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ASX ANNOUNCEMENT - FY20 FULL YEAR RESULTS

26 February 2021

Challenging market conditions and sustained lower prices impacted FY20 full year earnings; stronger 2H production has Coronado well positioned for market recovery

Coronado Global Resources Inc (**Coronado**, **Company** or the **Group**) (ASX: CRN) has released its full year results for the financial year ended 31 December 2020 (FY20). All amounts quoted in this release are in USD unless otherwise stated.

RESULTS	FY20	FY19	Variance %
Saleable Production (Mt)	**17.0**	20.2	(15.8)
Sales Volume (Mt)	**18.2**	19.9	(9.0)
Revenue ($m)	**1,462.3**	2,215.8	(34.0)
EBITDA[1] ($m)	**53.8**	634.2	(91.5)
Reported Net (Loss) Income after Tax ($m)	**(226.5)**	305.5	(174.2)
Group Realised Metallurgical Coal Price ($)	**90.5**	128.8	(29.7)
Mining Cost per tonne sold ($)	**55.6**	51.8	7.3
Operating Cost per tonne sold ($)	**76.5**	77.5	(1.3)
Capital expenditure ($m)	**123.9**	183.3	(32.4)

FY20 HIGHLIGHTS

- Safety is the Company's highest priority. New safety initiatives implemented in the second half of the year saw safety improvements in Australia and delivered further gains in the US.
- Revenue of $1,462.3 million, down 34% from FY19 as a result of weaker metallurgical coal markets and global trade restrictions which led to lower sales volumes and benchmark pricing.
- EBITDA of $53.8 million, down 91.5% compared to FY19 due to lower sales volumes and reduced realised pricing as COVID-19 impacted global metallurgical coal markets.
- Reported Net Loss After Tax of $226.5 million, down 174.2% compared to FY19.
- ROM production of 25.2 Mt, down 18.1% compared to FY19 ROM production of 30.8 Mt.
- Saleable production of 17.0 Mt was at the top end of revised market guidance. FY20 saleable production was 15.8% lower than FY19 levels due to operational impacts.
- Sales volumes of 18.2 Mt, down 9.0% compared to FY19, were affected by lower saleable production and temporary mine suspensions in Australia and the U.S.
- FY20 mining cost per tonne sold of $55.6 was at the low end of market guidance.
- Capital expenditure of $123.9 million in FY20 was down 32% on FY19 and 40% below original FY20 guidance which preserved capital during a period of uncertain economic conditions without impacting the ability of operations to respond to improved pricing.
- Completed equity raising of gross proceeds of approximately $180 million and secured covenant waiver to strengthen balance sheet and enhance liquidity.
- Net debt position of $281.9 million at 31 December 2020, comprising $45.7 million of cash and cash equivalents and $327.6 million of drawn debt, with available liquidity of $267.9 million[2].

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

[2] The availability to fully draw down under the SFA is subject to a modified liquidity buffer of $50 million, leading to a review event process if amounts within this buffer are drawn down during the extended waiver period (i.e. before 30 September 2021). However, lender consent required to access the remaining $50 million was removed as part of the current waiver arrangement

COMMENTS FROM MANAGING DIRECTOR AND CEO, GERRY SPINDLER

“From the outset, the 2020 financial year presented a range of significant challenges to our business and our people. The first half was particularly difficult, and I am proud of the way in which our people responded to a constantly changing environment and slowing global economy.

“The second half of the year reflected how markets, companies and people had adapted to the economic and social changes brought about by COVID-19 with substantially improved operating performances from our U.S. and Australian operations. At the same time, we implemented a number of corporate and financial initiatives to strengthen our balance sheet and improve liquidity and operating flexibility.

“We are now in the fortunate position of having high quality, well-operated assets with a 20 year plus life span. That means when markets recover, we can get on with business and not be concerned with greenfield or brownfield development risks, project financing, regulatory approvals or permitting. We can prudently increase production to meet demand in a scalable manner, with capex funded from cash flows and facilities,” Spindler said.

SAFETY

In January 2020, operations at the Curragh mine were suspended when a contractor, Donald Rabbitt, was fatally injured during a tyre change activity in the main workshop on site. The anniversary of Donald’s passing was marked at all Coronado facilities in Australia and the U.S. on 12 January 2021 with production ceasing for a period at the Curragh mine to allow for reflection and safety discussions.

In the second half of 2020, Coronado introduced a number of new safety initiatives in Australia and the U.S. to reduce injuries. These include higher level investigation of recordable injuries, increased inspections and audits to ensure compliance with safety and health standards by both employees and contractors. Results to date have been positive.

In Australia, the 12-month rolling average Total Reportable Injury Frequency Rate (TRIFR) at 31 December was 9.40, compared to 9.88 at the end of September. In the U.S., the 12-month rolling average Total Reportable Incident Rate (TRIR) at 31 December was 1.34, compared to 1.64 at the end of September. Reportable rates in the US are below the relevant industry benchmarks, and in Australia rates are slightly above relevant industry benchmarks.

COVID-19 RESPONSE

Coronado continues to monitor the COVID-19 pandemic and has introduced a range of proactive preventative measures. The Company’s COVID-19 Global Steering Team has now begun to focus on vaccine implementation processes. In the U.S., West Virginia and Virginia coal mining employees have been deemed critical infrastructure workers and will be given priority status for vaccination. Some mine rescue and Emergency Medical Technician (EMT) employees have already received their first dose of the vaccine. The rollout of vaccinations to the Australian workforce will be in accordance with the Federal Government’s timetable.

FY20 OVERVIEW

The first half of FY20 was particularly challenging at an operational level, disrupting production, pricing and sales, which in turn impacted the Company’s financial performance.

The fatal injury of a contractor at the Curragh mine resulted in the temporary suspension of operations in January and February 2020, with flow on effects continuing to impact operations over the first half of the year. This was compounded by wet weather conditions which further disrupted logistics and production in Australia. The delay in the resolution of the trade dispute between the U.S. and China limited export sales to China from the U.S. over the period and the onset of COVID-19 caused a major global economic downturn, resulting in the temporary idling of Coronado’s U.S. mines over April and May 2020. These factors impacted operating efficiencies and resulted in lower production, sales and pricing.

The second half of FY20 saw a marked improvement in production and sales from our U.S. and Australian operations. In the U.S., the Buchanan and Logan mines resumed operations in June 2020 and ramped up to near full production capacity by the end of the December. The Curragh mine in Australia posted record production levels in the third quarter and a solid performance in the fourth quarter. The excellent production performance in Australia was unfortunately offset by a severe decline in Australian benchmark pricing in the fourth quarter, driven by import restrictions on Australian coal by China. Although Curragh rarely exports metallurgical coal to China, Australian benchmark pricing was nevertheless affected resulting in lower realised prices. In contrast, U.S. exports to China from the Buchanan mine attracted increasingly higher prices over the period.

FINANCIAL PERFORMANCE

Revenue of $1,462.3 million in FY20 was $753.5 million lower than FY19 due to weaker global metallurgical coal markets resulting in lower prices as well as lower coal sales volumes. Reduced revenues impacted EBITDA which was $53.8 million in FY20, a decrease of $580.4 million compared to the previous year.

The company reported a net loss for FY20 of $226.5 million, down $532.0 million from the $305.5 million reported in FY19, as a result of reduced revenues and a $78.1 million non-cash impairment charge at the Greenbrier mine in the U.S., partially offset by lower operating costs and an income tax benefit. The Greenbrier mine remains idle due to the adverse impacts of the COVID-19 induced global economic downturn and corresponding decline in demand and is currently held for sale.

Cash used in operating activities was $3.0 million for FY20, a reversal of $480.4 million compared to cash generated of $477.4 million in FY19. Group mining cost of $55.6 per tonne was 7.3% higher as a result of lower production volumes.

Net debt at 31 December 2020 was $281.9 million, comprising $45.7 million of cash, and $327.6 million of drawn debt. Liquidity at 31 December 2020 was $267.9 million and included $222.4 million available under the Company's Syndicated Facility Agreement (SFA)[3].

No dividend for FY20 was declared.

OPERATIONS

In FY20 ROM production of 25.2 Mt was down 18.1%, or 5.6 Mt, compared to the previous year. Similarly, saleable production reduced by 15.8%, or 3.2 Mt, due to operational impacts and reduced demand following the global economic downturn.

FY20 sales volumes of 18.2 Mt were down 9.0%, or 1.7 Mt, versus FY19. Sales volumes were less affected in FY20 due to stockpiling at U.S. mines ensuring customer orders could be fulfilled while the mines were idled in the first half and sustained high performance at U.S. and Australian operations in the second half.

During the fourth quarter of FY20, the U.S. operations showed improvement in production in line with the recovery in global steel and metallurgical coal markets, particularly in Asia, and by year end were nearing full capacity. Australian operations performed strongly during the second half of 2020 with the Curragh mine realizing record production and sales volumes in the third quarter from the mobilization of additional fleets to recover lost production and overburden from the first half of 2020.

Metallurgical coal and thermal coal sales represented approximately 92.2% and 7.8% respectively of total coal revenues for FY20. Lower benchmark prices during FY20 resulted in average realized metallurgical coal pricing of $90.5 per Mt sold, 29.7% lower compared to FY19.

CORPORATE

In response to the global impacts of COVID-19 on the demand for steel and the resulting impact on the price and demand for metallurgical coal, the Company has taken steps to safeguard its operations, strengthen its balance sheet and increase liquidity.

Coronado secured waivers for debt covenants in relation to its SFA during the year, providing it with additional flexibility during this period of economic uncertainty. As part of the waiver agreement, the SFA will be permanently reduced in three steps by $25 million each in FY21[4].

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[3] The availability to fully draw down under the SFA is subject to a modified liquidity buffer of $50 million, leading to a review event process if amounts within this buffer are drawn down during the extended waiver period (i.e. before 30 September 2021). However, lender consent previously required to access the remaining $50 million was removed as part of the current waiver arrangement.

[4] The three step amortization is scheduled to occur in February 21, May 21 and August 21 at each point the total facility will reduce by $25 million

The Company also successfully raised gross proceeds of approximately $180 million in August 2020 via a Placement and Institutional and Retail Entitlement Offer issuing CDIs on the ASX. Proceeds were used to repay debt and improve Coronado's liquidity position.

Coronado focused on reducing costs during the year and capital expenditure of $123.9 million in FY20 was down 32% on FY19 and 40% below original FY20 guidance. This preserved capital during a period of uncertain economic conditions without impacting the ability of operations to respond to improved pricing. Attention was also given to reducing outstanding receivable. At 31 December 2020 amounts due from Xcoal in respect of coal sales totalled $91.0 million, of which $85.2 million was past due and $5.8 million was secured by a letter of credit. Subsequent to year end, the Company has collected $20.1 million reducing the past due balance to $65.1 million at 25 February 2021. The Company expects to receive all outstanding trade receivables amounts from Xcoal by 30 September 2021. To account for the expected timing of collection, a provision for discounting of $9.0 million was recognized at 31 December 2020. Sales to Xcoal are currently on prepayment, letter of credit or cash on delivery terms.

During the fourth quarter of FY20, Coronado commenced a plan to sell certain non-core assets.

Subsequent to year end, in January 2021 Coronado concluded the sale and leaseback of selected Heavy Mobile Equipment (HME) assets owned by Coronado which generated cash proceeds of $23.5 million (A$30.2 million). The transaction ensures Coronado maintains operational flexibility of the equipment at a competitive financing rate.

METALLURGICAL COAL MARKET OUTLOOK

As global economic confidence improves, steel producers continue to ramp up production underpinned by the automotive and construction sectors. Blast furnace restarts accelerated in the three months to December 2020 with numerous steel mills returning to operation in Japan, South Korea, Europe and Brazil.

Demand for steel in India has risen to near pre-COVID levels. India's seaborne metallurgical coal demand is set to grow at CAGR 4.9% from 2021 to 2030. This is supported by blast furnace production forecasts increasing from ~51 Mt in 2021 to ~99 Mt in 2030[5].

Steel demand in China has been supported primarily by large-scale infrastructure investment, with signs of improvement in discretionary steel demand and property in 2020. Steel demand for 2021 is widely forecast to remain robust, underpinned by government investment in infrastructure.

Low-cost, high-quality Australian metallurgical coal remains the product of choice for many Chinese steel manufacturers, however import restrictions on Australian coal will continue to result in lower Australian benchmark pricing until the trade dispute is resolved. North American metallurgical coal producers will be the beneficiary of this trade rebalancing. Although this situation has had a negative effect on global pricing, over the longer term this may be offset by the positive impact of more global steel producers restarting.

Improved economic optimism will see further increases in global blast furnace utilisation and Australia will continue to be the dominant producer in the supply of seaborne metallurgical coal. Supply is forecast to increase by ~13% from 175 Mt in 2021 to 190 Mt in 2030[5] while demand for seaborne metallurgical coal is expected to increase by ~14% from 298 Mt in 2021 to 340 Mt in 2030[5]. The growth in demand is driven by requirements for metallurgical coal increasing by ~52% from 2021 to 2030[5]. Supply of metallurgical coal is expected to remain tight in 2021, as mines in Australia recover from weather impacts, and Coronado has maintained a strong forward order profile.

[5] Source: Wood Mackenzie H2 2020 December long term forecast

GUIDANCE

Coronado provides the following guidance for FY21:

	Actual FY20	Guidance FY21
Saleable Production (Mt)	17.0	**18.0 – 19.0**
Mining Cost per Tonne Sold ($)	55.6	**57.0 – 59.0**
Capex ($m)	123.9	**135 - 155**

For a detailed review of Coronado's operating and financial performance, investors should refer to the Appendix 4E, the Form 10-K Annual Report, and the Investor Presentation released to the Australian Securities Exchange and the Securities Exchange Commission on 26 February 2021.

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

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Coronado

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”, “Plan”, “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 25 February 2020 (US Time), 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 which includes a discussion of results of operations includes 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 analyse performance. These metrics are significant factors in assessing operating results and profitability. These financial and operating metrics include: (i) safety and environmental metrics; (ii) Adjusted EBITDA, (iii) sales volumes and average realised price per Mt or metallurgical coal sold, which we define as metallurgical coal revenues divided by metallurgical sales volume; and (iv) average mining costs per Mt sold, which we define as mining cost of coal revenues divided by sales volumes.

Reconciliations of certain forward-looking non-GAAP financial measures, including our 2021 Mining Cost per Tonne Sold 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 AND OPERATING COSTS PER TONNE RECONCILIATION

(In US$'000, except for volume data)	For Year Ended December 31, 2020			
	Australia	United States	Other / Corporate	Total Consolidated
Total costs and expenses	1,082,640	496,462	31,111	1,610,213
Less: Selling, general and administrative expense	-	-	(30,352)	(30,352)
Less: Depreciation, depletion and amortization	(97,563)	(92,867)	(759)	(191,189)
Total operating costs	985,077	403,595	-	1,388,672
Less: Other royalties	(71,317)	(13,574)	-	(84,891)
Less: Stanwell rebate	(103,039)	-	-	(103,039)
Less: Freight expenses	(153,064)	(32,799)	-	(185,863)
Less: Other non-mining costs	(17,544)	(6,336)	-	(23,880)
Total mining costs	640,113	350,886	-	990,999
Sales Volume Excluding non-produced coal (MMt)	12.1	5.7	-	17.8
Mining cost per Mt sold ($/Mt)	**52.9**	**61.4**	**-**	**55.6**

(In US$'000, except for volume data)	For Year Ended December 31, 2019			
	Australia	United States	Other / Corporate	Total Consolidated
Total costs and expenses	1,132,790	590,131	36,024	1,758,945
Less: Selling, general and administrative expense	(495)	-	(35,567)	(36,062)
Less: Depreciation, depletion and amortization	(87,272)	(88,757)	(432)	(176,461)
Total operating costs	1,045,023	501,374	25	1,546,422
Less: Other royalties	(136,858)	(20,158)	-	(157,016)
Less: Stanwell rebate	(175,318)	-	-	(175,318)
Less: Freight expenses	(148,769)	(17,960)	-	(166,729)
Less: Other non-mining costs	(23,458)	(5,462)	-	(28,920)
Total mining costs	560,620	457,794	25	1,018,439
Sales Volume Excluding non-produced coal (MMt)	12.6	7.0	-	19.6
Mining cost per Mt sold ($/Mt)	**44.5**	**64.9**	**-**	**51.8**

(In US$'000, except for volume data)	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Total costs and expenses	1,610,213	1,758,945
Less: Selling, general and administrative expense	(30,352)	(36,062)
Less: Depreciation, depletion and amortization	(191,189)	(176,461)
Total operating costs	1,388,672	1,546,422
Sales Volume (MMt)	18.2	19.9
Operating cost per Mt sold ($/Mt)	**76.5**	**77.5**

REALISED PRICING RECONCILIATION

(In US$'000, except for volume data)	For the Year Ended December 31, 2020 Australian Operations	U.S. Operations	Consolidated
Total Revenues	**976,369**	**485,893**	**1,462,262**
Less: Other revenues	34,143	4,520	38,663
Total coal revenues	942,226	481,373	1,423,599
Less: Thermal coal revenues	105,681	5,151	110,832
Metallurgical coal revenues	**836,545**	**476,222**	**1,312,767**
Volume of Metallurgical coal sold (MMt)	8.9	5.6	14.5
Average realised metallurgical coal price per Mt sold	**$94.4/t**	**$84.4/t**	**$90.5/t**

(In US$'000, except for volume data)	For the Year Ended December 31, 2019 Australian Operations	U.S. Operations	Consolidated
Total Revenues	**1,465,957**	**749,791**	**2,215,748**
Less: Other revenues	35,669	5,740	41,409
Total coal revenues	1,430,288	744,051	2,174,339
Less: Thermal coal revenues	102,867	47,510	150,377
Metallurgical coal revenues	**1,327,421**	**696,541**	**2,023,962**
Volume of Metallurgical coal sold (MMt)	9.5	6.3	15.7
Average realised metallurgical coal price per Mt sold	**$140.4/t**	**$111.3/t**	**$128.8/t**

ADJUSTED EBITDA RECONCILIATION

(In US$'000)	For Year Ended December 31, 2020	2019
		($ in thousands)
Reconciliation to Adjusted EBITDA:		
Net (Loss) Income	(226,537)	305,477
Add: Depreciation, depletion and amortization	191,189	176,461
Add: Interest expense (net of income)	50,585	39,294
Add: Other foreign exchange losses (gains)	1,175	(1,745)
Add: Income tax expense	(60,016)	114,681
Add: Impairment of assets	78,111	-
Add: Losses on idled assets held for sale	9,994	-
Add: Provision for discounting and credit losses	9,928	-
Adjusted EBITDA	**53,799**	**634,168**