ASX Announcement

11 August 2020

CORONADO GLOBAL RESOURCES INC. (ASX: CRN) HALF YEAR FINANCIAL RESULTS FOR SIX MONTHS TO 30 JUNE 2020

- **Reported Net Loss After Tax of US$123.2 million**
- **Adjusted EBITDA of US$34.9 million, down 91.4%**
- **Realised met coal pricing of US$97.3 per tonne down 29.2% due to softer market conditions and a sharp fall in met coal prices**
- **Production of 8.0 Mt, down 23.1%, with sales volumes of 8.3 Mt, down 20.2%**
- **Revenue of US$713.7 million, down 42.2%**
- **Operating costs reduced to US$64.0 per tonne sold, down 18.1%**
- **Mining costs per tonne of US$57.3 per tonne, up 11.5%**
- **HY20 dividend suspended in line with distribution policy**

Coronado Global Resources Inc (**Coronado** or the **Group**) (ASX: CRN) today announced its half year financial results for the six months to 30 June 2020. All amounts quoted in this release are in USD unless otherwise stated.

RESULTS	HY20	HY19	Variance %
Saleable production (Mt)	**8.0**	10.4	(23.1%)
Sales volumes (Mt)	**8.3**	10.4	(20.2%)
Revenue ($m)	**713.7**	1,234.3	(42.2%)
Metallurgical coal sales %	**79.0**	79.5	(0.6%)
Thermal coal sales %	**21.0**	20.5	2.4%
Operating costs ($m)	**665.1**	811.2	(18.0%)
Mining costs ($m)	**472.4**	533.7	(11.5%)
Operating costs per tonne sold ($)	**64.0**	78.1	(18.1%)
Mining costs per tonne sold ($)	**57.3**	51.4	11.5%
Net (loss) Income ($m)	**(123.2)**	214.3	(157.5%)
Adjusted EBITDA[1] ($m)	**34.9**	405.4	(91.4%)

HY20 KEY HIGHLIGHTS (comparisons to HY19 unless otherwise stated)

- Safety remains the Company's highest priority. Australian rolling 12-month TRIFR was 7.81 and US rolling 12-month TRIR was 1.41 which were below relevant industry benchmarks
- Production and sales impacted by the January 2020 shutdown and flow-on effects at Curragh, wet weather in Queensland, the idling of the US operations in April-May, and softening demand for metallurgical coal due to COVID-19 pandemic
- Saleable production of 8.0 Mt was down 23.1% with sales volumes down 20.2% to 8.3 Mt
- Revenue of $713.7 million, down 42.2% due to lower sales volume and lower average realised metallurgical coal pricing as a result of softer market conditions and falling index pricing
- Reported Loss After Tax of $123.2 million for HY20, 157.5% lower than HY19

[1] All references to "EBITDA" in this announcement mean EBITDA adjusted for non-recurring items

- Adjusted EBITDA of $34.9 million, down 91.4%
- Operating costs of $64.0 per tonne sold represents an 18.1% reduction due to lower royalties, lower freight expenses, lower mining costs and stringent cost control measures
- Group mining cost of $57.3 per tonne sold was 11.5% higher due to lower production
- Group realised metallurgical coal pricing of $97.3 per tonne down 29.2% due to softer market conditions and a sharp fall in metallurgical coal prices
- Dividend suspended in line with the Company's distribution policy
- Net debt of $404.9 million at 30 June 2020 comprised $36.1 million of cash and cash equivalents (excluding restricted cash) and $441.0 million of debt
- Coronado has implemented a range of strategic initiatives to preserve its balance sheet during the COVID-19 pandemic including reducing FY20 capital expenditure by 40% and agreeing with lenders to waive compliance with financial covenants until February 2021.
- Capital expenditure of $61.9 million for the half year remains on target for a 40% reduction over the full year.

Managing Director and Chief Executive Officer, Gerry Spindler, said:
"The first half of FY20 was one of the most challenging periods in the last 50 years for the steel and metallurgical coal sectors. The effects of the COVID-19 pandemic have been severe and far-reaching, and come at great economic cost.

"Although we experienced a number of operational issues at various mines that affected production, we have been pro-active in minimising the impact of the pandemic on the health and safety of our people at all our mine sites. The commitment and dedication of our workforce in adapting to these challenges has been outstanding," Mr Spindler said.

"Looking ahead, Coronado's overall objective is to position the Company to weather the current market conditions while ensuring the business is positioned to take advantage of a recovery in the metallurgical coal market, as and when that recovery inevitably occurs. To that end, we have implemented a number of strategic initiatives to preserve capital, maintain balance sheet flexibility, reduce expenditure and improve liquidity.

"Given the overall importance of government backed economic stimulus post COVID-19, we anticipate a rapid recovery in steel demand, and a return of production over time, however the timing of the recovery is uncertain at present," he concluded.

DIVIDEND

In line with current market conditions and the Company's distribution policy, Coronado's Board of Directors have suspended the dividend for the half year to 30 June 2020.

SAFETY

In Australia, the 12-month rolling average Total Recordable Injury Frequency Rate (TRIFR) was 7.81 and for the US the rolling 12-month average Total Reportable Incident Rate (TRIR) was 1.41. Reportable rates in both jurisdictions were below the relevant industry benchmarks.

On 12 January 2020, the operations at the Curragh mine were suspended when a contractor was fatally injured during a tyre change activity in the main workshop on site. All workers participated in return to work safety sessions and a comprehensive review of mine procedures was performed. Coronado continues to support the third-party reviews of this tragic incident.

The safety and wellbeing of our workforce remains Coronado's highest priority and the Company continues to proactively manage the potential threat of COVID-19 at its mines and offices. Coronado formed a COVID-19 taskforce spanning its Australian and U.S. operations and enacted stringent preventative measures to ensure the safety and well-being of employees and contractors during the pandemic. These procedures include increased screenings of employees as they arrive at the workplace as well as strict adherence to hygiene and social distancing guidelines while at work.

FINANCIAL PERFORMANCE

The rapid deterioration in global demand for metallurgical coal due to the economic slowdown caused by COVID-19 and a series of unforeseen events at Curragh were the primary reasons for lower production, sales and revenue during the half.

Saleable production was down 23.1% to 8.0 Mt while sales volumes of 8.3 Mt were down 2.1 Mt, or 20.2%, compared to HY19. The suspension of mining activities at the Curagh mine following the workshop fatality and subsequent flow-on effects, wet weather events in Queensland, and the idling of US operations over April and May in response to deteriorating markets were all contributing factors. Import restrictions into China, which resulted in a temporary suspension of sales from the US to China during the second quarter, also negatively impacted performance.

Total group revenue of $713.7 million was down 42.2% compared to HY19 stemming from lower coal sales volumes and a lower average realised metallurgical coal price during the period. The average realised metallurgical coal price was $97.3 per Mt sold, which was $40.2 or 29.2% below the price achieved in HY19.

Adjusted EBITDA for the half year to 30 June 2020 was $34.9 million, or 91.4% lower than the previous corresponding half year, resulting from reduced coal sales revenues.

The Company reported a net loss after tax of $123.2 million, down 157.5%. This decrease reflected lower EBITDA and impairment charges of $63.1 million, partially offset by an income tax benefit of $20.4 million in HY20.

Group mining cost per tonne sold was $57.3, 11.5% higher than HY19. Gross mining costs decreased by $61.3 million, or 11.5% compared to HY19, but cost per tonne increased due to substantially lower production. Operating costs per tonne sold reduced by 18.1% to $64.0.

LIQUIDITY

Net cash used in operating activities was $7.6 million, compared to the $301.2 million cash derived from operating activities in HY19, reflecting the significant decline in revenue during the period. At 30 June 2020, net debt was $404.9 million and comprised cash and cash equivalents (excluding restricted cash) of $36.1 million and $441.0 million of borrowings under the Syndicated Facility Agreement (SFA).

In response to the emerging risks associated with impacts of the COVID-19 pandemic on the demand and pricing for metallurgical coal, the Company concluded an agreement with its lenders under the Syndicated Facility Agreement (SFA) to waive compliance with certain financial covenants for the period from 25 May 2020 to 28 February 2021. This waiver was requested to enable the Company to adapt its operations to the impacts of the pandemic as well as to provide additional flexibility to work through this period of significant uncertainty, lower demand and pricing for metallurgical coal. Notwithstanding this agreement, the Company was in compliance with its covenant limits as at 30 June 2020. Coronado continues to actively engage with its Lenders in relation to the extension of the waiver beyond February 2021.

As a result of weak market conditions and the uncertainty surrounding the length and severity of the COVID-19 pandemic, Coronado implemented a number of strategic initiatives during the period to preserve capital and maintain balance sheet flexibility. These include deferring the Curragh Mine expansion plans, reducing FY20 capital expenditure by 40%, continuing to reduce operating costs, and maintaining a disciplined approach to expenditure. At 30 June 2020, total capital expenditure was $61.9 million which remains on target for a 40% reduction over the full year. The business retains operating and cost flexibility, and additional strategic and financial initiatives may include further right-sizing of production at the US Operations for market conditions, deferring development capex, reducing stay-in-business capex and curtailing non-essential operating costs. In addition, the Company may pursue other initiatives to improve cash flow, such as the potential for non-core asset sales or other funding measures.

OPERATIONS

Total ROM production for HY20 was 11.9 Mt, 28.7% lower than HY19. The decrease was largely driven by the decision to idle the US operations over April and May in response to the poor market conditions induced by COVID-19, and the continued flow-on effects from the Curragh safety shutdown in January. Wet weather events also impacted Curragh's first half performance.

The Curragh mine performed better in the second quarter, however the flow-on effects of the January safety shutdown continued to impact production and sales. Overburden removal was hampered by delayed drill and blast operations and wet weather events, which in turn affected dragline sequencing and overall mine efficiency. These delays were resolved by June and a comprehensive review of the mine plan was undertaken to identify ways to increase production where possible for the remainder of the year. The Curragh mine expansion plans, as well as the capital cost associated with the expansion, has been deferred until market conditions improve, potentially in 2021.

Curragh sales have benefitted from being a strategic 'base load' producer of metallurgical coal in Asia Pacific. Curragh sales volumes of 5.6 Mt were down 12.6% on HY19, with metallurgical sales volumes totalling 3.9 Mt, down 18.6%. Coal revenues decreased by 40.9% to $458.5 million with the average realised metallurgical coal price per tonne sold was $104.8, down 31.2% over the previous corresponding period. Mining cost per tonne sold was $53.9, an increase of 26.5%.

The US operations began the year strongly with the Phase One trade agreement between the US and China offering an economic solution to coal exports to China. However, the onset of the COVID-19 pandemic had an immediate effect on demand from customers in Europe, Brazil and North America. As a result, mining operations at Buchanan, Logan and Greenbrier were idled while sales continued from existing stockpiles. Operations at Buchanan and Logan resumed on 1 June with production tailored to match current demand.

US sales volumes of 2.8 Mt were 31% lower than HY19, with metallurgical sales volumes down 22.3% to 2.7 Mt. Coal revenues fell 45.9% to 236.3 Mt and the average realised metallurgical price per tonne sold was down 26% to $86.6. Mining cost per tonne sold fell 1.7% to $64.3 primarily due to idled operations over April and May.

METALLURGICAL COAL MARKET

Metallurgical coal markets globally remain subdued with customer demand substantially lower due to the economic slowdown induced by the COVID-19 pandemic. During the June quarter the Platts PLV Coking Coal price retreated from $141.0 per tonne to circa $116.0 per tonne at the end of June. The index price has since settled below $110.0 per tonne as demand for metallurgical coal continues to be impacted by reduced steel production due to COVID-19.

Global steel producers have rationalized production due to a decline in steel demand from the construction and automotive sectors; a direct result of substantially lower consumer demand in a COVID-19 environment. We are seeing some early signs of improvement in these sectors in some major markets, but it is too early to determine whether this demand can be sustained.

Steel demand in China has been supported primarily by large infrastructure investment, with signs of improvement in discretionary steel demand (e.g. automotive) and property. Steel demand for the balance of 2020 is widely forecast to remain strong, underpinned by the investment in infrastructure.

Indian steel demand is improving, but from a very weak position, and GDP growth in 2020 is expected to be reduced. Steel demand for Indian mills is currently being supported by reversal of steel trade flow, becoming a net steel exporter to China. This has been an important factor in some of the early resumption of procurement activity for metallurgical coal. Any sudden change in this flow could have an impact on metallurgical coal demand in the short term.

Japanese and South Korean mills have been considering restocking activities during Q3 2020 in anticipation of improved demand from the automotive sector.

The US domestic and export markets have also been adversely affected due to COVID-19. The European market was already in contraction, but the entire Atlantic Basin Market has slowed, including Brazil.

OUTLOOK

The Company's key focus for the balance of 2020 will be to continue to meet the demands of our customers as well as to maintain our focus on capital preservation. A number of key initiatives have been implemented to improve the overall liquidity of the Company which may include the sale of non-core assets and other financing initiatives. Further to this, the Company is performing a comprehensive review of the cost structure of each operation to ensure margins are protected in the current environment of depressed prices.

Optimising operations at Curragh will continue to be a management priority for the remainder of 2020, with the recovery of lost production a key focus. Fortunately, the key preconditions for the Curragh expansion have all been met (e.g. rail and port capacity) and the expansion plan can be quickly implemented once market conditions improve.

During the second half of 2020, the US operations will produce saleable coal at a lower capacity to match market demand and reduce inventory levels. Accordingly, Buchanan will operate the longwall with fewer production shifts and less development units. Logan's production schedule will continue to be scaled back to meet demand under our domestic contracts. Both Buchanan and Logan are well positioned to quickly increase production to meet any improvements in profitable market demand. Greenbrier will likely remain idle until 2021 depending on market conditions. Management will continue to control costs and closely monitor and implement opportunities to further reduce cost and capital expenditures.

GUIDANCE

Due to the COVID-19 pandemic and resulting market uncertainty, the Company withdrew its FY20 Guidance on 28 April 2020. However, the Board recognises the importance of ensuring the market remains informed to the extent that there is reasonable certainty around production and other material information.

Following the restart of the Logan and Buchanan mines on 1 June 2020, after being idled over April and May, Coronado provided an estimate of total saleable production for FY20 of 16.5 to 17 million tonnes on 24 June 2020. The Company expects sales volumes to be higher than production as customer demand is met through existing inventory levels.

MANAGEMENT CHANGES

Subsequent to the resignation of Ms Ayten Saridas in May 2020, Coronado announced the appointment of Mr Gerhard Ziems as Group Chief Financial Officer (CFO) in July. The agreed transition period is nearing completion with Mr Ziems assuming Group CFO responsibilities from 15 August 2020.

For a detailed review of Coronado's operating and financial performance, investors should refer to the FORM 10-Q, Appendix 4D, Directors Report, Half Year Consolidated Financial Report and Investor Presentation released to the Australian Securities Exchange on 11 August 2020.

– Ends –

Approved for release by the Board of Directors of Coronado Global Resources Inc.

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Coronado

APPENDIX

Cautionary Notice Regarding Forward – Looking Statements

This report contains forward-looking statements concerning our business, operations, financial performance and condition, the coal, steel and other industries, as well as our plans, objectives and expectations for our business, operations, financial performance and condition. Forward-looking statements may be identified by words such as "may," "could," "believes," "estimates," "expects," "intends," "considers", “forecasts”, “targets” and other similar words that involve risk and uncertainties. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volume, or other financial items, descriptions of management’s plans or objectives for future operations, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K filed with the ASX and SEC on 24 February 2020, as well as additional factors we may describe from time to time in other filings with the ASX and SEC. You may get such filings for free at our website at www.coronadoglobal.com.au. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Reconciliation of Non-GAAP Measures

This report includes a discussion of results of operations and references to and analysis of certain non-GAAP measures (as described below) which are financial measures not recognised in accordance with U.S. GAAP. Non-GAAP financial measures are used by the Company and investors to measure operating performance.

Management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability. These financial and operating metrics include: (i) safety and environmental metrics; (ii) total sales volumes and average realized price per Mt sold, which we define as total coal revenues divided by total sales volume; (iii) Met sales volumes and average realized Met price per Mt sold, which we define as Met coal revenues divided by Met sales volume; (iv) average segment mining costs per Mt sold, which we define as mining costs divided by sales volumes for the respective segment; and (v) average segment operating costs per Mt sold, which we define as segment operating costs divided by sales volumes for the respective segment.

Reconciliations of certain forward-looking non-GAAP financial measures, including market guidance, to the most directly comparable GAAP financial measures are not provided because the Company is unable to provide such reconciliations without unreasonable effort, due to the uncertainty and inherent difficulty of predicting the occurrence and the financial impact of items impacting comparability and the periods in which such items may be recognised. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Mining Costs per tonne Reconciliation

	For Six Months Ended 30 June 2020			
	Australia	United States	Other /corporate	Total
Total costs and expenses	**506,686**	**244,891**	**13,726**	**765,303**
Less: Selling, general and administrative expense	—	—	(13,353)	(13,353)
Less: Depreciation, depletion and amortization	(40,080)	(46,396)	(373)	(86,849)
Total operating costs	**466,606**	**198,495**	**—**	**665,101**
Less: Other royalties	(37,508)	(5,947)	—	(43,455)
Less: Stanwell rebate	(57,415)	—	—	(57,415)
Less: Freight expenses	(70,220)	(12,666)	—	(82,886)
Less: Other non-mining costs	(2,622)	(6,336)	—	(8,958)
Total mining costs	**298,841**	**173,546**	**—**	**472,387**
Sales Volume excluding non-produced coal (MMt)	5.5	2.7	—	8.2
Mining cost per Mt sold ($)	**53.9**	**64.3**	**—**	**57.3**

	For Six Months Ended 30 June 2019			
	Australia	United States	Other /corporate	Total
Total costs and expenses	**564,658**	**331,930**	**18,156**	**914,744**
Less: Selling, general and administrative expense	(332)	—	(17,979)	(18,311)
Less: Depreciation, depletion and amortization	(42,157)	(42,945)	(177)	(85,279)
Total operating costs	**522,169**	**288,985**	**—**	**811,154**
Less: Other royalties	(77,100)	(16,322)	—	(93,422)
Less: Stanwell rebate	(94,674)	—	—	(94,674)
Less: Freight expenses	(78,194)	(11,168)	—	(89,362)
Total mining costs	**272,201**	**261,495**	**—**	**533,696**
Sales Volume excluding non-produced coal (MMt)	6.4	4.0	—	10.4
Mining cost per Mt sold ($)	**42.6**	**65.4**	**—**	**51.4**

Realised Pricing Reconciliation

	For the six months ended 30 June 2020		
(In US$'000, except for volume data)	Australia	United States	Consolidated
Metallurgical coal revenues	**407,831**	**234,198**	**642,029**
Volume of Metallurgical coal sold (MMt)	3.9	2.7	6.6
Average realised metallurgical coal price per Mt sold	**104.8**	**86.6**	**97.3**

	For the six months ended 30 June 2019		
(In US$'000, except for volume data)	Australia	United States	Consolidated
Metallurgical coal revenues	**727,964**	**407,535**	**1,135,499**
Volume of Metallurgical coal sold (MMt)	4.8	3.5	8.3
Average realised metallurgical coal price per Mt sold	**152.3**	**117.0**	**137.5**

Adjusted EBITDA Reconciliation

	Three months ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(US$ thousands)		(US$ thousands)	
Net (loss) income	$ (114,330)	$ 117,506	$ (123,196)	$ 214,326
Depreciation, depletion and amortization	41,547	45,508	86,849	85,279
Interest expense (net of income)	12,064	9,087	24,318	17,264
Other foreign exchange losses (gains)	9,777	3,157	4,217	(557)
Income tax (benefit) expense	(22,646)	47,033	(20,355)	89,043
Impairment of assets	63,111	—	63,111	—
Consolidated adjusted EBITDA	$ (10,477)	$ 222,291	$ 34,944	$ 405,355

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
	(US$ thousands)	
Net (loss) income	$ (123,196)	$ 214,326
Depreciation, depletion and amortization	86,849	85,279
Interest expense (net of income)	24,318	17,264
Other foreign exchange losses (gains)	4,217	(557)
Income tax (benefit) expense	(20,355)	89,043
Impairment of assets	63,111	—
Consolidated adjusted EBITDA	$ 34,944	$ 405,355