ASX Announcement

27 May 2021

2021 Annual General Meeting of Stockholders: Chairman's Address

Coronado Global Resources Inc (ASX: CRN) is pleased to provide a copy of the Chairman's Address to be delivered at the Annual General Meeting of Stockholders (***AGM***) on Thursday 27 May 2021, 10.00am Australian Eastern Standard Time (or Wednesday 26 May 2021 at 8.00pm US Eastern Time) conducted by live webcast.

Please refer to the details for attendance at the virtual AGM are set out in the Proxy Statement (including Notice of Meeting) lodged with the ASX on 16 April 2021 and on Coronado's website at: https://coronadoglobal.com.au/annual-general-meeting-information/.

– Ends –

This announcement was authorised to be given to the ASX by the Board of Coronado Global Resources Inc.

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Coronado

Mr William Koeck
2021 Annual General Meeting of Stockholders: Chairman's Address
Thursday 27 May 2021

Last year in June, at Coronado's first virtual AGM, I spoke about some of the challenges the Company was facing in 2020 and the steps we were taking to respond to the unprecedented uncertainty and volatility caused by the global COVID-19 pandemic.

At that stage, we had withdrawn guidance, idled our US mines, and introduced a range of measures to preserve capital including the suspension of dividends. We were cautiously optimistic that, given the essential role played by metallurgical coal in the steel making process, a resurgence in global infrastructure spending in the second half of the year could drive economic recovery and an improvement in metallurgical coal prices.

Unfortunately, that scenario did not eventuate. For Coronado, 2020 was a year of "Black Swan" events. These included:

- the **US-China trade dispute** that severely disrupted export sales from the US in the first quarter;
- a dramatic **slow-down in Atlantic Basin demand**;
- a **fatal incident at our Curragh mine** which resulted in the temporary shut-down of mining operations;
- the massive disruption and impact of the **global COVID-19 pandemic** on markets, demand and pricing; and
- **China's political ban on Australian coal imports** which saw the Australian benchmark met coal index fall to what we regard as artificially low levels in a period of high global demand.

This unprecedented chain of events placed great strain on the Company and our people, who have remained positive and performed incredibly well in the face of numerous physical, social and economic difficulties.

2020 Financial Results

Understandably, these "Black Swan" events combined to create a very challenging operating environment in both the U.S. and Australia which was reflected in our financial results for FY20:

- **Saleable Production** of 17 million tonnes was 16% lower than FY19 due to multiple disruptions to US and Australian operations;
- **Sales Volumes** of 18.2 million tonnes was 9% lower year on year as a result of lower production and demand;

- **Group Realised Met Coal Price** of US$90.5 per tonne, down almost 30% compared to the previous year;
- **Group Mining Costs per Tonne Sold** increased by 7% to US$55.6 as a result of lower production;
- **Revenue** of US$1,462 million was down 34% compared to FY19 due to lower realised pricing and reduced sales volumes;
- **Adjusted EBITDA** of US$53.8 million decreased by 34% versus FY19, due to lower sales volumes and reduced realised pricing; and disappointingly,
- A **Net Loss** of US$226 million, down 174% from the profit of the previous year.

Positives were few but I would like to acknowledge the excellent performance of our US operations. In one of the worst ever years for the met coal industry our US operations generated more than US$92 million EBITDA in part due to their low cost base and efficient operating structure. Our Australian operations should also be commended for setting a quarterly production record at Curragh in the third quarter of FY20.

Liquidity and Balance Sheet

As the year progressed, sustained low pricing saw the Company place greater emphasis on liquidity and flexibility. We cut capex by approximately 40%, deferred the Curragh expansion project, reduced gross operating costs and sought to optimise inventory management.

We also agreed with our Syndicated Facility Agreement (SFA) lenders to waive compliance with financial covenants initially until the end of February 2021 and subsequently until the end of September 2021.

While Coronado's production levels gradually improved over the second half of the year, by mid-2020 few countries other than China showed signs of returning to pre COVID levels of steel production. Met coal pricing and demand remained subdued so, in August 2020, the Company moved to secure an additional bank covenant waiver until the end of September 2021 and strengthened its balance sheet with a well supported US$180 million equity raise. Our major security holder, EMG, decreased their holding down from 80% to 56.6%, in order to increase the free float and stock liquidity. As a result, Coronado was admitted to the ASX300 in March 2021.

The end of the September quarter showed some signs of demand and price improvement, but this was short-lived. China imposed a ban on the importation of numerous Australian products including metallurgical coal which saw benchmark prices drop below US$110 per tonne.

Although hopeful that a political solution would emerge, the lack of buying of Australian met coal by China's steel mills saw the Australian met coal benchmark index price fall to artificially low levels whilst met coal prices around the world rose steeply in response to increased steel production in India, Japan, South Korea, Taiwan, Vietnam, China, North America and parts of Europe. The irony is that while the price of Australian Met coal fell to around US$100 per tonne, Chinese steel mills were forced to pay up to US$265 per tonne for lower quality domestic met coal and much higher prices (than benchmark) for other imported met coal. This price imbalance continued for the remainder of 2020 and has continued into 2021.

In addition, at the end of December 2020, amounts for coal sales due from Coronado's coal marketing agent, Xcoal, US$91 million of which US$85 million was past due. Subsequently, this was reduced to $57.8 million by the end of the March 2021 and is now down to US$53.5 million.

A range of liquidity levers were identified, including the sale of non-core assets, but the limitations of our SFA - with its backward-looking financial covenants and reducing headroom - were becoming apparent.

Following a review of the Company's capital structure in the first quarter of 2021, in late April we announced a US$550 million refinancing package with the aim of:

- maintaining liquidity;
- enhancing financial flexibility;
- extending our debt maturity; and
- diversifying our funding sources; and
- ensuring a stable and strong balance sheet.

The refinancing package was successfully completed in mid-May and comprised of US$350 million in senior secured Notes, a US$100 million Asset Based Loan facility, and a US$100 million equity raise.
The Company's SFA was subsequently repaid and terminated. Our major security holder, EMG, participated in the equity issue, but did not take up its full entitlement which reduced its holding to approximately 50.1% of Coronado's issued capital down from 56.6%. EMG also participated in the Notes issue up to the value of US$65 million which signalled their support for the Company and its long-term growth potential.

I want to thank the senior executive team, under the CEO, CFO and General Counsel leadership, for successfully delivering this complex project

Health & Safety

The safety and health of our people is our highest priority. Our safety performance in the US continued to outperform the industry average and a number of injury free milestones were achieved during the year. In Australia, our Total Recordable Injury Frequency Rate at the end of 2020 was slightly above the industry average, which is not acceptable. A range of incident reduction initiatives have been implemented which are having a positive effect and at the end of April 2021 our safety performance had improved and was lower than the industry average.

The tragic death of Donald Rabbitt, an employee of a contractor operating a tyre changing facility at the Curragh mine in January 2020, was deeply felt by his family, friends and workmates. The first anniversary of Donald's death was marked at all of Coronado's facilities in Australia and the U.S. with production ceasing for a period at the Curragh mine to allow for reflection and safety discussions within our teams.

The rapid onset of COVID-19 in the first half of 2020 heavily impacted market demand as economic activity slowed dramatically. With inventories building and COVID spreading in the U.S., we established a global steering committee to oversee the Company's approach and the rollout of education, prevention and response plans. We also enacted a range of physical measures to safeguard our people including:

- **screening** prior to site entry;
- **compulsory masks** at our US operations;
- **testing;**
- **enhanced hygiene**, cleaning and sanitising; and
- **social distancing** and, where possible, working from home.

Coronado idled its U.S. mines and furloughed the majority of its U.S. employees so that they could stay at home during the worst phase of the pandemic with full health benefits continuing. The Buchanan and Logan mines reopened in June.

By the end of April 2021, I can report that all of our US employees that elected to receive the COVID vaccine have been vaccinated. This includes our CEO, Gerry Spindler, and COO, James Campbell, who have recently arrived in Australia from the US .Gerry is participating in this AGM from quarantine facilities in Brisbane and Jim has just been released from quarantine and is here in person at the head office in Brisbane. All onsite COVID measures remain in place across our US and Australian operations led by our COVID Steering Committee.

Sustainability

As I said at last year's AGM, Environment, Social and Governance issues, or ESG, are becoming increasingly important to investors, regulators and stakeholders.

We remain focused on enhancing our reporting, minimising our Scope 1 and Scope 2 greenhouse gas emissions and benchmarking ourselves against our peers. We are comparable if not better than our peers.

Based on data from 2020, Australian operations produced less Scope 1 and Scope 2 emissions than our key competitors. We are investigating and evaluating a range of operational and commercial projects that have the potential to minimise or offset carbon emissions including:

- a "behind the meter" type solar farm at Curragh which has progressed to the feasibility stage;
- harvesting incidental coal seam gas at Curragh either to generate electric power on site or as a partial substitute for diesel fuel;
- carbon abatement technologies and carbon offsets; and
- the use of green energy where available and practical.

In the US, our surface mines operate as much as possible with concurrent reclamation so that we are reducing our disturbance and reforesting our reclaimed areas as quickly as possible providing carbon offsets. Over the last three years we have reclaimed over 1,000 acres and planted trees on almost half that area. At Greenbriar alone over the last 18 months have we have planted 369,000 stems as part of our reclamation efforts. We plan to continue to focus on our reclamation and reforestation efforts moving forward.

In addition, we are looking at new technologies and projects to reduce our carbon footprint, including:

- a Ventilation Air Methane (VAM) system at our Buchanan Mine designed to extract a portion of the ventilation volume and convert the methane to carbon dioxide and water vapor, which could reduce the carbon footprint by 22.25 times; and
- technologies to capture methane through mine degassing which can be sold back into the US power grid, contributing to lower carbon emissions than energy provided through coal fired plants.

Over the past 12 months, there has been much talk in the media about the use of alternative reductants to met coal in the manufacture of steel, with hydrogen the most prominent. Despite the rhetoric, hydrogen technologies are in their infancy and industry consensus is that it will take at least 20 years for this technology to be developed to a level where it can be introduced safely and up to 30 plus years for it to become economic. Perhaps counterintuitively, the demand for blast furnace produced steel is forecast to increase over the next 30 years to nearly double what it is today and we believe that higher quality hard coking coals, such as those produced by Coronado, are going to remain in high demand.

The year ahead

Our industry is facing two key issues that will determine the improvement, or otherwise, in metallurgical coal prices in 2021:

- the resolution of the Chinese import ban on Australian coal, which is artificially distorting the benchmark index and export pricing; and
- the continued impact of COVID-19 on global markets and economies, and the overall demand for steel.

As for Coronado, we believe that we are the premier pure metallurgical coal play and will continue to maintain our focus on liquidity, operational efficiency and cost reduction. In addition, we will of course continue to review potential cash generating and accretive opportunities to grow our business. Our CEO, Gerry Spindler, will talk more about these issues and the market outlook during his presentation.

Our management team, employees and contractors have worked tirelessly over the last 18 months to ensure that Coronado could withstand the numerous economic shocks and other events I have referred to above and I thank them for their commitment and hard work.

I would also like to thank my fellow directors, who have helped the Company navigate a very difficult and challenging year, and acknowledge Ernie Thrasher who retires from the Board at the conclusion of this meeting. His market insights and counsel have been much appreciated by the Board and senior management and on behalf of the Company I wish him well for the future.

Finally, while uncertainty and volatility continue to be a hallmark of global metallurgical coal markets for the immediate future, Coronado is well positioned and well funded to take advantage of any market recovery when it occurs.

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