below:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Stock-based compensation expense	$ 282	$ 675

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

20. Finance (Expense) and Income

Finance (expense) and income included in the consolidated statements of operations and comprehensive income (loss) are summarized below.

	For the years ended December 31, 2020	For the years ended December 31, 2019
Finance expense		
Amortization of discount on loan payable (note 11)	$ (40)	$ (552)
Amortization of Revolving Credit Facility fees	(143)	(52)
Bond premium expense	(1,854)	(1,481)
Interest expense	(1,997)	(4,000)
Foreign exchange (loss) gain	(24)	(10)
Accretion on reclamation and water treatment provision (note 13)	(1,126)	(1,525)
Other	14	(8)
Total finance expense	$ (5,170)	$ (7,628)
Finance income		
Interest income	$ 26	$ 140
Income on restricted investments	786	4,065
Total finance income	$ 812	$ 4,205
Net finance (expense) income	$ (4,358)	$ (3,423)

21. Other Income and (Expense), net

Other income (expense) of the Company included in the consolidated statements of operations and comprehensive income (loss) are summarized below.

	For the years ended December 31, 2020	For the years ended December 31, 2019
Paycheck Protection Program grant income (note 11)	$ 7,227	$ —
A-Seam condemnation judgement	—	3,426
Filter cake sales	528	343
Royalty income	250	947
Gain on property dispositions	60	332
Debt extinguishment (note 11)	—	(1,238)
Restructuring charges	—	(278)
Lucchini settlement	—	(8)
Lease termination (note 10)	—	(100)
Other	316	(87)
	$ 8,381	$ 3,337

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

22. Earnings per Share

Basic and diluted earnings (loss) per Common Share is summarized as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Basic and diluted earnings (loss) attributable to common shareholders	$ (56,722)	$ (2,720)
Basic weighted average number of Common Shares outstanding (000’s)	94,759	94,759
Dilutive effect of stock options (000’s)	—	—
Diluted weighted average number of Common Shares outstanding (000’s)	94,759	94,759
Basic (loss) earnings per share	$ (0.60)	$ (0.03)
Diluted (loss) earnings per share	$ (0.60)	$ (0.03)

In periods of net loss, the number of shares used to calculate diluted earnings per share is the same as basic earnings per share; therefore, the effect of the dilutive securities is zero for such periods. For the years ended December 31, 2020 and 2019, there were no instruments, including stock options, which would result in the issuance of Common Shares whose effect would be dilutive on loss per share.

23. Income Taxes

Rate Reconciliation

Major items causing the Company’s income tax rate to differ from the combined federal and provincial statutory rate were as follows:

	For the years ended December 31, 2020	For the years ended December 31, 2019
Net income before income taxes	$ (63,634)	$ (513)
Statutory tax rate	26.5 %	26.5 %
Expected income tax recovery based on statutory rate	(16,863)	(136)
Increase (decrease) resulting from:		
Unrecognized future tax benefits	75	179
Accounting expenses disallowed for tax, net	17,403	613
Impact of taxable income passed through to Legacy QKGI (a)	13	(676)
U.S. state income tax	89	—
Foreign tax rate differential	(628)	20
Income tax expense (benefit)	$ 89	$ —
Effective tax rate	(0.14)%	— %

(a) WCE is a limited liability company and is treated as a partnership for U.S. federal and state tax purposes. The taxable income and loss of WCE is passed through to its two partners WCH and Legacy QKGI in proportion to their respective percentage interest in WCE. The current tax expense recognized in the consolidated financial statements includes only the income tax expense of WCH on its share of the taxable income or losses passed through from WCE.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Income tax receivable (payable)

The Company had no income tax payable at December 31, 2020 and 2019. The Company had a tax receivable related to an alternative minimum tax refundable credit of $1,380 at December 31, 2019, of which $689 was included in accounts receivable and $691 was included in advance royalties and other assets. As a result of the Coronavirus Aid, Relief, and Economic Security Act, the full amount of the alternative minimum tax refundable credit was received in the year ended December 31, 2020. The Company had no income tax receivable at December 31, 2020.

Deferred tax assets and liabilities

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Property, plant and equipment	$ 5	$ 6
Asset retirement obligations	7,205	6,627
Water treatment reserves	8,917	7,465
Interest expense	3,022	3,561
Accrued expenses	1,799	1,691
Reserve for supply inventory	156	156
Acquisition costs	155	187
Finance expenses	177	244
Loss carry forwards and unused tax credits (a)	55,571	51,645
Other deferred tax assets	105	151
Gross deferred income tax assets	77,112	71,733
Unrecognized tax benefit related to tax losses	(60,554)	(48,497)
Total deferred income tax assets	16,558	23,236
Deferred tax liabilities:		
Property, plant and equipment	(5,495)	(9,702)
Coal reserves	(8,685)	(9,234)
Mine development costs	(2,004)	(3,410)
Unrealized foreign exchange gain	(162)	(162)
Other deferred tax liabilities	(212)	(728)
Total deferred income tax liabilities	(16,558)	(23,236)
Net deferred tax assets (liabilities) (b)	$ —	$ —

a. At December 31, 2020 and 2019, the Company had Canadian non-capital losses of $10,887 and $9,391, respectively. At December 31, 2020 and 2019, the Company had United States non-capital losses of $202,928 and $187,903, respectively. The non-capital losses, which no deferred income tax assets have been recognized, expire between 2021 and 2037, although $26,069 can be carried forward indefinitely. At December 31, 2020 and 2019, the Company had U.S. state non-capital losses of $125,837 and $120,104, respectively, which expire between 2021 and 2039.

b. Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Corsa and its subsidiaries file income tax returns in Canada and in the United States. Currently, an examination is underway in relation to Corsa's October 22, 2015, December 31, 2015 and 2016 Canadian tax returns. The Company believes that these examinations will conclude without any material adjustments.

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

24. Supplemental Cash Flow Information

	For the years ended December 31, 2020	For the years ended December 31, 2019
Change in working capital balances related to operations:		
Accounts receivable	$ 24,548	$ (100)
Prepaid expenses and other current assets	3,106	1,672
Inventories	1,115	2,352
Accounts payable and accrued liabilities	(15,015)	(7,064)
Other liabilities	(874)	(3,569)
	$ 12,880	$ (6,709)
Cash paid for interest	$ 2,041	$ 3,932
Cash paid (received) for income taxes	$ (1,291)	$ (1,546)
Noncash investing and financing activities:		
Lease liabilities		
Change in assets	$ 1,782	$ 2,829
Change in liabilities	$ 1,782	$ 2,829
Purchase of property, plant and equipment		
Change in assets	$ 350	$ (400)
Change in liabilities	$ 350	$ (400)
Change in estimate of reclamation liability		
Change in assets	$ 2,672	$ 5,271
Change in liabilities	$ 2,672	$ 5,271

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

25. Related Party Transactions

Related party transactions include any transactions with employees, other than amounts earned as a result of their employment, transactions with companies that employees or directors either control or have significant influence over, transactions with companies who are under common control with the Company's controlling shareholder, Quintana Energy Partners L.P. ("QEP"), transactions with companies who are under common control of the Company's minority shareholder, Sev.en Met Coal Corp. ("Sev.en") and transactions with close family members of key management personnel.

Transactions with related parties included in the consolidated statement of operations and comprehensive income (loss) and consolidated balance sheets of the Company are summarized below:

	For the years ended December 31,	
	2020	2019
Coal sales (a)	$ 2,049	$ —
Supplies purchased (b)	(184)	(189)
Purchased coal (c)	—	(74)
	$ 1,865	$ (263)

(a) During the year ended December 31, 2020, the Company sold coal to Blackhawk Coal Sales, LLC, which is considered a related party as this entity was acquired by the Company's minority shareholder, Sev.en, on June 1, 2020. Sev.en became a minority shareholder on May 12, 2020. These amounts were included in revenue in the consolidated statements of operations and comprehensive income (loss).

(b) During the years ended December 31, 2020 and 2019, the Company purchased supplies used in the coal separation process from Quality Magnetite, which is significantly influenced by key management personnel of QEP. These amounts were included in cost of sales in the consolidated statements of operations and comprehensive income (loss).

(c) During the year ended December 31, 2019, the Company purchased coal from Kopper Glo Mining, LLC, which is considered a related party as it is significantly influenced by key management personnel of QEP. This amount was recognized in cost of sales in the consolidated statements of operations and comprehensive income (loss).

Included in accounts payable and accrued liabilities at December 31, 2020 was $18 due to related parties. No accounts payable and accrued liabilities due to related parties existed at December 31, 2019. Included in accounts receivable at December 31, 2020 is $166 related to coal sales. There were no related party coal sales receivable at December 31, 2019. At December 31, 2020 and 2019 $10 was included in accounts receivable related to tax withholdings paid by the Company on behalf of QEP, which are to be reimbursed. These amounts are unsecured and non-interest bearing.

26. Key Management Personnel

Key management personnel are comprised of executives, directors and senior management of the Company. The following is a summary of compensation awarded to key management personnel.

	For the years ended December 31,	
	2020	2019
Salaries and short-term benefits	$ 1,401	$ 2,452
Post-employment benefits	41	92
Share-based awards	184	405
	$ 1,626	$ 2,949

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

Other Employee Benefits

The Company has a personal retirement savings plan available to all employees. The Company contributes 3% and 1% of each 1% that the employee contributes up to 3% of employee contributions, for a total Company contribution of up to 6%. Effective in August 2020, the Company temporarily discontinued the additional 3% matching of employee contributions. Total Company contributions to this 401(k) plan were $1,169 and $1,495 for the years ended December 31, 2020 and 2019, respectively.

27. Segment Information

Management has identified its operating segments based on geographical location and product offerings. Management has identified two distinct operating segments which require separate disclosures under IFRS 8 – *Operating Segments*. The two operating segments, NAPP and the Company's corporate office, are reported on the same basis as the internal reporting of the Company, using accounting policies consistent with the annual consolidated financial statements.

NAPP is a distinct operating segment based on its metallurgical coal operations and location in the U.S. along the Northern Appalachia coal belt. The Company's corporate office provides support and manages the mining investments. The amounts charged for transactions between reportable segments were measured at the exchange value, which represented the amount of consideration established and agreed to by the reportable segments.

	For the year ended December 31, 2020		
	NAPP	**Corporate**	**Total**
Revenues	$ 128,486	$ —	$ 128,486
Cost of sales	(144,402)	—	(144,402)
Cost of sales - asset impairment	(41,684)	—	(41,684)
Total cost of sales	(186,086)	—	(186,086)
Gross loss	(57,600)	—	(57,600)
Selling, general and administrative expenses	(6,445)	(3,612)	(10,057)
Loss from operations	(64,045)	(3,612)	(67,657)
Finance expense	(3,704)	(1,466)	(5,170)
Finance income	812	—	812
Other income	8,133	248	8,381
Loss before tax	(58,804)	(4,830)	(63,634)
Current income tax expense	—	89	89
Deferred income tax expense	—	—	—
Provision for income taxes	—	89	89
Net loss	$ (58,804)	$ (4,919)	$ (63,723)

Expressed in United States dollars, amounts in thousands except for shares and per share amounts

	For the year ended December 31, 2019		
	NAPP	**Corporate**	**Total**
Revenues	$ 232,069	$ —	$ 232,069
Cost of sales	(216,621)	(127)	(216,748)
Gross margin (loss)	15,448	(127)	15,321
Selling, general and administrative expenses	(11,376)	(4,372)	(15,748)
Income (loss) from operations	4,072	(4,499)	(427)
Finance expense	(3,794)	(3,834)	(7,628)
Finance income	4,165	40	4,205
Other income (expense)	4,966	(1,629)	3,337
Income (loss) before tax	9,409	(9,922)	(513)
Current income tax (benefit) expense	—	—	—
Deferred income tax expense	—	—	—
Provision for income taxes	—	—	—
Net income (loss)	$ 9,409	$ (9,922)	$ (513)

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	NAPP	**Corporate**	**Total**	**NAPP**	**Corporate**	**Total**
Assets	$ 184,951	$ 25,201	$ 210,152	$ 263,140	$ 6,186	$ 269,326
Liabilities	$ 89,207	$ 33,228	$ 122,435	$ 91,978	$ 26,190	$ 118,168

All of the Company's mining properties are located in the U.S. The following geographic data includes revenues, net income (loss), non-current assets, total assets and total liabilities:

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	USA	**Canada**	**Total**	**USA**	**Canada**	**Total**
Revenue	$ 128,486	$ —	$ 128,486	$ 232,069	$ —	$ 232,069
Net (loss) income	$ (62,202)	$ (1,521)	$ (63,723)	$ 2,022	$ (2,535)	$ (513)

	At December 31, 2020			At December 31, 2019		
	USA	**Canada**	**Total**	**USA**	**Canada**	**Total**
Non-current assets	$ 167,638	$ —	$ 167,638	$ 220,800	$ —	$ 220,800
Total assets	$ 210,126	$ 26	$ 210,152	$ 269,254	$ 72	$ 269,326
Total liabilities	$ 122,319	$ 116	$ 122,435	$ 117,575	$ 593	$ 118,168

The NAPP Division had three customers which accounted for 27%, 12% and 10%, respectively, of total revenue for the year ended December 31, 2020 and five customers which accounted for 19%, 15%, 14%, 12% and 10%, respectively, of total revenue for the year ended December 31, 2019.

28. Commitments and Contingencies

Litigation

The Company and its subsidiaries are parties to a number of lawsuits arising in the ordinary course of their businesses. The Company records costs relating to these matters when a loss is probable and the amount can be reasonably estimated. The effect of the outcome of these matters on the Company's future results of operations cannot be predicted with certainty as any such effect depends on future results of operations and the amount and timing of the resolution of such matters. While the results of litigation cannot be predicted with certainty, the Company believes that the final outcome of such other litigation will not have a material adverse effect on the Company's consolidated financial statements.

Contingent Liability - Sales Agent Matter

In September 2020, the Company learned that an overseas third-party sales agent had been charged in an overseas jurisdiction in connection with allegedly unlawful benefits given to a representative of an overseas customer in relation to the sale of coal from operations of U.S. subsidiaries of the Company. A special committee of the Board of Directors of the Company (the "Special Committee") was promptly constituted and the Special Committee engaged outside legal counsel to conduct an independent investigation as to whether any employees of the Company or any of its subsidiaries were aware of, or involved in, the alleged conduct and whether any such knowledge or involvement may have given rise to a violation of anti-corruption laws by the Company or any of its subsidiaries. On the basis of preliminary findings resulting from such investigation, which is ongoing, the Company has taken corrective action to minimize risk. At this time, no charges have been brought against the Company or any of its subsidiaries in any jurisdiction. The risks associated with any such charges are uncertain. However, such risks may include resulting fines and penalties, as well as the disgorgement of some of the profits on revenues received from the customer. Due to the preliminary nature of the investigation and limitations on the ability of the Company to collect evidence, the Company's exposure is difficult to estimate and a reliable range of potential exposure is not presently determinable.

The Company and its subsidiaries are committed to the highest standards of integrity and diligence in their business dealings and to the ethical and legally compliant business conduct by their employees and representatives. Potentially unlawful business conduct is in direct conflict with corporate and compliance policies. The Company will continue the independent investigation of this matter and cooperate with authorities as needed with a view to a prompt and appropriate resolution.

Contingent Receivable - A Seam Condemnation

PBS filed five Petitions for the Appointment of Board of Viewers for the determination of all damages suffered by PBS, other than for the loss of support, in connection with the taking of leased land by the Pennsylvania Department of Transportation ("PennDOT"). Each Petition was in connection with a different property in which PBS held a leasehold interest at the time of condemnation by PennDOT or at the time when the coal was taken but no Declaration of Taking was filed by PennDOT. Three of the cases involve Declarations of Taking filed by PennDOT, also known as De Jure Condemnations, and two of the properties involve De Facto Takings, where no Declaration of Taking was filed by PennDOT but the coal was in effect taken by actions relating to the construction of the road. In one of the De Facto Taking cases, the issue of whether or not a taking occurred was resolved in favor of PBS by the Pennsylvania Commonwealth Court, but very recently the Pennsylvania Supreme Court reversed the Commonwealth Court on this issue. The Pennsylvania Supreme Court, though, left open the possibility that PBS can prove consequential damages in this case due to PennDOT's action of cutting off access to this coal property. PBS is requesting reconsideration by the Pennsylvania Supreme Court of its decision and if unsuccessful, PBS will ask the United States Supreme Court to grant PBS certiorari to review the case. In the second De Facto Taking case, the matter is awaiting hearing on the issue of whether or not a De Facto Taking occurred and if so, the extent. As to the three De Jure Taking cases, further proceedings are being planned in the form of Board of View hearings. There is the potential, though, for further delay while the Pennsylvania Supreme Court considers the Application for Reargument and while the United States Supreme Court decides whether or not to grant the writ of certiorari. As such, the Company has not recognized this contingent receivable and cannot provide a reasonable estimate for the potential magnitude of these claims.