

ASX Announcement

11 August 2020

Form 10-Q: Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Coronado Global Resources Inc. (ASX: CRN) advises that it has lodged the attached Form 10-Q with the U.S. Securities and Exchange Commission (SEC).

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

– Ends –

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-16247

Coronado Global Resources Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

83-1780608

(I.R.S. Employer Identification No.)

Level 33, Central Plaza One, 345 Queen Street

Brisbane, Queensland, Australia 4000

(Address of principal executive offices) (Zip Code)

(61) 7 3031 7777

(Registrant’s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| None | None | None |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer☐

Non-accelerated filer☒

Accelerated filer☐

Smaller reporting company☐

Emerging growth company☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No☒

The registrant’s common stock is publicly traded on the Australian Securities Exchange in the form of CHESD Depository Interests, or CDIs, convertible at the option of the holders into shares of the registrant’s common stock on a 10-for-1 basis. The total number of shares of the registrant's common stock, par value \$0.01 per share, outstanding on July 31, 2020, including shares of common stock underlying CDIs, was 96,651,692.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

| Condensed Consolidated Balance Sheets | | | |
|--|------|---------------|-------------------|
| (In US\$ thousands, except share data) | | | |
| | | (Unaudited) | |
| Assets | Note | June 30, 2020 | December 31, 2019 |
| Current assets: | | | |
| Cash and restricted cash | | \$ 36,324 | \$ 26,553 |
| Trade receivables | 6 | 116,110 | 133,297 |
| Related party trade receivables | 6 | 105,057 | 86,796 |
| Income tax receivable | | 15,431 | 897 |
| Inventories | 7 | 138,624 | 162,170 |
| Other current assets | | 46,831 | 44,109 |
| Total current assets | | 458,377 | 453,822 |
| Non-current assets: | | | |
| Property, plant and equipment, net | 8 | 1,532,736 | 1,632,788 |
| Right of use asset – operating leases, net | 11 | 23,313 | 62,566 |
| Goodwill | 9 | 28,008 | 28,008 |
| Intangible assets, net | 9 | 4,318 | 5,079 |
| Deposits and reclamation bonds | | 12,152 | 12,227 |
| Deferred income tax assets | | 27,586 | 2,852 |
| Other non-current assets | | 14,819 | 17,512 |
| Total assets | | \$ 2,101,309 | \$ 2,214,854 |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | | \$ 36,652 | \$ 64,392 |
| Accrued expenses and other current liabilities | 10 | 251,660 | 238,788 |
| Income tax payable | | 27,328 | 29,760 |
| Asset retirement obligations | | 9,955 | 10,064 |
| Contingent royalty consideration | 17 | — | 688 |
| Contract obligations | 14 | 35,225 | 36,935 |
| Lease liabilities | 11 | 11,984 | 29,685 |
| Other current financial liabilities | | 13,268 | 5,894 |
| Total current liabilities | | 386,072 | 416,206 |
| Non-current liabilities: | | | |
| Asset retirement obligations | | 126,129 | 121,710 |
| Contract obligations | 14 | 186,091 | 204,877 |
| Deferred consideration liability | 15 | 181,400 | 174,605 |
| Interest bearing liabilities | 13 | 441,000 | 330,000 |
| Other financial liabilities | | 457 | 1,546 |
| Lease liabilities | 11 | 23,678 | 48,165 |
| Contingent royalty consideration | 17 | — | 855 |
| Deferred income tax liabilities | | 59,552 | 47,973 |
| Other non-current liabilities | | 5,003 | 976 |
| Total liabilities | | 1,409,382 | 1,346,913 |
| Common stock \$0.01 par value; 1,000,000,000 shares authorized, 96,651,692 shares are issued and outstanding as of June 30, 2020 and December 31, 2019 | | 967 | 967 |
| Series A Preferred stock \$0.01 par value; 100,000,000 shares authorized, 1 Share issued and outstanding as of June 30, 2020 and December 31, 2019 | | — | — |
| Additional paid-in capital | | 820,643 | 820,247 |
| Accumulated other comprehensive loss | 18 | (74,258) | (45,206) |
| (Accumulated losses) retained earnings | | (55,642) | 91,712 |
| Coronado Global Resources Inc. stockholders' equity | | 691,710 | 867,720 |
| Noncontrolling interest | | 217 | 221 |
| Total stockholders' equity | | 691,927 | 867,941 |
| Total liabilities and stockholders' equity | | \$ 2,101,309 | \$ 2,214,854 |

See accompanying notes to unaudited condensed consolidated financial statements.

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income

(In US\$ thousands, except share data)

| | Note | Three Months EndedJune 30, | | Six Months EndedJune 30, | |
|--|------|----------------------------|------------|--------------------------|------------|
| | | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | |
| Coal revenues | 3 | \$ 286,206 | \$ 495,385 | \$ 605,699 | \$ 919,329 |
| Coal revenues from related parties | 3, 6 | 9,000 | 135,305 | 89,118 | 293,158 |
| Other revenues | 3 | 9,142 | 11,767 | 18,849 | 21,848 |
| Total revenues | | 304,348 | 642,457 | 713,666 | 1,234,335 |
| Costs and expenses: | | | | | |
| Cost of coal revenues (exclusive of items shown separately below) | | 224,459 | 264,137 | 481,345 | 533,696 |
| Depreciation, depletion and amortization | | 41,547 | 45,508 | 86,849 | 85,279 |
| Freight expenses | | 40,504 | 52,035 | 82,886 | 89,362 |
| Stanwell rebate | | 24,787 | 45,847 | 57,415 | 94,674 |
| Other royalties | | 19,157 | 49,073 | 43,455 | 93,422 |
| Selling, general, and administrative expenses | | 7,158 | 9,242 | 13,353 | 18,311 |
| Total costs and expenses | | 357,612 | 465,842 | 765,303 | 914,744 |
| Operating income | | (53,264) | 176,615 | (51,637) | 319,591 |
| Other income (expenses): | | | | | |
| Interest expense, net | | (12,064) | (9,087) | (24,318) | (17,264) |
| Impairment of assets | 4 | (63,111) | — | (63,111) | — |
| Other, net | 5 | (8,537) | (2,989) | (4,485) | 1,042 |
| Total other income (expense), net | | (83,712) | (12,076) | (91,914) | (16,222) |
| (Loss) income before tax | | (136,976) | 164,539 | (143,551) | 303,369 |
| Income tax benefit (expense) | 12 | 22,646 | (47,033) | 20,355 | (89,043) |
| Net (loss) income | | (114,330) | 117,506 | (123,196) | 214,326 |
| Less: Net loss attributable to noncontrolling interest | | (2) | (4) | (4) | (4) |
| Net (loss) income attributable to Coronado Global Resources Inc. | | \$ (114,328) | \$ 117,510 | \$ (123,192) | \$ 214,330 |
| Other comprehensive income, net of income taxes: | | | | | |
| Foreign currency translation adjustment | 18 | 39,161 | (508) | (14,406) | (1,066) |
| Net gain (loss) on cash flow hedges, net of tax | 18 | 19,546 | 894 | (14,646) | 6,473 |
| Total other comprehensive income (loss) | | 58,707 | 386 | (29,052) | 5,407 |
| Total comprehensive (loss) income | | (55,623) | 117,892 | (152,248) | 219,733 |
| Less: Net loss attributable to noncontrolling interest | | (2) | (4) | (4) | (4) |
| Total comprehensive (loss) income attributable to Coronado Global Resources Inc. | | \$ (55,621) | \$ 117,896 | \$ (152,244) | \$ 219,737 |
| (Loss) earnings per share of common stock | | | | | |
| Basic | 16 | (1.18) | 1.22 | (1.27) | 2.22 |
| Diluted | 16 | (1.18) | 1.22 | (1.27) | 2.22 |

See accompanying notes to unaudited condensed consolidated financial statements.

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Unaudited Condensed Consolidated Statements of Stockholders' Equity
(In US\$ thousands, except share data)

| | Common stock | | Preferred stock | | Additional paid in capital | Accumulated other comprehensive loss | (Accumulated losses) Retained earnings | Noncontrolling interest | Total stockholders equity |
|---|----------------------|------------|-----------------|----------|----------------------------------|---|---|----------------------------|---------------------------------|
| | Shares | Amount | Series A | Amount | | | | | |
| Balance December 31, 2019 | \$ 96,651,692 | 967 | 1 | — | 820,247 | (45,206) | 91,712 | 221 | 867,941 |
| Net loss | — | — | — | — | — | — | (8,863) | (2) | (8,865) |
| Other comprehensive loss (net of \$13,781 tax) | — | — | — | — | — | (87,759) | — | — | (87,759) |
| Total comprehensive loss | — | — | — | — | — | (87,759) | (8,863) | (2) | (96,624) |
| Share-based compensation for equity classified awards | — | — | — | — | 148 | — | — | — | 148 |
| Dividends paid | — | — | — | — | — | — | (24,163) | — | (24,163) |
| Balance March 31, 2020 | <u>\$ 96,651,692</u> | <u>967</u> | <u>1</u> | <u>—</u> | <u>820,395</u> | <u>(132,965)</u> | <u>58,686</u> | <u>219</u> | <u>747,302</u> |
| Net loss | — | — | — | — | — | — | (114,328) | (2) | (114,330) |
| Other comprehensive income (net of \$6,534 tax) | — | — | — | — | — | 58,707 | — | — | 58,707 |
| Total comprehensive income (loss) | — | — | — | — | — | 58,707 | (114,328) | (2) | (55,623) |
| Share-based compensation for equity classified awards | — | — | — | — | 248 | — | — | — | 248 |
| Balance June 30, 2020 | <u>\$ 96,651,692</u> | <u>967</u> | <u>1</u> | <u>—</u> | <u>820,643</u> | <u>(74,258)</u> | <u>(55,642)</u> | <u>217</u> | <u>691,927</u> |

| | Common stock | | Preferred stock | | Additional paid in capital | Accumulated other comprehensive loss | Retained earnings | Noncontrolling interest | Total stockholders equity |
|---|----------------------|------------|-----------------|----------|----------------------------------|---|----------------------|----------------------------|---------------------------------|
| | Shares | Amount | Series A | Amount | | | | | |
| Balance December 31, 2018 | \$ 96,651,692 | 967 | 1 | — | 1,107,948 | (49,609) | 194,220 | 282 | 1,253,808 |
| Net income | — | — | — | — | — | — | 96,820 | — | 96,820 |
| Other comprehensive income (net of \$2,391 tax) | — | — | — | — | — | 5,021 | — | — | 5,021 |
| Total comprehensive income | — | — | — | — | — | 5,021 | 96,820 | — | 101,841 |
| Dividends paid | — | — | — | — | — | — | (299,682) | — | (299,682) |
| Balance March 31, 2019 | <u>\$ 96,651,692</u> | <u>967</u> | <u>1</u> | <u>—</u> | <u>1,107,948</u> | <u>(44,588)</u> | <u>(8,642)</u> | <u>282</u> | <u>1,055,967</u> |
| Net income (loss) | — | — | — | — | — | — | 117,510 | (4) | 117,506 |
| Other comprehensive income (net of \$383 tax) | — | — | — | — | — | 386 | — | — | 386 |
| Total comprehensive income (loss) | — | — | — | — | — | 386 | 117,510 | (4) | 117,892 |
| Share-based compensation for equity classified awards | — | — | — | — | 93 | — | — | — | 93 |
| Balance June 30, 2019 | <u>\$ 96,651,692</u> | <u>967</u> | <u>1</u> | <u>—</u> | <u>1,108,041</u> | <u>(44,202)</u> | <u>108,868</u> | <u>278</u> | <u>1,173,952</u> |

See accompanying notes to unaudited condensed consolidated financial statements.

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Unaudited Condensed Consolidated Statements of Cash Flows
(In US\$ thousands)

| | Six Months Ended June 30, | |
|---|--------------------------------------|-------------------------|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Net (loss) income | \$ (123,196) | \$ 214,326 |
| Adjustments to reconcile net income to cash and restricted cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 86,849 | 85,404 |
| Impairment of assets | 63,111 | — |
| Amortization of right of use asset - operating leases | 9,387 | 10,394 |
| Amortization of deferred financing costs | 2,751 | 2,060 |
| Non-cash interest expense | 10,266 | 9,711 |
| Amortization of contract obligations | (14,794) | (17,550) |
| Loss on disposal of property, plant and equipment | 208 | 39 |
| Decrease in contingent royalty consideration | (1,543) | (7,143) |
| Gain on operating lease derecognition | (1,180) | — |
| Equity-based compensation expense | 396 | 93 |
| Deferred income taxes | (6,302) | 17,026 |
| Reclamation of asset retirement obligations | (1,574) | (2,552) |
| Change in estimate of asset retirement obligation | — | (125) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable - including related party receivables | (6,223) | (23,105) |
| Inventories | 21,133 | (34,562) |
| Other current assets | 5,425 | (2,287) |
| Accounts payable | (27,984) | (1,832) |
| Accrued expenses and other current liabilities | 3,938 | 15,585 |
| Operating lease liabilities | (10,374) | (11,073) |
| Change in other liabilities | (17,930) | 46,807 |
| Net cash (used in) provided by operating activities | <u>(7,636)</u> | <u>301,216</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (61,927) | (66,430) |
| Purchase of deposits and reclamation bonds | (51) | (906) |
| Redemption of deposits and reclamation bonds | 125 | — |
| Net cash used in investing activities | <u>(61,853)</u> | <u>(67,336)</u> |
| Cash flows from financing activities: | | |
| Proceeds from interest bearing liabilities and other financial liabilities, net of debt discount | 145,000 | 109,008 |
| Debt issuance costs and other financing costs | (2,423) | — |
| Principal payments on interest bearing liabilities and other financial liabilities | (39,515) | (108,073) |
| Principal payments on finance and capital lease obligations | (642) | (686) |
| Payment of contingent purchase consideration | — | (12,712) |
| Dividends paid | (24,162) | (299,682) |
| Net cash provided by (used in) financing activities | <u>78,258</u> | <u>(312,145)</u> |
| Net decrease in cash and restricted cash | 8,769 | (78,265) |
| Effect of exchange rate changes on cash and restricted cash | 1,002 | (365) |
| Cash and restricted cash at beginning of period | 26,553 | 124,881 |
| Cash and restricted cash at end of period | <u><u>\$ 36,324</u></u> | <u><u>\$ 46,251</u></u> |
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest | \$ 10,981 | \$ 1,148 |
| Cash paid for taxes | \$ 2,029 | \$ 35,873 |

See accompanying notes to unaudited condensed consolidated financial statements.

Coronado Global Resources Inc. Form 10-Q June 30, 2020

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business, Basis of Presentation

(a) Description of the Business

Coronado Global Resources Inc. (together with its subsidiaries, the “Company” or “Coronado”) is a global producer, marketer, and exporter of a full range of metallurgical coals, an essential element in the production of steel. The Company has a portfolio of operating mines and development projects in Queensland, Australia and in the states of Pennsylvania, Virginia and West Virginia in the USA.

(b) Basis of Presentation

The interim unaudited condensed consolidated financial statements have been prepared in accordance with the requirements of the U.S. Generally Accepted Accounting Principles, or U.S. GAAP, and with the instructions to Form 10-Q and Article 10 of Regulation S-X related to interim financial reporting issued by the Securities and Exchange Commission, or the SEC. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K filed with the SEC and the Australian Securities Exchange, or the ASX, on February 24, 2020.

The interim unaudited condensed consolidated financial statements are presented in U.S. dollars, unless otherwise stated. They include the accounts of Coronado Global Resources Inc. and its affiliates. References to “US\$” or “USD” are references to U.S. dollars. References to “A\$” or “AUD” are references to Australian dollars, the lawful currency of the Commonwealth of Australia. The Company, or Coronado, are used interchangeably to refer to Coronado Global Resources Inc. and its subsidiaries, or to Coronado Global Resources Inc., as appropriate to the context. Interests in subsidiaries controlled by the Company are consolidated with any outside stockholder interests reflected as noncontrolling interests. All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, these interim financial statements reflect all normal, recurring adjustments necessary for the fair presentation of the Company’s financial position, results of operations, comprehensive income, cash flows and changes in equity for the periods presented. Balance sheet information presented herein as of December 31, 2019 has been derived from the Company’s audited consolidated balance sheet at that date. The Company’s results of operations for the three and six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for future quarters or for the year ending December 31, 2020.

COVID-19

The COVID-19 global pandemic has continued to result in a challenging working environment which has significantly impacted the demand and price for metallurgical coal. Authorities in many countries around the world have implemented numerous and varying measures to reduce the spread and limit the impact of COVID-19, including travel bans and restrictions, quarantines, curfews, stay-at-home orders, business shutdowns and closures. Many countries have also commenced implementing multi-stage policies with the goal of re-opening markets and boosting economic activity. These measures have impacted and will continue to impact our mining operations, our customers, employees, suppliers and other third parties with whom we do business. The U.S. and Australia, where our mining operations are located, are in varying stages of restrictions and re-opening in response to COVID-19. There is considerable uncertainty regarding how current and future health and safety measures implemented in response to the pandemic will impact our business, including whether they will result in further changes in demand for metallurgical coal, increases in operating costs or impacts to our supply chain, and whether measures will result in port closures or border restrictions, each or all of which can impact our ability to produce and sell our coal.

The safety and wellbeing of our workforce remains our highest priority and we continue to manage the potential threat of COVID-19 at our mines and offices. The Company formed a COVID-19 taskforce spanning its Australian and U.S. operations and proactively 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.

[Table of Contents](#)**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Our U.S. Operations were idled in April and May 2020 due to the COVID-19 induced economic downturn and decline in demand from customers in Europe, Brazil and the U.S. While the mines were idled, the Company continued to make shipments to its customers from existing inventories which allowed the Company to meet all customer commitments. On June 1, 2020, the Company resumed operations at the Buchanan and Logan mines. Whilst production at these mines has been reduced in response to lower temporary demand, both mines are operationally well positioned to increase production quickly in the event demand increases rapidly. The Greenbrier mine remains idle and the Company will continue to monitor market developments to evaluate the duration for which the mine will remain idle. Subsequent to June 30, 2020 we have had a small number of our workforce at our U.S Operations who tested positive for the virus. We have taken all necessary steps to isolate the affected workers and protect the remaining workforce. To date these efforts have not adversely affected our production.

The global economic slowdown resulting from the effects of COVID-19 has sharply reduced the demand for steel in all markets except for China, where steel production remained elevated during the second quarter of 2020. In Australia, our sales profile has adjusted accordingly, with an increase in deliveries to the Chinese market in the quarter. Overall, the supply and demand constraints in respect of the global impacts of COVID-19 on our Australian Operations has been limited due to the unique position of the Curragh mine as a strategic supplier of 'base load' metallurgical coal for coke blends. While global demand remains uncertain, there are promising signs of recovery in Asia Pacific demand.

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 by reducing capital expenditures and managing operating costs in a disciplined manner. As of June 30, 2020, the Company reduced its net debt by \$31.8 million to \$404.9 million since March 31, 2020, and had \$109.0 million undrawn and available under the Syndicated Facility Agreement, or SFA, subject to a liquidity buffer of \$50.0 million, and cash balances (excluding restricted cash) of \$36.1 million. See Note 13 "Interest Bearing Liabilities".

As the COVID-19 pandemic continues to evolve, the Company cannot currently predict the extent of this pandemic, which could have a material adverse impact to its business, results of operations, financial condition and ability to comply with financial covenants under the SFA.

2. Summary of Significant Accounting Policies

Please see Note 2 "Summary of Significant Accounting Policies" contained in the audited consolidated financial statements for the year ended December 31, 2019 included in Coronado Global Resources Inc.'s Annual Report on Form 10-K filed with the SEC and ASX on February 24, 2020.

(a) Newly Adopted Accounting Standards

Financial Instruments - Credit Losses. In June 2016, the FASB issued ASU 2016-13 related to the measurement of credit losses on financial instruments. The pronouncement replaces the incurred loss methodology to record credit losses with a methodology that reflects the expected credit losses for financial assets not accounted for at fair value with gains and losses recognized through net income.

On January 1, 2020, the Company adopted ASU 2016-13. The cumulative-effect adjustment upon adoption was not material to the Company's results of operations and its cash flows. Changes to the Company's accounting policies as a result of adoption are discussed below.

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognizes the lifetime expected credit losses for financial assets carried at amortized cost. The expected credit losses on these financial assets are estimated based on the Company's historic credit loss experience, adjusted for factors that are specific to the financial asset, general economic conditions, financial asset type, term and an assessment of both the current as well as forecast conditions at the reporting date.

Fair Value Measurement. In August 2018, the FASB issued ASU 2018-13, which amended the fair value measurement guidance by removing and modifying certain disclosure requirements, while also adding new disclosure requirements.

On January 1, 2020, the Company adopted ASU 2018-13. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty were applied prospectively for only the most recent interim period presented. All other amendments were applied retrospectively to all periods presented. The adoption of ASU 2018-13 did not have a material impact on the Company's unaudited condensed consolidated financial statements.

[Table of Contents](#)**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment. In January 2018, the FASB issued ASU 2017-04, which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit.

On January 1, 2020, the Company adopted ASU 2017-04. Changes to the Company's accounting policies as a result of adoption are discussed below.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized but is reviewed for impairment annually or when circumstances or other events indicate that impairment may have occurred.

The Company makes a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount. Circumstances that are considered as part of the qualitative assessment and could trigger a quantitative impairment test include but are not limited to: a significant adverse change in the business climate; a significant adverse legal judgment; adverse cash flow trends; an adverse action or assessment by a government agency; unanticipated competition; and a significant restructuring charge within a reporting unit. If a quantitative assessment is determined to be necessary, the Company compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the Company recognizes an impairment charge for the amount by which the carrying amount exceeds its fair value to the extent of the amount of goodwill allocated to that reporting unit.

The Company defines reporting units at the business unit level. For purposes of testing goodwill for impairment, goodwill has been allocated to the reporting units to the extent it relates to each reporting unit.

(b) Accounting Standards Not Yet Implemented

"Income Taxes - Simplifying the Accounting for Income Taxes" - In December 2019, the FASB issued ASU 2019-12, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for interim and annual periods beginning after December 15, 2020. The Company is currently evaluating the impact the adoption of ASU 2019-12 will have on its consolidated financial statements.

(c) Reclassification

Certain amounts in the prior period Condensed Consolidated Balance Sheet have been reclassified to conform to the presentation of the current period financial statements. These related to the reclassification of four reportable segments into the current two reportable segments discussed in Note 3 "Segment information". These reclassifications had no effect on the previously reported net income.

3. Segment Information

The Company has a portfolio of operating mines and development projects in Queensland, Australia and in the states of Pennsylvania, Virginia and West Virginia in the USA. The Company operates four coal mine complexes: Curragh, Buchanan, Logan and Greenbrier. Commencing on January 1, 2020, the Company updated its reportable segments to be the country in which they operate, that is Australia and the United States, in order to align with the manner in which its Chief Operating Decision Maker, or CODM, views the Company's business for purposes of reviewing performance and allocating resources.

Factors affecting and differentiating the financial performance of each of these two reporting segments generally include coal quality, geology, and coal marketing opportunities, mining and transportation methods and regulatory issues. This is the basis on which internal financial and operational reports are currently prepared and provided to the CODM and reflects how the CODM manages performance and determines the allocation of resources within the Company. The Company believes this method of segment reporting reflects both the way its business segments are currently managed and the way the performance of each segment is evaluated. Comparative disclosures have been restated to a consistent basis.

The CODM uses Adjusted EBITDA as the primary metric to measure each segment's operating performance. Adjusted EBITDA is not a measure of financial performance in accordance with U.S. GAAP. Investors should be aware that the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled financial measures used by other companies.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, depletion and amortization and other foreign exchange losses. Adjusted EBITDA is also adjusted for certain discrete items that management exclude in analyzing each of our segments’ operating performance. “Other and corporate” relates to additional financial information for the corporate function such as accounting, treasury, legal, human resources, compliance, and tax. As such, the corporate function is not determined to be a reportable segment but is discretely disclosed for purposes of reconciliation to the Company’s consolidated financials.

Reportable segment results as of and for the three and six months ended June 30, 2020 and 2019 are presented below:

| | Australia | United States | Other and Corporate | Total |
|---|----------------|---------------|---------------------|-----------|
| | (\$ thousands) | | | |
| Three months ended June 30, 2020 | | | | |
| Total revenues | 228,410 | 75,938 | — | 304,348 |
| Adjusted EBITDA | (6,804) | 3,490 | (7,163) | (10,477) |
| Net loss | (16,933) | (74,006) | (23,391) | (114,330) |
| Total assets | 1,043,222 | 975,045 | 83,042 | 2,101,309 |
| Capital expenditures ⁽¹⁾ | 13,535 | 6,396 | 578 | 20,509 |
| Three months ended June 30, 2019 | | | | |
| Total revenues | 412,810 | 229,647 | — | 642,457 |
| Adjusted EBITDA | 151,561 | 79,642 | (8,912) | 222,291 |
| Net income (loss) | 91,024 | 40,609 | (14,127) | 117,506 |
| Total assets | 1,182,652 | 972,193 | 63,638 | 2,218,483 |
| Capital expenditures ⁽¹⁾ | 9,341 | 27,426 | — | 36,767 |
| Six Months Ended June 30, 2020 | | | | |
| Total revenues | 473,555 | 240,111 | — | 713,666 |
| Adjusted EBITDA | 6,260 | 41,740 | (13,056) | 34,944 |
| Net loss | (22,900) | (64,877) | (35,419) | (123,196) |
| Total assets | 1,043,222 | 975,045 | 83,042 | 2,101,309 |
| Capital expenditures ⁽¹⁾ | 18,804 | 41,917 | 1,206 | 61,927 |
| Six Months Ended June 30, 2019 | | | | |
| Total revenues | 794,182 | 440,153 | — | 1,234,335 |
| Adjusted EBITDA | 271,709 | 151,611 | (17,965) | 405,355 |
| Net income (loss) | 159,758 | 77,409 | (22,841) | 214,326 |
| Total assets | 1,182,652 | 972,193 | 63,638 | 2,218,483 |
| Capital expenditures ⁽¹⁾ | 15,431 | 50,996 | 3 | 66,430 |

(1) Capital expenditures includes financing fees incurred through other financial liabilities for the purchase of certain equipment.

The reconciliation of Adjusted EBITDA to net income attributable to the Company for the three and six months ended June 30, 2020 and 2019 are as follows:

| | 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 | <u>\$ (10,477)</u> | <u>\$ 222,291</u> | <u>\$ 34,944</u> | <u>\$ 405,355</u> |

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Disaggregation of Revenue

The Company disaggregates the revenue from contracts with customers by major product group for each of the Company’s reportable segments, as the company believes it best depicts the nature, amount, timing and uncertainty of revenues and cash flows. All revenue is recognized at a point in time.

| Three months ended June 30, 2020 | | | | |
|----------------------------------|----------------|---------------|---------------------|-----------|
| | Australia | United States | Other and Corporate | Total |
| | (\$ thousands) | | | |
| Product Groups: | | | | |
| Metallurgical coal | 194,909 | 74,839 | — | 269,748 |
| Thermal coal | 25,041 | 417 | — | 25,458 |
| Total coal revenue | 219,950 | 75,256 | — | 295,206 |
| Other ⁽¹⁾ | 8,460 | 682 | — | 9,142 |
| Total | 228,410 | 75,938 | — | 304,348 |
| | | | | |
| Three months ended June 30, 2019 | | | | |
| | Australia | United States | Other and Corporate | Total |
| | (\$ thousands) | | | |
| Product Groups: | | | | |
| Metallurgical coal | 377,016 | 211,656 | — | 588,672 |
| Thermal coal | 26,687 | 15,331 | — | 42,018 |
| Total coal revenue | 403,703 | 226,987 | — | 630,690 |
| Other ⁽¹⁾ | 9,107 | 2,660 | — | 11,767 |
| Total | 412,810 | 229,647 | — | 642,457 |
| | | | | |
| Six months ended June 30, 2020 | | | | |
| | Australia | United States | Other and Corporate | Total |
| | (\$ thousands) | | | |
| Product Groups | | | | |
| Metallurgical coal | 407,831 | 234,198 | — | 642,029 |
| Thermal coal | 50,650 | 2,138 | — | 52,788 |
| Total coal revenue | 458,481 | 236,336 | — | 694,817 |
| Other ⁽¹⁾ | 15,074 | 3,775 | — | 18,849 |
| Total | 473,555 | 240,111 | — | 713,666 |
| | | | | |
| Six months ended June 30, 2019 | | | | |
| | Australia | United States | Other and Corporate | Total |
| | (\$ thousands) | | | |
| Product Groups | | | | |
| Metallurgical coal | 727,964 | 407,535 | — | 1,135,499 |
| Thermal coal | 47,978 | 29,010 | — | 76,988 |
| Total coal revenue | 775,942 | 436,545 | — | 1,212,487 |
| Other ⁽¹⁾ | 18,240 | 3,608 | — | 21,848 |
| Total | 794,182 | 440,153 | — | 1,234,335 |

(1) Other revenue for Curragh includes the amortization of the Stanwell non-market coal supply contract obligation liability.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Impairment of assets

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted pre-tax cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted pre-tax cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized for property, plant and equipment or amortizing intangible assets for the years ended December 31, 2019 and 2018.

The following costs are reflected in “Impairment of Assets” in the unaudited Consolidated Statement of Operations and Other Comprehensive income for the three and six months ended June 30, 2020:

| (US\$ thousands) | Reportable Segment | |
|--|--------------------|--------|
| | United States | |
| Property, plant and equipment, net | \$ | 62,481 |
| Right of use asset – operating leases, net | | 10 |
| Intangible assets, net | | 620 |
| Total | \$ | 63,111 |

The Company generally does not view short-term declines in metallurgical coal prices in the markets in which it sells its products as a singular indicator of impairment. However, due to the decline in metallurgical coal prices during the six months ended June 30, 2020, the resulting impact on business conditions from COVID-19 and the idling of the Greenbrier mine for an undetermined period, there were indications that the carrying value of the Greenbrier mining asset, in the U.S., exceeded its fair value. The Company performed an impairment assessment in accordance with the rules of ASC 360 – Property, Plant and Equipment, and determined an impairment charge of \$63.1 million reducing the carrying value of Greenbrier’s long-lived assets to approximately \$50.0 million as at June 30, 2020. The fair value of the Greenbrier mining asset was derived using Level 3 inputs and was primarily driven by estimates of future cash flows based on a combination of historical results adjusted to reflect the Company’s best estimate of future market and operating conditions, including its current life of mine plan, and reserve multiple valuation. The Company concluded that no indicators of impairment or requisite charges were required at any of the Company’s other mining assets as at June 30, 2020.

5. Expenses

Other, Net

| | Three months ended | | Six Months Ended | |
|---------------------------------------|--------------------|------------|------------------|----------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| (US\$ thousands) | | | | |
| Other foreign exchange (losses) gains | (9,777) | (3,157) | (4,217) | 557 |
| Other income (expenses) | 1,240 | 168 | (268) | 485 |
| Total Other, net | \$ (8,537) | \$ (2,989) | \$ (4,485) | \$ 1,042 |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Trade and related party receivables

The Company extends trade credit to its customers in the ordinary course of business. Trade receivables and related party receivables are recorded initially at fair value and subsequently at amortized cost, less any Expected Credit Losses, or ECL. Trade receivables from provisionally priced sales are carried at fair value to profit or loss.

For trade and related party receivables carried at amortized cost, the Company determines ECL on a forward-looking basis. The amount or ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognizes the lifetime ECL. The ECL is estimated based on the Company’s historic credit loss experience, adjusted for factors that are specific to the financial asset, general economic conditions, financial asset type, term and an assessment of both the current as well as forecast conditions at the reporting date, modified for credit enhancements such as letters of credit obtained. To measure ECL, trade and related party receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company considers an event of default has occurred when a financial asset is significantly past due or other factors indicate that the debtor is unlikely to pay amounts owed to the Company. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as default or past due event has occurred. The Company writes off a financial asset when there is information indicating there is no realistic prospect of recovery of the asset from the counterparty. The amount of the impairment loss is recognized in the consolidated statement of operations and other comprehensive income within “other, net”. Subsequent recoveries of amounts previously written off are credit against “other, net” in the consolidated statement of operations and other comprehensive income.

| | June 30, | |
|---|-------------------|-------------------|
| (US\$ thousands) | 2020 | December 31, 2019 |
| Trade receivables - at amortized cost | \$ 82,303 | \$ 118,572 |
| Trade receivables - at fair value | 33,807 | 14,725 |
| Total trade receivables | 116,110 | 133,297 |
| Related party receivables - at amortized cost | 105,057 | 86,796 |
| Total trade and related party receivables | <u>\$ 221,167</u> | <u>\$ 220,093</u> |

No provision has been recognized on the ECL on trade and related party receivables as at June 30, 2020. The Company has not recognised any bad debt expense from trading counterparties in the three and six months ended June 30, 2020 and 2019.

Related party receivables - Xcoal

During the three and six months ended June 30, 2020, the Company sold coal to Xcoal Energy and Resources, or Xcoal, an entity associated with Non-Executive director, Mr. Ernie Thrasher. Revenues from Xcoal of \$9.0 million and \$135.3 million, respectively, are recorded as “Coal revenues from related parties” in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Income for the three months ended June 30, 2020 and 2019. Revenues from Xcoal of \$89.1 million and \$293.2 million, respectively, are recorded as coal revenues in the unaudited Condensed Consolidated Statement of Operations and Comprehensive Income for the six months ended June 30, 2020 and 2019. During the three and six months ended June 30, 2020, the Company purchased coal from Xcoal totalling \$7.9 million and the corresponding payable was offset against trade receivables from Xcoal. The cost of purchasing coal from Xcoal is recorded within “Cost of coal revenues” in the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income.

At June 30, 2020, amounts due from Xcoal in respect of coal sales were \$105.1 million. At December 31, 2019, amounts due from Xcoal in respect of coal sales were \$86.8 million.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

| | June 30, | |
|------------------------|------------|------------------|
| (US\$ thousands) | 2020 | December 31,2019 |
| Raw coal | \$ 25,765 | \$ 41,127 |
| Saleable coal | 54,713 | 63,006 |
| Total coal inventories | 80,478 | 104,133 |
| Supplies inventory | 58,146 | 58,037 |
| Total inventories | \$ 138,624 | \$ 162,170 |

8. Property, Plant and Equipment

| | June 30, | |
|--|--------------|------------------|
| (US\$ thousands) | 2020 | December 31,2019 |
| Land | \$ 26,747 | \$ 27,037 |
| Buildings and improvements | 80,867 | 80,658 |
| Plant, machinery, mining equipment and transportation vehicles | 938,537 | 896,392 |
| Mineral rights and reserves | 413,755 | 464,710 |
| Office and computer equipment | 5,223 | 3,977 |
| Mine development | 503,430 | 497,439 |
| Asset retirement obligation asset | 76,737 | 81,520 |
| Construction in process | 44,100 | 80,646 |
| | 2,089,396 | 2,132,379 |
| Less accumulated depreciation, depletion and amortization | 556,660 | 499,591 |
| Net property, plant and equipment | \$ 1,532,736 | \$ 1,632,788 |

9. Goodwill and Other Intangible Assets

(a) Acquired Intangible Assets

| | June 30, 2020 | | | |
|-------------------------------|--|-----------------------|--------------------------|---------------------|
| (US\$ thousands) | Weighted average amortization period (years) | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Intangible assets: | | | | |
| Amortizing intangible assets: | | | | |
| Mining permits - Logan | 15 | 1,642 | 795 | 847 |
| Mining permits - Buchanan | 28 | 4,000 | 529 | 3,471 |
| Total intangible assets | | \$ 5,642 | \$ 1,324 | \$ 4,318 |

| | December 31, 2019 | | | |
|-------------------------------|--|-----------------------|--------------------------|---------------------|
| (US\$ thousands) | Weighted average amortization period (years) | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Intangible assets: | | | | |
| Amortizing intangible assets: | | | | |
| Mining permits - Greenbrier | 14 | \$ 1,500 | \$ 840 | \$ 660 |
| Mining permits - Logan | 15 | 1,642 | 756 | 886 |
| Mining permits - Buchanan | 28 | 4,000 | 467 | 3,533 |
| Total intangible assets | | \$ 7,142 | \$ 2,063 | \$ 5,079 |

Amortization expense is charged using the straight-line method over the useful lives of the respective intangible asset. The aggregate amount of amortization expense for amortizing intangible assets for the three months ended June 30, 2020 and 2019 was \$0.1 million and \$0.1 million, respectively. The aggregate amount of amortization expense for amortizing intangible assets for the six months ended June 30, 2020 and 2019 was \$0.2 million and \$0.2 million, respectively.

Mining permit intangible asset relating to Greenbrier with a carrying value of \$0.6 million was fully impaired as at June 30, 2020. Refer to Note 4 “Impairment of assets” for further disclosure.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(b) Goodwill

In connection with the Buchanan acquisition on March 31, 2016, the Company recorded goodwill in the amount of \$28.0 million. The balance of goodwill as at both June 30, 2020 and December 31, 2019 was \$28.0 million.

10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

| (US\$ thousands) | June 30, | December |
|--|-------------------|-------------------|
| | 2020 | 31,2019 |
| Wages and employee benefits | \$ 52,309 | \$ 61,008 |
| Taxes other than income taxes | 6,623 | 3,899 |
| Accrued royalties | 37,841 | 43,468 |
| Accrued freight costs | 30,248 | 30,416 |
| Accrued mining fees | 65,162 | 49,027 |
| Cash flow hedge derivative liability | 16,045 | — |
| Acquisition related accruals | 29,511 | 30,190 |
| Other liabilities | 13,921 | 20,780 |
| Total accrued expenses and other current liabilities | <u>\$ 251,660</u> | <u>\$ 238,788</u> |

Included within acquisition related accruals is an amount outstanding for stamp duty payable on the Curragh acquisition of \$29.5 million (A\$43.0 million). This amount was outstanding as at June 30, 2020 and December 31, 2019 pending assessment by the Office of State Revenue in Queensland, Australia.

11. Leases

From time to time, the Company enters into mining services contracts which may include embedded leases of mining equipment and other contractual agreements to lease mining equipment and facilities. Based upon the Company’s assessment of the terms of a specific lease agreement, the Company classifies a lease as either finance or operating.

On March 31, 2020, the Company amended one of its mining service contracts for mining equipment assets used to provide mining services. On execution of the amendment, right of use assets of \$25.9 million and lease liabilities of \$27.0 million were derecognized. These mining equipment assets were previously deemed leased assets embedded within the mining service contract.

Information related to Company’s right-of use assets and related lease liabilities are as follows:

| (US\$ thousands) | Three Months Ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|-----------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Operating lease costs | \$ 3,071 | \$ 6,378 | \$ 11,350 | \$ 12,861 |
| Cash paid for operating lease liabilities | 2,862 | 4,049 | 10,374 | 11,073 |
| Finance lease costs: | | | | |
| Amortization of right of use assets | 627 | 628 | 999 | 1,221 |
| Interest on lease liabilities | 32 | 52 | 69 | 108 |
| Total finance lease costs | <u>\$ 659</u> | <u>\$ 680</u> | <u>\$ 1,068</u> | <u>\$ 1,329</u> |

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

| (US\$ thousands) | June 30, | December |
|---|-----------|-----------|
| | 2020 | 31,2019 |
| Operating leases: | | |
| Operating lease right-of-use assets | \$ 23,313 | \$ 62,566 |
| Finance leases: | | |
| Property and equipment | 7,881 | 7,881 |
| Accumulated depreciation | (6,143) | (5,144) |
| Property and equipment, net | 1,738 | 2,737 |
| Current operating lease obligations | 10,146 | 27,204 |
| Operating lease liabilities, less current portion | 23,678 | 48,165 |
| Total operating lease liabilities | 33,824 | 75,369 |
| Current finance lease obligations | 1,838 | 2,481 |
| Total Lease liability | \$ 35,662 | \$ 77,850 |

| | June 30, | December 31, |
|--|----------|--------------|
| | 2020 | 2019 |
| Weighted Average Remaining Lease Term (Years) | | |
| Weighted average remaining lease term – finance leases | 0.18 | 0.67 |
| Weighted average remaining lease term – operating leases | 3.62 | 2.89 |
| Weighted Average Discount Rate | | |
| Weighted discount rate – finance lease | 6.25% | 6.25% |
| Weighted discount rate – operating lease | 7.94% | 8.00% |

The Company’s operating leases have remaining lease terms of 1 year to 6 years, some of which include options to extend the terms deemed reasonable to exercise. Maturities of lease liabilities as at June 30, 2020, are as follows:

| (US\$ thousands) | Operating | Finance |
|--------------------------|-----------|----------|
| | Lease | Lease |
| Year ending December 31, | | |
| 2020 | \$ 7,532 | \$ 1,857 |
| 2021 | 9,085 | — |
| 2022 | 8,911 | — |
| 2023 | 9,196 | — |
| 2024 | 2,897 | — |
| Thereafter | 1,594 | — |
| Total lease payments | 39,215 | 1,857 |
| Less imputed interest | (5,391) | (19) |
| Total lease liability | \$ 33,824 | \$ 1,838 |

12. Income Taxes

For the six months ended June 30, 2020 and 2019, the Company estimated its annual effective tax rate and applied this effective tax rate to its year-to-date pretax income at the end of the interim reporting period. The tax effect of unusual or infrequently occurring items, including effects of changes in tax laws or rates and changes in judgment about the realizability of deferred tax assets, are reported in the interim period in which they occur. The Company’s 2020 estimated annual effective tax rate, including discrete items, is 14.2%. The Company had an income tax benefit of \$20.4 million for the six months ended June 30, 2020, comprising a discrete income tax expense of \$1.0 million and income tax benefit of \$21.4 million based on a loss before tax of \$143.6 million.

Income tax expense of \$89.0 million for the six months ended June 30, 2019 was calculated based on an estimated annual effective tax rate of 29.4% for the period.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company utilizes the “more likely than not” standard in recognizing a tax benefit in its financial statements. For the six months ended June 30, 2020 and the year ended December 31, 2019, the Company had \$14.2 million of unrecognized tax benefits. If accrual for interest or penalties is required, it is the Company’s policy to include these as a component of income tax expense.

The Company is subject to taxation in the United States and its various states, as well as Australia and its various localities. In the United States and Australia, the first tax return was lodged for the year ended December 31, 2018.

On March 27, 2020, the United States Congress enacted the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, to provide certain relief as a result of the COVID-19 outbreak. The CARES Act (PL 116-136), allows for a five-year carryback for losses arising in tax years beginning in 2018, 2019 and 2020.

As there was U.S. taxable income in tax years 2018 and 2019, there is an opportunity to carryback the 2020 losses in order to receive a refund of taxes assessed in these tax years of approximately \$16.7 million. By virtue of carrying back net operating losses, there will be no longer an opportunity to utilize foreign tax credits in these tax years.

13. Interest Bearing Liabilities

The Company’s SFA, comprises of Facility A (\$350 million loan facility), Facility B (A\$130 million bank guarantee facility) and Facility C (\$200 million loan facility). The SFA has a termination date of February 15, 2023.

The SFA is a revolving credit facility under which the Company may borrow funds from Facility A and/or Facility C for a period of one, two, three or six months, each referred to as a Term. The interest rate is set at the commencement of each Term. At the end of each Term, the Company may elect to repay the loan or extend any loan amount outstanding for a further period of one, two, three or six months. The Term of the loan cannot extend beyond the termination date of the SFA.

Due to the global impacts of COVID-19 on the demand and pricing for metallurgical coal and the resulting uncertainties associated with the pandemic, on May 25, 2020, the Company entered into an agreement with its lenders in the SFA to waive compliance with certain financial covenants for the period from May 25, 2020 to February 28, 2021, or the waiver period. A breach of these financial covenants at the end of, or after, the waiver period will constitute an event of default under the SFA and all amounts outstanding at that point may become due and payable. The terms of the SFA will revert to the originally agreed terms at the end of the waiver period.

As at June 30, 2020 the Company met its financial covenants and other undertakings under the SFA. The Company is pursuing a number of strategic initiatives to strengthen its liquidity and is actively engaged with its Lenders in relation to the extension of the waiver, referred to above, beyond February 28, 2021. These steps are expected to ensure the continuing availability of the SFA beyond February 28, 2021.

During the six months ended June 30, 2020, the Company borrowed a total amount of \$145.0 million under the SFA for working capital and corporate purposes. Repayments of \$34.0 million were made during the six months ended June 30, 2020.

The total interest bearing liabilities outstanding under the SFA was \$441.0 million and \$ 330.0 million as at June 30, 2020 and December 31, 2019, respectively.

14. Contract Obligations

The following is a summary of the contract obligations as of June 30, 2020:

| (US\$ thousands) | Current | Non-current | Total |
|---|------------------|-------------------|-------------------|
| Coal leases contract liability | \$ 843 | \$ 21,021 | \$ 21,864 |
| Stanwell below market coal supply agreement | 34,382 | 165,070 | 199,452 |
| | <u>\$ 35,225</u> | <u>\$ 186,091</u> | <u>\$ 221,316</u> |

The following is a summary of the contract obligations as of December 31, 2019:

| (US\$ thousands) | Current | Non-current | Total |
|---|------------------|-------------------|-------------------|
| Coal leases contract liability | 843 | 21,312 | 22,155 |
| Stanwell below market coal supply agreement | 36,092 | 183,565 | 219,657 |
| | <u>\$ 36,935</u> | <u>\$ 204,877</u> | <u>\$ 241,812</u> |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Deferred Consideration Liability

On August 14, 2018 the Company completed the purchase of the Stanwell Reserved Area, or the SRA, adjacent to the current Curragh mining tenements. This area was acquired on a deferred consideration basis and on acquisition the Company recognized a “Right-to-mine-asset” and a corresponding deferred consideration liability of \$155.2 million, calculated using a pre-tax discount rate of 13% representing fair value of the arrangements at the date of acquisition. The deferred consideration liability will reflect passage of time changes by way of an annual accretion at the pre-tax discount rate of 13% while the liability will decrease as domestic coal is supplied to Stanwell from the SRA. The accretion of deferred consideration is recognized in “Interest expense, net” in the unaudited Condensed Consolidated Statements of Operations and Comprehensive Income.

| (US\$ thousands) | June 30, | December |
|---|-------------------|-------------------|
| | 2020 | 31,2019 |
| Stanwell Reserved Area deferred consideration | \$ 181,400 | \$ 174,605 |
| | <u>\$ 181,400</u> | <u>\$ 174,605</u> |

16. Earnings per Share

Basic earnings per share of common stock is computed by dividing net income attributable to the Company for the period, by the weighted-average number of shares of common stock outstanding during the same period. Diluted earnings per share of common stock is computed by dividing net income attributable to the Company by the weighted-average number of shares of common stock outstanding adjusted to give effect to potentially dilutive securities.

Basic and diluted earnings per share was calculated as follows (in thousands, except per share data):

| (US\$ thousands, except per share data) | Three Months Ended | | Six Months Ended | |
|---|---------------------|-------------------|---------------------|-------------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| Numerator: | | | | |
| Net (loss) income | \$ (114,330) | \$ 117,506 | \$ (123,196) | \$ 214,326 |
| Less: Net loss attributable to Non-controlling interest | (2) | (4) | (4) | (4) |
| Net (loss) income attributable to Company stockholders | <u>\$ (114,328)</u> | <u>\$ 117,510</u> | <u>\$ (123,192)</u> | <u>\$ 214,330</u> |
| Denominator (in thousands): | | | | |
| Weighted-average shares of common stock outstanding | 96,652 | 96,652 | 96,652 | 96,652 |
| Effects of dilutive shares | — | 3 | - | 4 |
| Weighted average diluted shares of common stock outstanding | 96,652 | 96,655 | 96,652 | 96,656 |
| Earnings Per Share (US\$): | | | | |
| Basic | (1.18) | 1.22 | (1.27) | 2.22 |
| Dilutive | (1.18) | 1.22 | (1.27) | 2.22 |

17. Derivatives and Fair Value Measurement

(a) Derivatives

The Company may use derivative financial instruments to manage its financial risks in the normal course of operations, including foreign currency risks, commodity price risk related to purchase of raw materials (such as gas or diesel) and interest rate risk. Derivatives for speculative purposes are strictly prohibited under the Treasury Risk Management Policy approved by the Board of Directors.

The financing counterparties to the derivative contracts potentially expose the Company to credit-related risk. Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of the financial instrument. The Company mitigates credit risk by entering into derivative contracts with high credit quality counterparties, limiting the amount of exposure to each counterparty and frequently monitoring their financial condition.

Forward fuel contracts

In 2019, the Company entered into forward derivative contracts to hedge its exposure to diesel fuel that is used, or expects to use, at its operations in Australia, or Australian Operations, during 2020. During the six month period ended June 30, 2020, the Company entered into additional derivative contracts in relation to diesel fuel that it expects to consume at its

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Australian Operations during 2021. The aggregate notional amount for all outstanding forward diesel fuel derivative contracts designated as cash flow hedges were \$82.2 million at June 30, 2020.

Unrealized losses, net of tax, recognized in “Accumulated other comprehensive income/(loss)” as at June 30, 2020, are expected to be recognized into “Cost of coal revenues” in the Unaudited Condensed Statements of Operations and Comprehensive Income, \$16.0 million within the next 12 months and \$4.1 million within 6 months thereafter, when the hedged transaction impacts income. Refer to Note 18 “Other comprehensive loss” for further disclosure.

Forward foreign currency contracts

The Australian Operations utilize the cash it generates from its US\$ denominated coal sales revenue to fund its operating costs, which are predominantly in A\$. The Company enters into forward foreign currency contracts to hedge its foreign exchange exposure on a portion of the US\$ denominated coal sales revenue at Curragh, whose functional currency is A\$.

The aggregated notional amount of the outstanding forward foreign currency derivative contracts designated as cash flow hedges were \$57.5 million as at June 30, 2020. The unrealized loss of \$0.1 million, net of tax, recognized in “Accumulated other comprehensive income/(loss)” at June 30, 2020, is expected to be recognized into “Coal revenues” in the Unaudited Condensed Statements of Operations and Comprehensive Income within the next 6 months, when the hedged transaction impacts income. Refer to Note 18 “Other comprehensive loss” for further disclosure.

During the six month period ended June 30, 2020, the Company entered into additional forward foreign currency derivative contracts to manage its exposure to US\$ at the Australian Operations. The aggregate notional amount for the outstanding forward foreign currency derivative contracts was \$55.1 million at June 30, 2020. The unrealized gain of \$1.4 million, net of tax, was recognized in “Other, net” in the Unaudited Condensed Statements of Operations and Comprehensive Income.

The fair value of foreign currency and diesel fuel derivatives reflected in the accompanying unaudited Condensed Consolidated Balance Sheet are set forth in the table below:

| (US\$ thousands) | Classification | June 30, 2020 | | December 31, 2019 | |
|------------------------------------|-------------------------------|------------------|----------------------|-------------------|----------------------|
| | | Derivative asset | Derivative liability | Derivative asset | Derivative liability |
| Forward fuel contracts | Other current assets | — | — | 3,180 | — |
| | Other current liabilities | — | 15,991 | — | — |
| | Other non-current liabilities | — | 4,106 | — | — |
| Forward foreign currency contracts | Other current assets | 1,510 | — | 953 | — |
| | Other current liabilities | — | 54 | — | — |
| | | 1,510 | 20,151 | 4,133 | — |

The following table presents our details of foreign currency and diesel fuel outstanding contracts:

| (in thousands) | June 30, 2020 | | | December 31, 2019 | | |
|------------------------------------|-----------------------------|-----------------|---------------------------|-----------------------------|-----------------|------------------------------|
| | Notional amount (thousands) | Unit of measure | Varying maturity dates | Notional amount (thousands) | Unit of measure | Varying maturity dates |
| Forward fuel contracts | 199,636 | Liters | July 2020 - December 2021 | 121,957 | Liters | January 2020 – December 2020 |
| Forward foreign currency contracts | 112,632 | US\$ | July 2020 - December 2020 | 24,300 | US\$ | January 2020 – March 2020 |

(b) Fair Value of Financial Instruments

The fair value of a financial instrument is the amount that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial instruments involve uncertainty and cannot be determined with precision.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Financial Instruments Measured on a Recurring Basis

As of June 30, 2020, the Company has the following liabilities that are required to be measured at fair value on a recurring basis:

- Forward commodity contracts: valued based on a valuation that is corroborated by the use of market-based pricing (Level 2)
- Foreign currency forward contracts: valued based on a valuation that is corroborated by the use of market-based pricing (Level 2)
- Contingent royalty: fair value is determined using the Black-Scholes option pricing formula (Level 3)

The following tables set forth the hierarchy of the Company’s net financial liabilities positions for which fair value is measured on a recurring basis as of June 30, 2020:

| (US\$ thousands) | Assets/(Liabilities) | | | |
|------------------------------------|----------------------|--------------------|-------------|--------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Forward commodity contracts | \$ — | \$ (20,097) | \$ — | \$ (20,097) |
| Forward foreign currency contracts | — | 1,456 | — | 1,456 |
| | <u>\$ —</u> | <u>\$ (18,641)</u> | <u>\$ —</u> | <u>\$ (18,641)</u> |

The Company’s net financial liability positions for which fair value is measured on a recurring basis as of December 31, 2019 was as follows:

| (US\$ thousands) | Assets/(Liabilities) | | | |
|------------------------------------|----------------------|-----------------|-------------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Forward commodity contracts | \$ — | \$ 3,180 | \$ — | \$ 3,180 |
| Forward foreign currency contracts | — | 953 | — | 953 |
| Contingent royalty | — | — | (1,543) | (1,543) |
| | <u>\$ —</u> | <u>\$ 4,133</u> | <u>\$ (1,543)</u> | <u>\$ 2,590</u> |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contingent Royalty Consideration

Key assumptions in the valuation include the gross sales price forecast, export volume forecast, volatility, the risk-free rate, and credit-spread of the Company.

| (US\$ thousands) | Quantitative Information about Level 3 Fair Value Measurements | | | |
|------------------------------|--|----------------------|--|---|
| | Fair value at June 30, 2020 | Valuation technique | Unobservable input | Range (Weighted Avg.) |
| Contingent Royalty Liability | \$ — | Projected cash flows | Gross sales price forecast per ton Export volume forecast (000's) | \$67.1 to \$105.2 (\$81.7) 1,816 tons over 9 months |

Given the remaining period of the Contingent Royalty obligation is short-term, the valuation technique has been changed from Black-Scholes Option model to projected cash flows.
As a result of the decline in market coal price and the increase of the agreed floor price as the agreement reaches maturity, the Company's projected cash flows resulted in no Contingent royalty liability as at June 30, 2020.

Value Share Mechanism

As part of the acquisition of Curragh on March 29, 2018, the Company agreed to pay a 25% royalty to the seller on sales from metallurgical coal mined at Curragh over a two-year period in the form of a Value Share Mechanism, or VSM. The VSM expired in March 2020. There were no VSM payments during the six months period ended June 30, 2020.

Other Financial Instruments

The following methods and assumptions are used to estimate the fair value of other financial instruments as of June 30, 2020 and December 31, 2019:

- Cash and restricted cash, accounts receivable, accounts payable, accrued expenses, lease liabilities and other current financial liabilities: The carrying amounts reported in the unaudited Condensed Consolidated Balance Sheets approximate fair value due to the short maturity of these instruments.
- Deposits and reclamation bonds, lease liabilities, interest bearing liabilities and other financial liabilities: The fair values approximate the carrying values reported in the unaudited Condensed Consolidated Balance Sheets.

18. Other Comprehensive Income

Accumulated other comprehensive loss consisted of the following at June 30, 2020:

| (US\$ thousands) | Foreign currency translation adjustments | Net unrealized gain (loss) | | Total |
|--|--|----------------------------|-----------------------------------|----------|
| | | Cash flow fuel hedges | Cash flow foreign currency hedges | |
| Balance at December 31, 2019 | (48,265) | 2,378 | 681 | (45,206) |
| Net current-period other comprehensive income (loss): | | | | |
| Loss in other comprehensive income (loss) before reclassifications | (14,406) | (30,796) | (4,355) | (49,557) |
| Loss reclassified from accumulated other comprehensive income (loss) | — | 9,809 | 3,449 | 13,258 |
| Tax effects | — | 6,983 | 264 | 7,247 |
| Total net current-period other comprehensive loss | (14,406) | (14,004) | (642) | (29,052) |
| Balance at June 30, 2020 | (62,671) | (11,626) | 39 | (74,258) |

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Commitments

(a) Mineral Leases

The Company leases mineral interests and surface rights from land owners under various terms and royalty rates. The future minimum royalties under these leases are as follows:

| (US\$ thousands) | Amount |
|--------------------------|--------|
| Year ending December 31, | |
| 2020 | 3,450 |
| 2021 | 5,373 |
| 2022 | 5,208 |
| 2023 | 5,133 |
| 2024 | 5,010 |
| Thereafter | 25,465 |
| Total | 49,639 |

Mineral leases are not in scope of ASC 842 and continue to be accounted for under the guidance in ASC 932, Extractive Activities – Mining.

(b) Other commitments

As of June 30, 2020, purchase commitments for capital expenditures were \$25.9 million, all of which is obligated within the next 12 months.

In Australia, the Company has generally secured the ability to transport coal through rail contracts and coal export terminal contracts that are primarily funded through take-or-pay arrangements with terms ranging up to 11 years. In the U.S., the Company typically negotiates its rail and coal terminal access on an annual basis. As of June 30, 2020, these Australian and U.S. commitments under take-or-pay arrangements totaled \$1.5 billion, of which approximately \$101.2 million is obligated within the next year.

20. Contingencies

In the normal course of business, the Company is a party to certain guarantees and financial instruments with off-balance sheet risk, such as letters of credit and performance or surety bonds. No liabilities related to these arrangements are reflected in the Company’s unaudited Condensed Consolidated Balance Sheets. Management does not expect any material losses to result from these guarantees or off-balance sheet financial instruments.

Facility B of the SFA provides A\$130 million for issuing multicurrency bank guarantees. At June 30, 2020, Facility B of the SFA had been utilized to issue A\$68.9 million of bank guarantees on behalf of the Company.

For the U.S. Operations in order to provide the required financial assurance, the Company generally uses surety bonds for post-mining reclamation and workers’ compensation obligations. The Company can also use bank letters of credit to collateralize certain obligations. As of June 30, 2020, the Company had outstanding surety bonds of \$40.0 million, to secure various obligations and commitments.

Curragh is a co-appellant to proceedings in the Queensland Supreme Court brought by Aurizon. Aurizon’s claim relates to costs relating to the co-defendants’ use of the Wiggins Island Coal Export Terminal Pty Ltd, or WICET, rail links, in particular, whether the “First Milestone Target Date”, which triggers certain “WIRP Fee” payments under the Wiggins Island Rail Project Deed, or WIRP Deed, has been achieved. The trial for this matter concluded in September 2018 and judgement was delivered by the Supreme Court in July 2019. Ultimately, Aurizon was successful in that trial and a determination was made that a WIRP Fee premium is payable by the defendants under the WIRP Deed. The defendants appealed the decision in the Queensland Court of Appeal and the appeal hearing was held in March 2020. Judgement has been reserved by the Court of Appeal and is not expected to be delivered before August 2020. Resolution of this dispute would also result in the Company’s below rail access to WICET (of 1.5 MMtpa) becoming a firm contractual capacity entitlement (and the subject of a 20 year take-or-pay access agreement) instead of an ad hoc entitlement only. The Company’s unaudited Condensed Consolidated Balance Sheet includes an estimated loss contingency associated with these proceedings of approximately \$5.3 million as at June 30, 2020.

Should the defendant’s appeal process be unsuccessful, the amount of the WIRP Fee may materially differ from our current estimation.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From time to time, the Company becomes a party to other legal proceedings in the ordinary course of business in Australia, the U.S. and other countries where the Company does business. Based on current information, the Company believes that such other pending or threatened proceedings are likely to be resolved without a material adverse effect on its financial condition, results of operations or cash flows.

The liabilities recorded in relation to the above litigation do not include estimated future costs associated with legal representation, which, in accordance with the Company’s policy, are expensed as incurred. In management’s opinion, the Company is not currently involved in any legal proceedings, which individually or in the aggregate could have a material effect on the financial condition, results of operations and/or liquidity of the Company.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Coronado Global Resources Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Coronado Global Resources Inc. (the Company) as of June 30, 2020, the related condensed consolidated statements of operation and comprehensive income, stockholders' equity and cash flows for the three-month and six-month periods ended June 30, 2020 and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

The condensed consolidated financial information of the Company for the three-month and six-month periods ended June 30, 2019, were reviewed by other auditors whose report dated August 5, 2019 stated that based on their review they were not aware of any material modifications that should be made to those statements for them to be in conformity with U.S. generally accepted accounting principles. The consolidated balance sheet of the Company as of December 31, 2019, the related consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the year then ended, and the related notes (not presented herein) were audited by other auditors whose report dated February 24, 2020 expressed an unqualified opinion on those statements.

Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young

Brisbane, Australia
August 10, 2020.

[Table of Contents](#)**ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management’s Discussion and Analysis of our Financial Condition and Results of Operations, or MD&A, should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and the related notes to those statements included elsewhere in this Form 10-Q. In addition, this Form 10-Q report should be read in conjunction with the Consolidated Financial Statements for year ended December 31, 2019 included in Coronado Global Resources Inc.’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the U.S. Securities and Exchange Commission, or SEC, and the Australian Securities Exchange, or the ASX, on February 24, 2020.

Unless otherwise noted, references in this Quarterly Report on Form 10-Q to “we,” “us,” “our,” “Company,” or “Coronado” refer to Coronado Global Resources Inc. and its consolidated subsidiaries and associates, unless the context indicates otherwise.

All production and sales volumes contained in this Quarterly Report on Form 10-Q are expressed in metric tons, or Mt, millions of metric tons, or MMt, or millions of metric tons per annum, or MMtpa, except where otherwise stated. One Mt (1,000 kilograms) is equal to 2,204.62 pounds and is equivalent to 1.10231 short tons. In addition, all dollar amounts contained herein are expressed in United States dollars, or US\$, except where otherwise stated. References to “A\$” are references to Australian dollars, the lawful currency of the Commonwealth of Australia. Some numerical figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not equal the sum of the figures that precede them.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, concerning our business, operations, financial performance and condition, the coal, steel and other industries, the effect of COVID-19 and related governmental and economic responses thereto, 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,” “likely,” “intends,” “considers” and other similar words.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual results, performance, events or outcomes to differ materially from the results, performance, events or outcomes expressed or anticipated in these statements, many of which are beyond our control. Such forward-looking statements are based on an assessment of present economic and operating conditions on a number of best estimate assumptions regarding future events and actions. These factors are difficult to accurately predict and may be beyond our control. Factors that could affect our results or an investment in our securities include, but are not limited to:

- uncertainty and weaknesses in global economic conditions, including the extent, duration and impact on prices caused by reduced demand. The COVID-19 pandemic led to reduced market demand and risks related to government actions with respect to trade agreements, treaties or policies;
- severe financial hardship, bankruptcy, temporary or permanent shut downs or operational challenges, due to the ongoing COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the steel industry, key suppliers/contractors, which among other adverse effects, could lead to reduced demand for our coal, increased difficulty collecting receivables and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us;
- our ability to generate sufficient cash to service our indebtedness and other obligations;
- our indebtedness and ability to comply with the covenants under the agreements governing such indebtedness;
- the prices we receive for our coal;
- the demand for steel products, which impacts the demand for our metallurgical, or Met, coals;
- risks inherent to mining;
- the loss of, or significant reduction in, purchases by our largest customers;
- our ability to collect payments from our customers depending on their creditworthiness, contractual performance or otherwise;

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- risks unique to international mining and trading operations, including tariffs and other barriers to trade;
- our ability to continue acquiring and developing coal reserves that are economically recoverable;
- uncertainties in estimating our economically recoverable coal reserves;
- transportation for our coal becoming unavailable or uneconomic for our customers;
- the risk that we may be required to pay for unused capacity pursuant to the terms of our take-or-pay arrangements with rail and port operators;
- our ability to retain key personnel and attract qualified personnel;
- any failure to maintain satisfactory labor relations;
- our ability to obtain, renew or maintain permits and consents necessary for our operations;
- potential costs or liability under applicable environmental laws and regulations, including with respect to any exposure to hazardous substances caused by our operations, as well as any environmental contamination our properties may have or our operations may cause;
- extensive regulation of our mining operations and future regulations and developments;
- our ability to provide appropriate financial assurances for our obligations under applicable laws and regulations;
- assumptions underlying our asset retirement obligations for reclamation and mine closures;
- concerns about the environmental impacts of coal combustion, including perceived impacts on global climate issues, which could result in increased regulation of coal combustion in many jurisdictions and divestment efforts affecting the investment community;
- the extensive forms of taxation that our mining operations are subject to, and future tax regulations and developments;
- any cyber-attacks or other security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us, our customers or other third parties;
- a decrease in the availability or increase in costs of key supplies, capital equipment or commodities, such as diesel fuel, steel, explosives and tires;
- the risk that we may not recover our investments in our mining, exploration and other assets, which may require us to recognize impairment charges related to those assets;
- risks related to divestitures and acquisitions;
- the risk that diversity in interpretation and application of accounting principles in the mining industry may impact our reported financial results; and
- other risks and uncertainties detailed in this report, including, but not limited to, those discussed in “Risk Factors,” set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q.

We make many of our forward-looking statements based on our operating budgets and forecasts, which are based upon detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results.

See Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and ASX on February 24, 2020 and Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, filed with the SEC and ASX on May 8, 2020, for a more complete discussion of the risks and uncertainties mentioned above and for discussion of other risks and uncertainties we face that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements, as well as others made in this Quarterly Report on Form 10-Q and hereafter in our other filings with the SEC and public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties.

We caution you that the risks and uncertainties identified by us may not be all of the factors that are important to you. Furthermore, the forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date

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hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by applicable law.

Overview

We are a global producer, marketer and exporter of a full range of Met coal products. We own a portfolio of operating mines and development projects in Queensland, Australia and in Virginia, West Virginia and Pennsylvania in the United States.

Our operations in Australia, or our Australian Operations, comprise the 100%-owned Curragh producing mine complex. Our operations in the United States, or the U.S. Operations, comprise two 100%-owned producing mine complexes (Buchanan and Logan), one 100%-owned temporarily idled mine complex (Greenbrier), two development properties (Pangburn-Shaner-Fallowfield and Russell County) and one idle property (Amonate). In addition to Met coal, our Australian Operations sell thermal coal, which is used to generate electricity, to Stanwell Corporation Limited, or Stanwell. Our U.S. Operations primarily focuses on the production of Met coal for the North American domestic and seaborne export markets and also produce and sell some thermal coal that is extracted in the process of mining Met coal.

For the six months ended June 30, 2020, we produced 8.0 MMt and sold 8.3 MMt of coal. Met coal and thermal coal sales represented approximately 79.0% and 21.0%, respectively, of our total volume of coal sold for the six months ended June 30, 2020.

Our results for the six months ended June 30, 2020, were adversely impacted by (1) a fatal injury to an employee of one of our contractors at our Australian Operations which resulted in temporary suspension of mining activities during January and February that resulted in lower production and lower sales volumes, (2) wet weather conditions in Australia which disrupted certain mining and logistics activities, (3) a delay in resolution of the United States and China trade dispute, which limited export sales to China, (4) the impact of COVID-19 on global Met coal demand resulting in the temporary idling of the U.S. Operations in April and May 2020 and implementation of preventative measures at all our operations to protect our employees from the pandemic. These impacted operating efficiencies and resulted in lower production and lower realized prices. The Buchanan and Logan mines resumed operations on June 1, 2020, while the Greenbrier mine remains temporarily idled until market conditions improve. Despite these adverse conditions, our results benefited from lower gross cost and capital expenditure across our business. A weaker Australian dollar, the currency in which most costs are denominated for our Australian Operations, had a positive impact on performance.

From our Australian Operations, production and sales volumes were lower for the six months ended June 30, 2020 compared to the same period in 2019. Coal sales volumes decreased 0.8 MMt, or 12.6%. Lower sales volumes combined with lower average realized prices per Mt resulted in a reduction in coal revenues by 40.4% compared to the prior comparative period. Despite Operating costs for the six months ended June 30, 2020 being \$55.6 million, or 10.6% favorable compared to the corresponding period in 2019, Mining cost and Operating costs per ton increased as a result of lower production and sales volumes during period.

From our U.S. Operations, production and sales volumes were lower for the six months ended June 30, 2020 compared to the same period in 2019 primarily due to the impacts of COVID-19 and subsequent idling of operations in April and May. Coal sales volumes decreased 1.2 MMt, or 31.0%. Lower sales volumes combined with lower average realized prices per Mt resulted in a reduction in coal revenues by 45.4% compared to the prior comparative period. To mitigate the revenue decline, Operating costs for the six months ended June 30, 2020 were \$90.5 million, or 31.3% favorable compared to the corresponding period in 2019. These effective cost controls realized a reduction in Mining cost and Operating costs per ton compared to the prior corresponding period.

During the period ended June 30, 2020, we recognized an impairment charge of \$63.1 million related to the Greenbrier mine.

COVID-19

The COVID-19 global pandemic has continued to result in a challenging working environment which has significantly impacted the demand and price for metallurgical coal. Authorities in many countries around the world have implemented numerous and varying measures to reduce the spread and limit the impact of COVID-19, including travel bans and restrictions, quarantines, curfews, stay-at-home orders, business shutdowns and closures. Many countries have also commenced implementing multi-stage policies with the goal of re-opening markets and boosting economic activity. These measures have impacted and will continue to impact our mining operations, our customers, employees, suppliers and other third parties with whom we do business. The U.S. and Australia, where our mining operations are located, are in varying stages of restrictions and re-opening in response to COVID-19. There is considerable uncertainty regarding how current and future health and safety measures implemented in response to the pandemic will impact our business, including whether they will result in further changes in demand for metallurgical coal, increase in operating costs, impacts to our supply chain and whether measures will result in port closures or border restrictions, each or all of which can impact our ability to produce and sell our coal.

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The safety and wellbeing of our workforce remains our highest priority and we continue to manage the potential threat of COVID-19 at our mines and offices. The Company formed a COVID-19 taskforce spanning its Australian and U.S. operations and proactively 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.

Our U.S. Operations were idled in April and May 2020 due to the COVID-19 induced economic downturn and decline in demand from customers in Europe, Brazil and the U.S. While the mines were idled, the Company continued to make shipments to its customers from existing inventories which allowed the Company to meet all customer commitments. On June 1, 2020, the Company resumed operations at the Buchanan and Logan mines. Whilst production at these mines has been reduced in response to lower temporary demand, both mines are operationally well positioned to increase production quickly in the event demand increases rapidly. The Greenbrier mine remains idle and the Company will continue to monitor market developments to evaluate the duration for which the mine will remain idle. Subsequent to June 30, 2020 we have had a small number of our workforce at our U.S Operations who tested positive for the virus. We have taken all necessary steps to isolate the affected workers and protect the remaining workforce. To date these efforts have not adversely affected our production.

The global economic slowdown resulting from the effects of COVID-19 has sharply reduced the demand for steel in all markets except for China, where steel production remained elevated during the second half of 2020. In Australia, our sales profile has adjusted accordingly with an increase portion of deliveries to the Chinese market in the quarter. The impact on our Australian Operations has been limited due to the Curragh mine's unique position as a strategic supplier of 'base load' metallurgical coal for coke blends. While global demand remains uncertain, there are promising signs of recovery in Asia Pacific demand.

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 by reducing capital expenditures and managing operating costs in a disciplined manner.

Due to the impact of COVID-19, we expect our results of operations for fiscal year 2020 to be significantly below our historical performance.

Syndicated Facility Agreement covenant waivers

On May 25, 2020 the Company concluded an agreement with lenders under the SFA to waive compliance with certain financial covenants for the period from May 25, 2020 to February 28, 2021. The waiver provides additional flexibility to work through this period of significant uncertainty, lower demand and pricing for metallurgical coal that has been brought about by the global COVID-19 pandemic. During the waiver period the Company will have additional reporting undertakings and additional restrictions on certain terms and conditions, including in relation to divestments and new indebtedness. During the waiver period we are required to provide additional financial information to the lenders each month and have agreed to limit financial indebtedness and asset sales that is not pre-approved by lenders. See "Liquidity and Capital Resources-Liquidity-Secured Credit Facilities" below for more details.

Segment Reporting

In accordance with Accounting Standards Codification, or ASC, 280, Segment Reporting, we have adopted the following reporting segments: Australia and the United States. In addition, "Other and Corporate" is not a reporting segment but is disclosed for the purposes of reconciliation to our consolidated financial statements.

Results of Operations

How We Evaluate Our Operations

We evaluate our operations based on the volume of coal we can safely produce and sell in compliance with regulatory standards, and the prices we receive for our coal. Our sales volume and sales prices are largely dependent upon the terms of our coal sales contracts, for which prices generally are set based on daily index averages, on a quarterly basis or annual fixed price contracts.

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Our 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.

Coal revenues are shown on our statement of operations and comprehensive income exclusive of other revenues. Generally, export sale contracts for our Australian Operations require us to bear the cost of freight from our mines to the applicable outbound shipping port, while freight costs from the port to the end destination are typically borne by the customer. Sales to the export market from our U.S. Operations are generally recognized when title to the coal passes to the customer at the mine load out similar to a domestic sale. For our domestic sales, customers typically bear the cost of freight. As such, freight expenses are excluded from cost of coal revenues to allow for consistency and comparability in evaluating our operating performance.

Non-GAAP Financial Measures; Other Measures

The following discussion of our results includes references to and analysis of Adjusted EBITDA and mining costs, which are financial measures not recognized in accordance with U.S. Generally Accepted Accounting Principles, or U.S. GAAP. Non-GAAP financial measures, including Adjusted EBITDA, are used by investors to measure our operating performance.

Adjusted EBITDA, a non-GAAP measure, is defined as earnings before interest, tax, depreciation, depletion and amortization and other foreign exchange losses. Adjusted EBITDA is also adjusted for certain discrete items that we exclude in analyzing each of our segments' operating performance. Adjusted EBITDA is not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly titled measures presented by other companies. A reconciliation of Adjusted EBITDA to its most directly comparable measure under U.S. GAAP is included below.

Segment Adjusted EBITDA is defined as Adjusted EBITDA by operating and reporting segment, adjusted for certain transactions, eliminations or adjustments that our CODM does not consider for making decisions to allocate resources among segments or assessing segment performance. Segment Adjusted EBITDA is used as a supplemental financial measure by management and by external users of our financial statements such as investors, industry analysts and lenders to assess the operating performance of the business.

Mining costs, a non-GAAP measure, is based on reported cost of coal revenues, which is shown on our statement of operations and comprehensive income exclusive of freight expense, Stanwell rebate, other royalties, depreciation, depletion and amortization and selling, general and administrative expenses, adjusted for other items that do not relate directly to the costs incurred to produce coal at mine. Mining costs excludes these cost components as our CODM does not view these costs as directly attributable to the production of coal. Mining costs is used as a supplemental financial measure by management, providing an accurate view of the costs directly attributable to the production of coal at our mining segments, and by external users of our financial statements, such as investors, industry analysts and ratings agencies, to assess our mine operating performance in comparison to the mine operating performance of other companies in the coal industry.

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Summary

The financial and operational highlights for the three months ended June 30, 2020:

- Sales volume totaled 3.8 MMt for the three months ended June 30, 2020, 1.5 MMt lower than the three months ended June 30, 2019. Sales volumes were lower largely due to the idling of our U.S. Operations during April and May in response to the COVID-19 market conditions.
- Net income decreased by \$231.8 million for the three months ended June 30, 2020, from \$117.5 million for the three months ended June 30, 2019, generating a net loss of \$114.3 million for the quarter. The decrease was primarily due to lower coal sales revenues and the impact of the non-cash impairment charge at Greenbrier, partially offset by lower operating costs and an income tax benefit.
- Lower coal market prices during the three months ended June 30, 2020 resulted in lower average realized Met coal pricing of \$91.6 per Mt sold, 33.5% lower compared to the three months ended June 30, 2019.
- Adjusted EBITDA for the three months ended June 30, 2020, is a loss of \$10.5 million, a decrease of \$232.8 million, from Adjusted EBITDA of \$222.3 million for the three months ended June 30, 2019.
- As at June 30, 2020 the company had \$441.0 million of external borrowings outstanding.

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- As of June 30, 2020, Coronado had cash on hand of \$36.1 million (excluding restricted cash).

| | For Three months ended June 30, | | | |
|---|---------------------------------|----------|-----------|----------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Revenues: | | | | |
| Coal revenues | 295,206 | 630,690 | (335,484) | (53.2%) |
| Other revenues | 9,142 | 11,767 | (2,625) | (22.3%) |
| Total revenues | 304,348 | 642,457 | (338,109) | (52.6%) |
| Costs and expenses: | | | | |
| Cost of coal revenues (exclusive of items shown separately below) | 224,459 | 264,137 | (39,678) | (15.0%) |
| Depreciation, depletion and amortization | 41,547 | 45,508 | (3,961) | (8.7%) |
| Freight expenses | 40,504 | 52,035 | (11,531) | (22.2%) |
| Stanwell rebate | 24,787 | 45,847 | (21,060) | (45.9%) |
| Other royalties | 19,157 | 49,073 | (29,916) | (61.0%) |
| Selling, general, and administrative expenses | 7,158 | 9,242 | (2,084) | (22.5%) |
| Total costs and expenses | 357,612 | 465,842 | (108,230) | (23.2%) |
| Operating (loss) income | (53,264) | 176,615 | (229,879) | (130.2%) |
| Other income (expenses): | | | | |
| Interest expense, net | (12,064) | (9,087) | (2,977) | 32.8% |
| Impairment of assets | (63,111) | — | (63,111) | 100.0% |
| Other, net | (8,537) | (2,989) | (5,548) | 185.6% |
| Total other income (expense), net | (83,712) | (12,076) | (71,636) | 593.2% |
| Net (loss) income before tax | (136,976) | 164,539 | (301,515) | (183.2%) |
| Income tax benefit (expense) | 22,646 | (47,033) | 69,679 | (148.1%) |
| Net (loss) income | (114,330) | 117,506 | (231,836) | (197.3%) |
| Less: Net loss attributable to noncontrolling interest | (2) | (4) | 2 | (50.0%) |
| Net (loss) income attributable to Coronado Global Resources, Inc. | (114,328) | 117,510 | (231,838) | (197.3%) |

Coal Revenues

Coal revenues were \$295.2 million for the three months ended June 30, 2020, a decrease of \$335.5 million, compared to \$630.7 million for the three months ended June 30, 2019. This decrease was driven by lower coal sales volumes and a lower average realized Met coal price for the three months to June 30, 2020, compared to the same period in 2019. Coal sales volumes were down 1.5 MMt, due to softer market conditions resulting from the impact of the COVID-19 pandemic, and import restrictions into China, which resulted in the suspension of sales from our U.S. Operations to China during the June 30, 2020 quarter. Lower sales volumes were exacerbated by lower average realized Met coal pricing of \$91.6 per Mt sold, a reduction of \$46.2 per Mt sold, compared to \$137.8 per Mt sold as of June 30, 2019 due to difficult coal market conditions, affected by weak customer demand and pandemic restrictions.

Cost of Coal Revenues (Exclusive of Items Shown Separately Below)

Cost of coal revenues comprise of costs related to produced tons sold, along with changes in both the volumes and carrying values of coal inventory. Cost of coal revenues include items such as direct operating costs, which includes employee-related costs, materials and supplies, contractor services, coal handling and preparation costs and production taxes. Total cost of coal revenues was \$224.5 million for the three months ended June 30, 2020, a decrease of \$39.7 million, or 15.0%, as compared to \$264.1 million for the three months ended June 30, 2019. The cost of coal revenues for our U.S. Operations decreased \$68.9 million due to idling of the U.S. Operations in April and May 2020 in response to COVID-19 pandemic. This decrease was partially offset by an increase in cost of coal revenues for our Australian Operations driven by operational issues impacting productivity which also resulted in lower production volumes.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization was \$41.6 million for the three months ended June 30, 2020, a decrease of \$3.9 million, as compared to \$45.5 million for the three months ended June 30, 2019. The decrease was largely driven by favorable average foreign exchange rate on the translation of the Australian operations of A\$/US\$: 0.66 compared to 0.70 for the three months ended June 30, 2020 compared to the same period in 2019.

[Table of Contents](#)***Freight Expenses***

Freight expenses primarily relate to the Australian operations and relate to costs associated with take-or-pay commitments for rail and port providers and demurrage costs. Freight expenses totaled \$40.5 million for the three months ended June 30, 2020, a decrease of \$11.5 million, as compared to \$52.0 million for the three months ended June 30, 2019. Curragh's freight costs contributed \$9.8 million to this decrease driven by lower production and sales volumes which in turn incurred lower railings and port charges. The remaining decrease related to our U.S. Operations where sales volumes were significantly lower due to idling of the mines during April and May.

Stanwell Rebate

The Stanwell rebate was \$24.8 million for the three months ended June 30, 2020, a decrease of \$21.1 million, as compared to \$45.8 million for the three months ended June 30, 2019. The decrease was largely driven by lower realized coal pricing during 2020, lower sales volumes in the second quarter of 2020 and a favorable average foreign exchange rate on translation of A\$/US\$: 0.66 compared to 0.70 for the three months ended June 30, 2020 compared to the same period in 2019.

Other Royalties

Other royalties were \$19.2 million in the three months ended June 30, 2020, a decrease of \$29.9 million, as compared to \$49.1 million in the three months ended June 30, 2019. Lower royalties were a product of lower average realized export pricing, a favorable average foreign exchange rate for the quarter used to translate the Australian Operations and the benefit of a mark to market write down of the Contingent Royalty Consideration obligation (payable to CONSOL) during the three months ended June 30, 2020 of \$0.5 million compared to \$0.7 million write up for the same period in 2019.

Interest Expense, net

Interest expense, net of \$12.1 million for the three months ended June 30, 2020, increased \$3.0 million, as compared to \$9.1 million for the three months ended June 30, 2019. The higher interest expense in 2020 was due to increase draw down of debt in the last 12 months with \$441.0 million interest-bearing liabilities outstanding as at June 30, 2020. During the three months ended June 30, 2019 an average of \$25.0 million of the debt was drawn down. However, such amount was fully repaid, and no balance remained outstanding as at June 30, 2019.

Income tax benefit (expense)

Income tax benefit of \$22.6 million for the three months ended June 30, 2020, increased by \$69.7 million, as compared to a tax expense of \$47.0 million for the three months ended June 30, 2019. An income tax benefit is realized at June 30, 2020 on account of the company incurring a net loss for the period.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019***Summary***

The financial and operational highlights for the six months ended June 30, 2020:

- Sales volume totaled 8.3 MMt for the six months ended June 30, 2020, or 2.0 MMt lower than the six months ended June 30, 2019. Sales volumes were impacted by the idling of the U.S Operations for two months in response to the demand contractions brought on by COVID-19 and the fatality in January 2020 at our Australian Operations impacting production mainly in the first quarter, and other wet weather and sequencing issues at the Curragh mine.
- Net income decreased by \$337.5 million, from \$214.3 million for the six months ended June 30, 2019, to a net loss \$123.2 million for the six months ended June 30, 2020. The decrease was primarily due to lower coal sales revenues and the impact of the non-cash impairment charge at Greenbrier, partially offset by lower operating costs and an income tax benefit.
- Lower coal market prices during the six months ended June 30, 2020, resulted in lower average realized Met coal pricing of \$97.3 per Mt sold, 29.2% lower compared to the six months ended June 30, 2019.
- Adjusted EBITDA for the six months ended June 30, 2020, totaled \$34.9 million, a decrease of \$370.5 million, from Adjusted EBITDA of \$405.4 million for the six months ended June 30, 2019
- Cash used in operating activities was \$7.6 million for the six months ended June 30, 2020, a decrease of \$308.8 million compared to cash generated of \$301.2 million for the six months ended June 30, 2019.
- During the six months ended June 30, 2020, the Company paid dividends \$24.2 million, which was funded by available cash and external borrowings. As at June 30, 2020 the company had \$441.0 million of external borrowings outstanding.

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- As of June 30, 2020, the Company had cash on hand of \$36.1 million (excluding restricted cash).

| | For Six months ended June 30, | | | |
|---|-------------------------------|-----------|-----------|----------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Revenues: | | | | |
| Coal revenues | 694,817 | 1,212,487 | (517,670) | (42.7%) |
| Other revenues | 18,849 | 21,848 | (2,999) | (13.7%) |
| Total revenues | 713,666 | 1,234,335 | (520,669) | (42.2%) |
| Costs and expenses: | | | | |
| Cost of coal revenues (exclusive of items shown separately below) | 481,345 | 533,696 | (52,351) | (9.8%) |
| Depreciation, depletion and amortization | 86,849 | 85,279 | 1,570 | 1.8% |
| Freight expenses | 82,886 | 89,362 | (6,476) | (7.2%) |
| Stanwell rebate | 57,415 | 94,674 | (37,259) | (39.4%) |
| Other royalties | 43,455 | 93,422 | (49,967) | (53.5%) |
| Selling, general, and administrative expenses | 13,353 | 18,311 | (4,958) | (27.1%) |
| Total costs and expenses | 765,303 | 914,744 | (149,441) | (16.3%) |
| Operating (loss) income | (51,637) | 319,591 | (371,228) | (116.2%) |
| Other income (expenses): | | | | |
| Interest expense, net | (24,318) | (17,264) | (7,054) | 40.9% |
| Impairment of assets | (63,111) | — | (63,111) | 100.0% |
| Other, net | (4,485) | 1,042 | (5,527) | (530.4%) |
| Total other income (expense), net | (91,914) | (16,222) | (75,692) | 466.6% |
| Net (loss) income before tax | (143,551) | 303,369 | (446,920) | (147.3%) |
| Income tax benefit (expense) | 20,355 | (89,043) | 109,398 | (122.9%) |
| Net (loss) income | (123,196) | 214,326 | (337,522) | (157.5%) |
| Less: Net loss attributable to noncontrolling interest | (4) | (4) | — | - |
| Net (loss) income attributable to Coronado Global Resources, Inc. | (123,192) | 214,330 | (337,522) | (157.5%) |

Coal Revenues

Coal revenues were \$694.8 million for the six months ended June 30, 2020, a decrease of \$517.7 million, compared to \$1,212.5 million for the six months ended June 30, 2019. This decrease was driven by lower coal sales volumes and a lower average realized Met coal price. Coal sales volumes were down 2.0 MMt, due to lower production stemming from the temporary suspension of mining activities at the Curragh mine following the safety incident in January 2020, the impact of the COVID-19 pandemic which resulted in the temporary idling of the U.S. Operations in April 2020 and May 2020, and the impact of import restrictions into China, which resulted in the suspension of sales from our U.S. Operations to China during the June 30, 2020 quarter. Lower sales volumes were exacerbated by lower average realized Met coal pricing of \$97.3 per Mt sold, a reduction of \$40.2 per Mt sold, compared to \$137.5 per Mt sold as of June 30, 2019 due to softer market conditions and falling index prices.

Cost of Coal Revenues (Exclusive of Items Shown Separately Below)

Cost of coal revenues comprise of costs related to produced tons sold, along with changes in both the volumes and carrying values of coal inventory. Cost of coal revenues include items such as direct operating costs, which includes employee-related costs, materials and supplies, contractor services, coal handling and preparation costs and production taxes. Total cost of coal revenues were \$481.3 million for the six months ended June 30, 2020, a decrease of \$52.4 million, or 9.8%, as compared to \$533.7 million for the six months ended June 30, 2019. The cost of coal revenues for our U.S. Operations decreased \$83.7 million due to idling of the U.S. Operations in April and May 2020 in response to the COVID-19 pandemic and associated cost control measures implemented during the period. The decrease was partially offset by an increase in cost of coal revenues for our Australian Operations of \$29.2 million compared to June 30, 2019.

Freight Expenses

Freight expenses totaled \$89.4 million for the six months ended June 30, 2020, a decrease of \$6.5 million, as compared to \$82.9 million for the six months ended June 30, 2019. The decrease was primarily driven by lower sales volume of 8.0 MMt for the six months to June 30, 2020, a reduction of 2.4 MMt, compared to sales volumes of 10.4 MMt for the six months to June 30, 2019. The decrease was partially offset by higher demurrage costs in the Australian Operations as a result of longer vessel wait times at port due to the disruptions in production in the beginning of 2020 period.

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Stanwell Rebate

The Stanwell rebate was \$57.4 million for the six months ended June 30, 2020, a decrease of \$37.3 million, as compared to \$94.7 million for the six months ended June 30, 2019. The decrease was largely driven by lower realized coal pricing and lower sales volumes in 2020.

Other Royalties

Other royalties were \$43.5 million in the six months ended June 30, 2020, a decrease of \$50.0 million, as compared to \$93.4 million in the six months ended June 30, 2019. Lower royalties were a product of lower average realized export pricing and lower volumes for the six-month ended June 30, 2020 compared to the same period in 2019.

Selling, General, and Administrative Expenses

Selling, general and administrative costs were \$13.4 million for the six months ended June 30, 2020, a decrease of \$5.0 million, as compared to \$18.3 million for the six months to June 30, 2019. The decrease is primarily driven by improved efficiencies and cost saving initiatives to reduce corporate spend in 2020 compared to the 2019 comparative period.

Interest Expense, net

Interest expense, net of \$24.3 million for the six months ended June 30, 2020, increased \$7.1 million, as compared to \$17.3 million for the six months ended June 30, 2019. The higher interest expense in 2020 was due to increase draw down of debt in the last 12 months with \$441.0 million of interest-bearing liabilities outstanding as at June 30, 2020. During the six months ended June 30, 2019 the Company had an average drawn debt of \$109.0 million which was fully repaid and no balance remained outstanding as at June 30, 2019.

Income tax expense

Income tax benefit of \$20.4 million for the six months ended June 30, 2020, increased by \$109.4 million, as compared to a tax expense of \$89.0 million for the six months ended June 30, 2019. The Company had an income tax benefit of \$20.4 million for the six months ended June 30, 2020, comprising a discrete income tax expense of \$1.0 million and an income tax benefit of \$21.4 million based on a loss before tax of \$143.5 million.

Supplemental Segment Financial Data

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Australia

| | For Three Months Ended June 30, | | | |
|--|---------------------------------|---------|-----------|----------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Sales volume (MMt) | 3.0 | 3.3 | (0.3) | (9.7)% |
| Total revenues (\$) | 228,410 | 412,810 | (184,400) | (44.7)% |
| Coal revenues (\$) | 219,950 | 403,703 | (183,753) | (45.5)% |
| Average realized price per Mt sold (\$/Mt) | 73.2 | 121.3 | (48.1) | (39.7)% |
| Met sales volume (MMt) | 2.1 | 2.5 | (0.4) | (14.9)% |
| Met coal revenues (\$) | 194,909 | 377,016 | (182,107) | (48.3)% |
| Average realized Met price per Mt sold (\$/Mt) | 91.9 | 151.4 | (59.5) | (39.3)% |
| Mining costs (\$) | 160,697 | 133,104 | 27,593 | 20.7% |
| Mining cost per Mt sold (\$/Mt) | 53.6 | 40.0 | 13.6 | 34.0% |
| Operating costs (\$) | 236,418 | 260,796 | (24,378) | (9.3)% |
| Operating costs per Mt sold (\$/Mt) | 78.6 | 78.3 | 0.3 | 0.4% |
| Segment Adjusted EBITDA (\$) | (6,804) | 151,561 | (158,365) | (104.5)% |

Coal revenues for Australian Operations for the three months ended June 30, 2020, were \$220.0 million, a decrease of \$183.8 million or 45.5%, compared to \$403.7 million for the three months ended June 30, 2019. This decrease was largely driven by lower average realized Met coal pricing as a result of difficult coal market conditions stemming from the COVID-19 pandemic. The average realized Met price for the current quarter was \$91.9 per Mt sold, which is \$59.5 per Mt lower compared to the same quarter last year. Subdued pricing was exacerbated by lower Met coal sales volumes of 2.1Mt for the three months ended June 30, 2020, 0.4Mt lower than the 2.5Mt sold during the three months ended June 30, 2019. Sales volumes during the quarter were a result of lower production caused by wet weather and operational issues at the Curragh mine impacting productivity.

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Operating costs decreased by \$24.4 million, or 9.3%, for the three months ended June 30, 2020, compared to the three months ended June 30, 2019, slightly mitigating the impacts from lower revenue. The decrease was driven by lower royalties and Stanwell rebate (due to lower realized coal pricing), lower freight expenses (due to lower sales volume) and the benefit of a favorable average foreign exchange rate on translation of the A\$ denominated Australian Operations for the three months ended June 30, 2020 of A\$/US\$: 0.66 compared to 0.70 for the three months ended June 30, 2019. The decrease was partially offset by higher mining associated with mine sequencing impacts.

Adjusted EBITDA decreased by \$158.4 million, or 104.5%, to a loss of \$6.8 million for the three months ended June 30, 2020 as compared to \$151.6 million for the three months ended June 30, 2019, due to lower coal revenues partly mitigated by lower operating costs.

United States

| | For Three Months Ended June 30, | | | |
|--|---------------------------------|---------|-----------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Sales volume (MMt) | 0.8 | 2.0 | (1.2) | (59.1)% |
| Total revenues (\$) | 75,938 | 229,647 | (153,709) | (66.9)% |
| Coal revenues (\$) | 75,256 | 226,987 | (151,731) | (66.8)% |
| Average realized price per Mt sold (\$/Mt) | 90.2 | 111.1 | (20.9) | (18.8)% |
| Met sales volume (MMt) | 0.8 | 1.8 | (1.0) | (53.7)% |
| Met coal revenues (\$) | 74,839 | 211,656 | (136,817) | (64.6)% |
| Average realized Met price per Mt sold (\$/Mt) | 90.8 | 118.9 | (28.1) | (23.6)% |
| Mining costs (\$) | 56,921 | 131,033 | (74,112) | (56.6)% |
| Mining cost per Mt sold (\$/Mt) | 73.5 | 64.1 | 9.4 | 14.6% |
| Operating costs (\$) | 72,489 | 150,296 | (77,807) | (51.8)% |
| Operating costs per Mt sold (\$/Mt) | 86.8 | 73.6 | 13.2 | 18.1% |
| Segment Adjusted EBITDA (\$) | 3,490 | 79,642 | (76,152) | (95.6)% |

Coal revenues decreased by \$151.7 million, or 66.8%, to \$75.3 million for the three months ended June 30, 2020 as compared to \$227.0 million for the three months ended June 30, 2019. This decrease was driven by lower average realized Met coal pricing of \$90.8 per Mt sold for the three months ended June 30, 2020, which was a result of softer market conditions and a decline in the benchmark coking coal market, and by lower sales volumes of 0.8 MMt as compared to 2.0 MMt for June 30, 2019 quarter. Lower sales volumes were a result of softer market conditions resulting from the impact of the COVID-19 pandemic and import restrictions into China, which resulted in the suspension of sales to China for the quarter.

Operating costs decreased by \$77.8 million, or 51.8%, for the three months ended June 30, 2020 compared to operating costs of \$150.3 million for the three months ended June 30, 2019. The decrease was due to lower mining costs of \$74.1 million, or 56.6% as the U.S. Operations were idled in April and May of 2020 in response to the COVID-19 pandemic. The increase in mining cost per Mt sold was primarily driven by lower sales volumes of 1.2 MMt driving up mining costs by \$9.4 per Mt sold compared to the same period in 2019.

For the three months ended June 30, 2020 Adjusted EBITDA decreased by \$76.2 million, or 95.6%, compared to the June 30, 2019 quarter. This decrease was primarily driven by softer market conditions resulting in a lower average realized Met coal price per Mt sold and lower sales volumes. This resulted in a decrease in Total revenues of \$153.7 million which was partially offset by a decrease in operating costs of \$77.8 million.

Corporate and Other Adjusted EBITDA

The following table presents a summary of the components of Corporate and Other Adjusted EBITDA:

| | For Three Months Ended June 30, | | | |
|---|---------------------------------|-------|---------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Selling, general, and administrative expenses | 7,159 | 9,242 | (2,083) | (22.5)% |
| Other, net | 4 | (330) | 334 | 101.2% |
| Total Corporate and Other Adjusted EBITDA | 7,163 | 8,912 | (1,749) | (19.6)% |

Corporate and other costs decreased \$1.8 million to \$7.2 million for the three months ended June 30, 2020, as compared to \$8.9 million for the three months ended June 30, 2019. The decrease is primarily driven by improved efficiencies and cost saving initiatives to reduce corporate spend in 2020 compared to the 2019 comparative period.

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Mining and operating costs for the Three Months Ended June 30, 2020 compared to Three Months Ended June 30, 2019

A reconciliation of segment costs and expenses, segment operating costs, and segment mining costs is shown below:

| | For Three Months Ended June 30, 2020 | | | |
|---|--------------------------------------|---------------|-------------------|--------------------|
| | (\$ in thousands) | | | |
| | Australia | United States | Other / Corporate | Total Consolidated |
| Total costs and expenses | 256,730 | 93,528 | 7,354 | 357,612 |
| Less: Selling, general and administrative expense | — | — | (7,158) | (7,158) |
| Less: Depreciation, depletion and amortization | (20,312) | (21,039) | (196) | (41,547) |
| Total operating costs | 236,418 | 72,489 | — | 308,907 |
| Less: Other royalties | (17,547) | (1,610) | — | (19,157) |
| Less: Stanwell rebate | (24,787) | — | — | (24,787) |
| Less: Freight expenses | (32,882) | (7,622) | — | (40,504) |
| Less: Other non-mining costs | (505) | (6,336) | — | (6,841) |
| Total mining costs | 160,697 | 56,921 | — | 217,618 |
| Sales Volume excluding non-produced coal (MMt) | 3.0 | 0.8 | — | 3.8 |
| Mining cost per Mt sold (\$) | 53.6 | 73.5 | — | 57.7 |

| | For Three Months Ended June 30, 2019 | | | |
|---|--------------------------------------|---------------|-------------------|--------------------|
| | (\$ in thousands) | | | |
| | Australia | United States | Other / Corporate | Total Consolidated |
| Total costs and expenses | 283,948 | 172,844 | 9,050 | 465,842 |
| Less: Selling, general and administrative expense | (282) | — | (8,960) | (9,242) |
| Less: Depreciation, depletion and amortization | (22,870) | (22,548) | (90) | (45,508) |
| Total operating costs | 260,796 | 150,296 | — | 411,092 |
| Less: Other royalties | (39,209) | (9,864) | — | (49,073) |
| Less: Stanwell rebate | (45,847) | — | — | (45,847) |
| Less: Freight expenses | (42,636) | (9,399) | — | (52,035) |
| Total mining costs | 133,104 | 131,033 | — | 264,137 |
| Sales Volume excluding non-produced coal (MMt) | 3.3 | 2.0 | — | 5.4 |
| Mining cost per Mt sold (\$) | 40.0 | 64.1 | — | 49.2 |

Average realized Met coal revenue for the Three Months Ended June 30, 2020 compared to Three Months Ended June 30, 2019

A reconciliation of the Company’s average realized Met coal revenue is shown below:

| | For Three Months Ended June 30, | | | |
|--|---------------------------------|---------|-----------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Met sales volume (MMt) | 2.9 | 4.3 | (1.4) | (32.6)% |
| Met coal revenues (\$) | 269,748 | 588,672 | (318,924) | (54.2)% |
| Average realized Met price per Mt sold (\$/Mt) | 91.6 | 137.8 | (46.2) | (33.5)% |

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Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Australia

| | For Six Months Ended June 30, | | | |
|--|-------------------------------|---------|-----------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Sales volume (MMt) | 5.6 | 6.4 | (0.8) | (12.6)% |
| Total revenues (\$) | 473,555 | 794,182 | (320,627) | (40.4)% |
| Coal revenues (\$) | 458,481 | 775,942 | (317,461) | (40.9)% |
| Average realized price per Mt sold (\$/Mt) | 82.1 | 121.5 | (39.4) | (32.4)% |
| Met sales volume (MMt) | 3.9 | 4.8 | (0.9) | (18.6)% |
| Met coal revenues (\$) | 407,831 | 727,964 | (320,133) | (44.0)% |
| Average realized Met price per Mt sold (\$/Mt) | 104.8 | 152.3 | (47.5) | (31.2)% |
| Mining costs (\$) | 298,841 | 272,201 | 26,640 | 9.8% |
| Mining cost per Mt sold (\$/Mt) | 53.9 | 42.6 | 11.3 | 26.5% |
| Operating costs (\$) | 466,606 | 522,169 | (55,563) | (10.6)% |
| Operating costs per Mt sold (\$/Mt) | 83.6 | 81.8 | 1.8 | 2.2% |
| Segment Adjusted EBITDA (\$) | 6,260 | 271,709 | (265,449) | (97.7)% |

Coal revenues for Australian Operations for the six months ended June 30, 2020, were \$458.5 million, a decrease of \$317.5 million or 40.9%, compared to \$775.9 million for the six months ended June 30, 2019. This decrease was largely driven by a decrease in average realized Met coal price by \$47.5 per Mt sold and a decrease in sales volumes of 0.8Mt due to reduced production stemming from the temporary suspension of operations at the Curragh Mine following January’s safety incident, adverse weather impacts, poor rail performance and scheduling issues with the provider and the impact of COVID-19 pandemic affecting customer demand.

Operating costs decreased by \$55.6 million, or 10.6%, for the six months ended June 30, 2020, compared to the six months ended June 30, 2019, partly mitigating the impacts from lower revenue. The decrease was driven by lower royalties and Stanwell rebate (mainly due to lower realized coal pricing) lower freight expenses resulting from a decrease in sales volumes and the benefit of a favorable average foreign exchange rate on translation of the A\$ denominated Australian Operations for the six months ended June 30, 2020 of A\$/US\$: 0.66 compared to 0.71 for the six months ended June 30, 2020. Mining cost per Mt sold of \$53.9 per ton was 26.5% higher compared to the six months ended June 30, 2019, impacted by lower sales volumes due to lower production as a result of suspended operations following the safety incident in January 2020 at Curragh, the lag effects of that incident, wet weather and operational issues impacting mine productivity.

Adjusted EBITDA decreased by \$265.4 million, or 97.7%, to \$6.3 million for the six months ended June 30, 2020 as compared to \$271.7 million for the six months ended June 30, 2019, due to lower coal revenues partly mitigated by lower operating costs.

United States

| | For Six Months Ended June 30, | | | |
|--|-------------------------------|---------|-----------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Sales volume (MMt) | 2.8 | 4.0 | (1.2) | (31.0)% |
| Total revenues (\$) | 240,111 | 440,153 | (200,042) | (45.4)% |
| Coal revenues (\$) | 236,336 | 436,545 | (200,209) | (45.9)% |
| Average realized price per Mt sold (\$/Mt) | 85.6 | 109.2 | (23.6) | (21.6)% |
| Met sales volume (MMt) | 2.7 | 3.5 | (0.8) | (22.3)% |
| Met coal revenues (\$) | 234,198 | 407,535 | (173,337) | (42.5)% |
| Average realized Met price per Mt sold (\$/Mt) | 86.6 | 117.0 | (30.4) | (26.0)% |
| Mining costs (\$) | 173,546 | 261,495 | (87,949) | (33.6)% |
| Mining cost per Mt sold (\$/Mt) | 64.3 | 65.4 | (1.1) | (1.7)% |
| Operating costs (\$) | 198,495 | 288,985 | (90,490) | (31.3)% |
| Operating costs per Mt sold (\$/Mt) | 71.9 | 72.3 | (0.4) | (0.5)% |
| Segment Adjusted EBITDA (\$) | 41,740 | 151,611 | (109,871) | (72.5)% |

Coal revenues decreased by \$200.2 million, or 45.9%, to \$236.3 million for the six months ended June 30, 2020 as compared to \$436.5 million for the six months ended June 30, 2019. This decrease was driven by lower average realized Met coal pricing of \$86.6 per Mt sold for the six months ended June 30, 2020, compared to \$117.0 per Mt sold for the same period in

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2019, which was a result of softer market conditions and a decline in the benchmark coking coal market, and by lower sales volumes of 2.8 MMt as compared to 4.0 MMt in 2019. Lower sales volumes were a result of softer market conditions and import restrictions into China, which resulted in the suspension of sales into China in the second quarter of 2020.

Operating costs decreased by \$90.5 million, or 31.3%, for the six months ended June 30, 2020 compared to operating costs of \$289.0 million for the six months ended June 30, 2019. The decrease was due to lower mining costs of \$173.5 million, a reduction of 33.6% compared to the same period in 2019, as the U.S. Operations were idled in April and May of 2020 in response to the COVID-19 pandemic combined with stringent cost control measures implemented in the first quarter of 2020. The cost control measures resulted in slightly lower mining cost of \$64.3 per Mt sold for the six months ended June 30, 2020, compared to \$65.4 per Mt sold for the six months ended June 30,2019 despite a decline in sales volumes of 1.2 MMt.

For the six months ended June 30, 2020 Adjusted EBITDA decreased by \$109.9 million, or 72.5%, compared to the comparative half year. This decrease was primarily driven by softer market conditions resulting in a lower average realized Met coal price per Mt sold and lower sales volumes. This resulted in a decrease in coal revenues of \$200.2 million which was partially offset by a decrease in operating costs of \$90.5 million.

Corporate and Other Adjusted EBITDA

The following table presents a summary of the components of Corporate and Other Adjusted EBITDA:

| | For Six Months Ended June 30, | | | |
|---|-------------------------------|--------|---------|----------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Selling, general, and administrative expenses | 13,353 | 17,979 | (4,626) | (25.7)% |
| Other, net | (297) | (14) | (283) | 2,021.4% |
| Total Corporate and Other Adjusted EBITDA | 13,056 | 17,965 | (4,909) | (27.3)% |

Corporate and other costs decreased \$4.9 million to \$13.1 million for the six months ended June 30, 2020, as compared to \$18.0 million for the six months ended June 30, 2019. The decrease is primarily driven by improved efficiencies and cost saving initiatives to reduce corporate spend in 2020 compared to the 2019 comparative period.

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Mining and operating costs for the Six Months Ended June 30, 2020 compared to Six Months Ended June 30, 2019

A reconciliation of segment costs and expenses, segment operating costs, and segment mining costs is shown below:

| | For Six Months Ended June 30, 2020 | | | |
|---|------------------------------------|----------------|-------------------|--------------------|
| | (\$ in thousands) | | | |
| | Australia | United States | Other / Corporate | Total Consolidated |
| 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 June 30, 2019 | | | |
|---|------------------------------------|----------------|-------------------|--------------------|
| | (\$ in thousands) | | | |
| | Australia | United States | Other / Corporate | Total Consolidated |
| 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) |
| Less: Other non-mining costs | — | — | — | — |
| 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 |

Average realized Met price for the Six Months Ended June 30, 2020 compared to Six Months Ended June 30, 2019

A reconciliation of the Company’s average realized Met coal revenue is shown below:

| | For Six Months Ended June 30, | | | |
|--|-------------------------------|-----------|-----------|---------|
| | (\$ in thousands) | | | |
| | 2020 | 2019 | Change | % |
| Met sales volume (MMt) | 6.6 | 8.3 | (1.7) | (20.5)% |
| Met coal revenues (\$) | 642,029 | 1,135,499 | (493,470) | (43.5)% |
| Average realized Met price per Mt sold (\$/Mt) | 97.3 | 137.5 | (40.2) | (29.2)% |

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Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA

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

Liquidity and Capital Resources

Overview

Our objective is to maintain a prudent capital structure and to ensure that sufficient liquid assets and funding is available to meet both anticipated and unanticipated financial obligations, including unforeseen events that could have an adverse impact on revenues or costs. Our principal sources of funds are cash flow from operations and borrowings under the SFA.

Our main uses of cash have historically been, and are expected to continue to be, the funding of our operations, working capital and capital expenditure and debt service obligations. Based on our outlook for the next 12 months, which is subject to continued changing demand from our customers, volatility in coal prices and the uncertainty of impacts from the COVID-19 pandemic on the global economy, we believe expected cash generated from operations together with available borrowing facilities and other strategic and financial initiatives, will be sufficient to meet the needs of our existing operations and service our debt obligations.

Our ability to generate sufficient cash depends on our future performance which may be subject to a number of factors beyond our control, including general economic, financial and competitive conditions and other risks described in this document and in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and ASX on February 24, 2020 and Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, filed with the SEC and ASX on May 8, 2020. Given the current market outlook, we expect to implement additional strategic and financial initiatives to ensure there is sufficient available liquidity to meet our obligations. The business retains operating and cost flexibility, and such strategic initiatives may include further right-sizing of production at the U.S. 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.

Liquidity as of June 30, 2020 and December 31, 2019 was as follows:

| | June 30, 2020 | December 31, 2019 |
|--|-------------------|----------------------|
| | (\$ in thousands) | |
| Cash, excluding restricted cash | 36,072 | 26,302 |
| Availability under Revolving Syndicate Facility Agreement ⁽¹⁾ | 109,000 | 220,000 |
| Total | 145,072 | 246,302 |

⁽¹⁾ The availability to fully draw down under the SFA is subject to a liquidity buffer of \$50 million, requiring lenders consent, during the existing covenant waiver period to February 28, 2021.

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Our total indebtedness as of June 30, 2020 and December 31, 2019 consisted of the following:

| | June 30, 2020 | December 31, 2019 |
|--|-------------------|-------------------|
| | (\$ in thousands) | |
| Current instalments of other financial liabilities and finance lease obligations | 15,106 | 8,375 |
| Interest bearing liabilities, excluding current instalments | 441,000 | 330,000 |
| Other financial liabilities, excluding current instalments | 457 | 1,546 |
| Total | 456,563 | 339,921 |

Liquidity

As of June 30, 2020, available liquidity was \$145.1 million comprising cash and cash equivalents (excluding restricted cash) of \$36.1 million and \$109.0 million of available borrowing facilities under the SFA, \$50 million of which is subject to a liquidity buffer agreed with the Lenders. As of December 31, 2019, available liquidity was \$246.3 million comprising cash and cash equivalents of \$26.3 million and \$220.0 million of available borrowing facilities.

In light of the COVID-19 pandemic, the Company has taken steps to strengthen its financial position, and maintain financial flexibility, including reviewing operating and corporate expenditure, reducing capital expenditure and ensuring there is sufficient available liquidity under the SFA. As stated above, we are actively pursuing a number of strategic initiatives to increase liquidity, including extending the duration of covenant waivers, to manage operations through this period of uncertainty and volatility.

Cash

Cash is held in multicurrency interest bearing bank accounts available to be used to service the working capital needs of the Company. Cash balances surplus to immediate working capital requirements are invested in short-term interest-bearing deposit accounts or used to repay interest bearing liabilities.

Secured Credit Facilities

To assist in managing the potential volatility in economic and operational changes, which may influence the generation of free cash flow, the Company entered into the SFA, which provides three borrowing facilities:

- Facility A — \$350 million multicurrency revolving loan facility available for general working capital and corporate purposes;
- Facility B — A\$130 million multicurrency bank guarantee facility; and
- Facility C — \$200 million multicurrency revolving loan facility available for general working capital and corporate purposes.

The right to draw upon these facilities is conditional upon a number of provisions being satisfied at the time that each drawdown request is issued. These conditions include, among other things, that:

- no Event of Default is continuing or would result from the proposed loan;
- the representations, as defined in the SFA, that are made are true in all material respects and not misleading; and
- the amount of the proposed loan will not cause the committed facility limit to be exceeded.

At June 30, 2020, Facility A was fully utilized and Facility C had \$91.0 million drawn, with \$109.0 million undrawn.

On May 25, 2020, the Company executed a Syndicated Facility Agreement Waiver Letter, or Waiver Letter, which, among other matters, waives compliance with certain finance covenants for the period from May 25, 2020 to February 28, 2021. The Waiver Letter provides the Company with additional flexibility to work through the current period of lower demand and pricing for metallurgical coal as a result of COVID-19.

During the waiver period the Company has agreed to additional reporting requirements and other restrictions, including on new indebtedness and asset sales. The Company has also agreed to a new review event during the waiver period that arises if a utilization notice is provided which would cause the available balance under the Facility A and Facility C, in aggregate, to be less than US\$50 million. If such a utilization notice is provided, we will be required to negotiate with the Lenders on the terms on which they may consent to a drawdown of the \$50 million liquidity buffer. During this period, the Company

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will be under a review event such that if agreement cannot be reached on the terms under which the liquidity buffer may be drawn, the Lenders may cancel the whole or any part of the Facilities and require repayment.

See Part II, Item 1A. “Risk Factors” – “*Our financial performance could be adversely affected by a prolonged deterioration in prices.*” for additional information.

Bank Guarantees

We are required to provide financial assurances and securities to satisfy contractual and other requirements generated in the normal course of business. Some of these assurances are provided to comply with state or other government agencies’ statutes and regulations. Facility B is available for this purpose and as of June 30, 2020, we had issued multicurrency Bank Guarantees totaling A\$68.9 million to satisfy these requirements, leaving A\$61.1 million available under Facility B.

Secured Credit Facilities Terms

Interest Rate

Borrowings under our SFA bear interest at a floating rate which is either (i) LIBOR plus an applicable margin for US\$ loans and (ii) Bank Bill Swap Bid Rate, or BBSY, bid plus an applicable margin for the A\$ loan. The applicable margin for Facility A and C depends on the Net Debt to EBITDA ratio (as defined in the SFA).

Financial Covenants

Under the SFA we are required to comply with financial covenants, namely leverage ratio, interest coverage ratio, tangible net worth.

As discussed above under “Liquidity - *Secured Credit Facilities*”, on May 25, 2020, the Company executed a Waiver Letter, which waives compliance with certain financial covenants for the period from May 25, 2020 to February 28, 2021. The Waiver Letter provides the Company with additional flexibility to work through this period of lower demand and pricing for metallurgical coal as a result of COVID-19. As of June 30, 2020, we were in compliance with the SFA’s financial covenants and did not need to rely on the waiver from lenders. See Part II, Item 1A. “Risk Factors” – “*Our financial performance could be adversely affected by a prolonged deterioration in prices.*” for additional information.

Dividend

During the six months to June 30, 2020 we paid \$24.2 million of dividends to stockholders and CDI holders on the ASX.

Capital Requirements

Our main uses of cash have historically been and are expected to continue to be the funding of our operations, working capital and capital expenditure and the payment of interest and dividends.

Historical Cash Flows

The following table summarizes our cash flows for the six months ended June 30, 2020 and 2019, as reported in the accompanying consolidated financial statements:

Cash Flow

| | For Six months ended June 30, | |
|---|-------------------------------|-----------|
| | 2020 | 2019 |
| | (\$ in thousands) | |
| Net cash (used in) provided by operating activities | (7,636) | 301,216 |
| Net cash (used in) investing activities | (61,853) | (67,336) |
| Net cash provided by (used in) financing activities | 78,258 | (312,145) |
| Net change in cash and cash equivalents | 8,769 | (78,265) |
| Effect of exchange rate changes on cash and restricted cash | 1,002 | (365) |
| Cash and restricted cash at beginning of period | 26,553 | 124,881 |
| Cash and restricted cash at end of period | 36,324 | 46,251 |

[Table of Contents](#)***Operating activities***

Net cash used in operating activities was \$7.6 million for the six months ended June 30, 2020, and cash provided by operating activities was \$301.2 million for the six months ended June 30, 2019. The decrease in cash from operating activities was primarily due to the decline in revenues in the period partially offset by lower operating costs.

Investing activities

Net cash used in investing activities was \$61.9 million for the six months ended June 30, 2020, compared to \$67.4 million for the six months ended June 30, 2019. Capital expenditure for the six months ended June 30, 2020 was \$61.9 million, of which \$18.8 million related to the Australian Operations, \$41.9 million related to the U.S. Operations and the remaining \$1.2 million for other and corporate. Included in the capital expenditure for the U.S. Operations was an acquisition of new reserves of \$6.0 million.

As a result of weak market conditions and the uncertainty surrounding the length and severity of the COVID-19 pandemic, we are focused on reducing our expected cost and capital expenditures for the remainder of fiscal year 2020.

Financing activities

Net cash provided by financing activities was \$78.3 million for the six months ended June 30, 2020, compared to \$312.1 million of net cash used in financing activities during the six months ended June 30, 2019. Included in the net cash provided in financing activities for the six months ended June 30, 2020, were proceeds from borrowings of \$145.0 million, repayment of borrowings of \$34.0 million, and \$24.2 million for dividends paid to the shareholders of the Company.

Uses of cash from financing activities during the six months ended June 30, 2019 included \$299.7 million for dividends paid to the shareholders of the Company and payments of contingent royalty consideration under the Value Share Mechanism of \$12.7 million.

Contractual Obligations

There were no material changes to our contractual obligations from the information previously provided in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and ASX on February 24, 2020.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, we evaluate our estimates. Our estimates are based on historical experience and various other assumptions that we believe are appropriate, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with the Audit Committee of our Board of Directors.

Our critical accounting policies are discussed in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and ASX on February 24, 2020.

Newly Adopted Accounting Standards and Accounting Standards Not Yet Implemented

See Note 2. (a) “Newly Adopted Accounting Standards” and Note 2. (b) “Accounting Standards Not Yet Implemented” to our unaudited condensed consolidated financial statements for a discussion of newly adopted accounting standards and accounting standards not yet implemented.

[Table of Contents](#)**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our activities expose us to a variety of financial risks, such as commodity price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. The overall risk management objective is to minimize potential adverse effects on our financial performance from those risks which are not coal price related.

We manage financial risk through policies and procedures approved by our Board of Directors. These specify the responsibility of the Board of Directors and management with regard to the management of financial risk. Financial risks are managed centrally by our finance team under the direction of the Group Chief Financial Officer. The finance team manages risk exposures primarily through delegated authority limits approved by the Board of Directors. The finance team regularly monitors our exposure to these financial risks and reports to management and the Board of Directors on a regular basis. Policies are reviewed at least annually and amended where appropriate.

We may use derivative financial instruments such as forward fixed price commodity contracts, interest rate swaps and foreign exchange rate contracts to hedge certain risk exposures. Derivatives are exclusively used for economic hedging purposes and hedging for speculative purposes is strictly prohibited by the Treasury Risk Management Policy approved by our Board of Directors. We use different methods to measure the extent to which we are exposed to various financial risks. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Commodity Price Risk***Coal Price Risk***

We are exposed to domestic and global coal prices. Our principal philosophy is that our investors would not consider hedging of coal prices to be in the long-term interest of our stockholders. Therefore, any potential hedging of coal prices through long-term fixed price contracts is subject to the approval of our Board of Directors and would only be adopted in exceptional circumstances.

We manage our commodity price risk for our non-trading, thermal coal sales through the use of long-term coal supply agreements in our U.S. Operations. In Australia, thermal coal is sold to Stanwell on a supply contract. See Item 1A. “Risk Factors—Risks related to the Supply Deed with Stanwell may adversely affect our financial condition and results of operations” in our Annual Report on Form 10-K filed with the SEC and ASX on February 24, 2020.

Sales commitments in the metallurgical coal market are typically not long-term in nature, and we are therefore subject to fluctuations in market pricing. Certain coal sales in our Australian Operations are provisionally priced initially. Provisionally priced sales are those for which price finalization, referenced to the relevant index, is outstanding at the reporting date. The final sales price is determined within 7 to 90 days after delivery to the customer. At June 30, 2020, there were \$33.8 million of outstanding provisionally priced sales. If prices were to decrease 10%, provisionally priced sales would decrease by \$3.4 million. See item 1A. “Risk Factors—Our profitability depends upon the prices we receive for our coal. Prices for coal are volatile and can fluctuate widely based upon a number of factors beyond our control” in our Annual Report on Form 10-K filed with the SEC and ASX on February 24, 2020.

Diesel Fuel

We may be exposed to price risk in relation to other commodities from time to time arising from raw materials used in our operations (such as gas or diesel). These commodities may be hedged through financial instruments if the exposure is considered material and where the exposure cannot be mitigated through fixed price supply agreements.

The fuel required for our U.S. Operations in fiscal year 2020 will be purchased under fixed-price contracts or on a spot basis. For our Australian Operations, we have entered into forward derivative contracts to purchase diesel fuel with respect to our fuel requirements at Curragh in 2020 and 2021 of which 199.6 million liters were outstanding as of June 30, 2020. The fair value of the forward derivative contracts as of June 30, 2020 was a liability of \$20.1 million.

Interest Rate Risk

Interest rate risk is the risk that a change in interest rates on our borrowing facilities will have an adverse impact on financial performance, investment decisions and stockholder returns. Our objectives in managing our exposure to interest rates include minimizing interest costs in the long term, providing a reliable estimate of interest costs for the annual work program and budget and ensuring that changes in interest rates will not have a material impact on our financial performance.

As of June 30, 2020, we had \$15.6 million of fixed-rate borrowings and \$441.0 million of variable-rate borrowings outstanding. As discussed in Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity,” as of June 30, 2020, the drawn debt facility of \$441.0 million incurred a variable interest rate of LIBOR or BBSY bid plus a margin. As of June 30, 2020, a 10% increase in the market interest rate on our variable-rate borrowings of \$441.0 million would increase our annual interest expense by \$0.2 million. We currently do not hedge against interest rate fluctuations.

[Table of Contents](#)***Foreign Exchange Risk***

A significant portion of our sales are denominated in US\$. Foreign exchange risk is the risk that our earnings or cash flows are adversely impacted by movements in exchange rates of currencies that are not in US\$.

Our main exposure is to the A\$-US\$ exchange rate through our Australian Operations, which have predominantly A\$ denominated costs. Greater than 90% of expenses incurred at Curragh are denominated in A\$. Approximately 10% of Curragh's purchases are made with reference to US\$, which provides a natural hedge against foreign exchange movements on these purchases (including fuel, some port handling charges, demurrage, purchased coal and some insurance premiums).

The Company entered into forward exchange contracts to manage its foreign currency exposure of the Curragh operations by selling US\$ generated from export coal sales revenue at Curragh and purchasing A\$ required to settle Curragh's A\$ operating costs. The fair value of the forward derivative contracts as of June 30, 2020 was an asset of \$1.5 million.

For our Australian Operations, we translate all monetary assets and liabilities at the period-end exchange rate, all non-monetary assets and liabilities at historical rates and revenue and expenses at the average exchange rates in effect during the periods. The net effect of these translation adjustments is shown in the accompanying consolidated financial statements within components of net income.

For the unhedged portion of US\$ required to purchase A\$ to settle Curragh's operating costs, a 10% increase in the A\$ to US\$ exchange rate would increase reported total costs and expenses by approximately \$19.6 million and \$37.1 million for the three and six months ended June 30, 2020.

Credit Risk

Credit risk is the risk of sustaining a financial loss as a result of a counterparty not meeting its obligations under a financial instrument or customer contract.

We are exposed to credit risk when we have financial derivatives, cash deposits, lines of credit, letters of credit or bank guarantees in place with financial institutions. To mitigate against credit risk from financial counterparties, we have minimum credit rating requirements with financial institutions where we transact.

We are also exposed to counterparty credit risk arising from our operating activities, primarily from trade receivables. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their credit rating, financial position, past experience and industry reputation. We monitor the financial performance of counterparties on a routine basis to ensure credit thresholds are achieved. Where required, we will request additional credit support, such as letters of credit, to mitigate against credit risk. Credit risk is monitored regularly, and performance reports are provided to our management.

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Group Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report, and concluded that such disclosure controls and procedures were effective to provide reasonable assurance that the desired control objectives were achieved.

Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. We are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act of 2002, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. We will not be required to submit a report of management's assessment regarding internal control over financial reporting or an attestation report of the Company's registered public accounting firm until our second annual report on Form 10-K, which will be for fiscal year 2020, in accordance with the transition period established by the rules of the SEC for newly registered companies.

Our Chief Executive Officer and Group Chief Financial Officer have concluded that the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, present fairly, in all material respects, the financial position of the Company at June 30, 2020, and the consolidated results of operations and cash flows for the six months period ended June 30, 2020, in conformity with U.S. generally accepted accounting principles.

Changes to Internal Control over Financial Reporting

As previously reported, we expect to continue to make changes in our internal control over financial reporting in connection with our compliance efforts with respect to the Sarbanes-Oxley Act of 2002. As such, we will continue to assess the adequacy of our internal control over financial reporting, remediate any control weaknesses that may be identified, validate through testing that controls are functioning as designed and implement a continuous reporting and improvement process for internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various legal and regulatory proceedings. For a description of our significant legal proceedings refer to Note 20. “Contingencies” to the unaudited condensed consolidated financial statements included in Part I, Item 1. “Financial Statements” of this Quarterly Report, which information is incorporated by reference herein.

ITEM 1A. RISK FACTORS

Except as set forth below, there were no material changes to the risk factors previously disclosed in Part I, Item 1A, “Risk Factors”, of our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC and ASX on February 24, 2020 and Part II, Item 1A. “Risk Factors” of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, filed with the SEC and ASX on May 8, 2020:

Our financial performance could be adversely affected by a prolonged deterioration in prices.

As at June 30, 2020, we had \$441.0 million of borrowings outstanding under the SFA. The degree to which liquidity is sufficient to meet the ongoing needs of the business may be impacted by a number of factors and could have the following consequence if sufficient liquidity is not available, including, but not limited to:

- making it more difficult for us to pay interest and satisfy our debt obligations;
- making any refinancing more difficult if the capital and lending markets are constrained;
- making it more difficult to obtain surety bonds, letters of credit, bank guarantees or other financing, particularly during periods in which credit markets are weak;
- limiting our flexibility in planning for, or reacting to, changes in our business and in the coal industry; and
- causing a decline in our credit ratings.

On May 25, 2020, we concluded an agreement with lenders under the SFA to waive compliance with certain financial covenants for the period from March 25, 2020 to February 28, 2021. The waiver provides us with additional flexibility to work through the current period of lower demand and pricing for metallurgical coal that has been brought about by the global COVID-19 pandemic. We are continuing to actively engage with our Lenders in relation to the extension of the waiver beyond February 28, 2021. There can be no assurance that waivers will be extended beyond February 28, 2021 or that the Company will be in compliance with its financial covenants after February 28, 2021 if the current market conditions persist.

During the waiver period, the Company has agreed to additional reporting requirements and other restrictions, including on new indebtedness and asset sales. The Company has also agreed to a new review event during the waiver period that arises if a utilization notice is provided which would cause the available balance under Facility A and Facility C, in aggregate, to be less than US\$50 million. If such a utilization notice is provided, the Company will be required to negotiate with the Lenders on the terms on which they would be prepared to continue to provide all or any of the Facilities, and if agreement cannot be reached, the Lenders may cancel the whole or any part of the Facilities and require repayment.

Any downgrade in our credit ratings could result in, among other matters, an increase in the cost of, or a limit on our access to, various forms of credit used in operating our business and the requirement by suppliers for us to provide financial assurance by way of letters of credit.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Safety is the cornerstone of the Company’s values and is the number one priority for all employees at Coronado Global Resources.

Our U.S. Operations include multiple mining complexes across three states and are regulated by both the U.S. Mine Safety and Health Administration, or MSHA, and state regulatory agencies. Under regulations mandated by the Federal Mine Safety and Health Act of 1977, or the Mine Act, MSHA inspects our U.S. mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act.

In accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104), each operator of a coal or other mine in the United States is required to report certain mine safety results in its periodic reports filed with the SEC under the Exchange Act.

Information pertaining to mine safety matters is included in Exhibit 95.1 attached to this Quarterly Report on Form 10-Q. The disclosures reflect the United States mining operations only, as these requirements do not apply to our mines operated outside the United States.

ITEM 5. OTHER INFORMATION

NONE.

ITEM 6. EXHIBITS

The following documents are filed as exhibits hereto:

| Exhibit No. | Description of Document |
|-------------|---|
| 3.1 | Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company’s Registration Statement on Form 10 (File No. 000-56044) filed on April 29, 2019 and incorporated herein by reference) |
| 3.2 | Amended and Restated By-Laws (filed as Exhibit 3.2 to the Company’s Registration Statement on Form 10 (File No. 000-56044) filed on April 29, 2019 and incorporated herein by reference) |
| 15.1 | Acknowledgment of Independent Registered Public Accounting Firm |
| 31.1 | Certification of the Chief Executive Officer pursuant to SEC Rules 13a-14(a) or 15d-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of the Group Chief Financial Officer pursuant to SEC Rules 13a-14(a) or 15d-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 95.1 | Mine Safety Disclosures |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Coronado Global Resources Inc. **(Registrant)**

By: /s/ Ayten Saridas
Ayten Saridas
Group Chief Financial Officer (as duly authorized officer and as principal financial officer of the registrant)

Date: August 10, 2020

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EXHIBIT 15.1

**ACKNOWLEDGMENT OF ERNST & YOUNG,
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders of Coronado Global Resources Inc.

We are aware of the incorporation by reference in the following Registration Statements (including all amendments thereto) of Coronado Global Resources Inc. (the “Company”):

Form S-3 No. 333-239730

Form S-8 No. 333-236597

of our review report dated August 10, 2020 relating to the unaudited condensed consolidated interim financial statements of the Company that are included in its Form 10-Q for the quarter ended June 30, 2020.

/s/ Ernst & Young
Brisbane, Australia
August 10, 2020

Coronado Global Resources Inc. Form 10-Q June 30, 2020

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EX-31.1 8 ex311.htm EX-31.1

[Table of Contents](#)**EXHIBIT 31.1****CERTIFICATION**

I, Garold Spindler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coronado Global Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted]
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020.

 /s/ Garold Spindler
 Garold Spindler
 Managing Director and Chief Executive Officer

EX-31.2 9 ex312.htm EX-31.2

[Table of Contents](#)**EXHIBIT 31.2****CERTIFICATION**

I, Ayten Saridas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coronado Global Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [omitted]
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020.

/s/ Ayten Saridas
Ayten Saridas
Group Chief Financial Officer

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[Table of Contents](#)**EXHIBIT 32.1**

CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Coronado Global Resources Inc. (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Garold Spindler

Garold Spindler
Managing Director and Chief Executive Officer

/s/ Ayten Saridas

Ayten Saridas
Group Chief Financial Officer

Date: August 10, 2020.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

EX-95.1 11 ex951.htm EX-95.1

[Table of Contents](#)**Exhibit 95.1****Mine Safety Disclosures**

Safety is the cornerstone of our Company's values and is the number one priority for all employees at Coronado Global Resources. Our mining operation at Curragh, located in Australia, is subject to regulation by the Queensland Department of Natural Resources, Mine and Energy, or DNRME, under the Coal Mining Safety and Health Act 1999 (Qld). The operation of our mines located in the United States is subject to regulation by the Mine Safety and Health Administration, or MSHA, under the Federal Mine Safety and Health Act of 1977, or the Mine Act. MSHA inspects these mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health citations that MSHA has issued with respect to our mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the mine; (ii) the number of citations issued will vary from inspector to inspector and mine to mine; and (iii) citations and orders can be contested and appealed and, in that process, are often reduced in severity and amount, and are sometimes dismissed. Since MSHA is a branch of the U.S. Department of Labor, its jurisdiction only applies to our operations in the United States. As such, the mine safety disclosures included herein do not contain information related to our Australian mines.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the Securities and Exchange Commission, or the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K (17 CFR 229.104), we present the following items regarding certain mining safety and health matters, for the quarter ended June 30, 2020, for each of our mine locations that are covered under the scope of the Dodd-Frank Act.

The table that follows reflects citations and orders issued to us by MSHA during the quarter ended June 30, 2020. The table only includes those mines that were issued orders or citations during this period, and commensurate with SEC regulations, does not reflect orders or citations issued to independent contractors working at our mines. The proposed assessments for the quarter ended June 30, 2020, were retrieved from the MSHA Data Retrieval System, or MSHA DRS, as of July 3, 2020.

| | | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
|------------------|-----------------------------------|---------------------------|-----------------------|--------------------------------------|-------------------------------|-----------------------|--|---|
| MSHA Mine ID No. | Mine Name (1)(2)(3) | Section 104 S&S Citations | Section 104(b) Orders | Section 104 (d) Citations and Orders | Section 110 (b)(2) Violations | Section 107(a) Orders | Total Dollar Value of MSHA Assessments Proposed (\$ Thousands) | Total Number of Mining Related Fatalities |
| 4404856 | Buchanan Mine #1 | 2 | — | — | — | — | \$2.7 | — |
| 4609172 | Mountaineer Pocahontas No. 1 Mine | — | — | — | — | — | \$0.3 | — |
| 4602140 | Saunders Preparation Plant | — | — | — | — | — | \$0.7 | — |
| 4604315 | Elk Lick Tipple | — | — | — | — | — | — | — |
| 4609101 | Toney Fork Surface Mine | — | — | — | — | — | \$0.2 | — |
| 4609217 | Powellton #1 Mine | 5 | — | — | — | — | \$1.8 | — |
| 4609319 | Lower War Eagle | 4 | — | — | — | — | \$6.8 | — |
| 4609563 | Eagle No. 1 Mine | 2 | — | — | — | — | \$1.8 | — |
| 4609084 | Laurel Fork Mine | — | — | — | — | — | \$0.3 | — |
| Total: | | 13 | — | — | — | — | \$14.6 | — |

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- (1) The definition of “mine” under Section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting coal, such as land, structures, facilities, equipment, machines, tools and coal preparation facilities. Also, there are instances where the mine name per the MSHA system differs from the mine name utilized by us.
- (2) Idle facilities are not included in the table above unless they received a citation, order or assessment by MSHA during the current quarterly reporting period or are subject to pending legal actions.
- (3) During the quarter ended June 30, 2020, none of the Company’s mines have received written notice from MSHA of a pattern of violations or the potential to have such a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety standards under section 104(e) of the Mine Act.

References used in the table above are as follows:

- A. The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act (30 U.S.C. 814) for which the operator received a citation from MSHA.
- B. The total number of orders issued under section 104(b) of the Mine Act (30 U.S.C. 814(b)).
- C. The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act (30 U.S.C. 814(d)).
- D. The total number of flagrant violations under section 110(b)(2) of the Mine Act.
- E. The total number of imminent danger orders issued under section 107(a) of the Mine Act (30 U.S.C. 817(a)).
- F. The total dollar value of proposed assessments from MSHA under the Mine Act (30 U.S.C. 801 et seq.).
- G. The total number of mining-related fatalities.

The table below presents legal actions pending before the Federal Mine Safety and Health Review Commission, or FMSHRC, for each of the Company’s mines as of June 30, 2020, together with the number of legal actions initiated and the number of legal actions resolved during the quarter ended June 30, 2020.

| | | Legal Actions Pending as of Last Day of Quarter (June 30, 2020) (1) | | | | | | | | |
|------------------------|----------------------------------|---|--------------------------------------|--------------------------------|--|-------------------------------------|--|----------------------------|---------------------------|--|
| MSHA Mine ID No. | Mine Name | Contests of Citations and Orders | Contests of Proposed Penalties | Complaints for Compensation | Complaints of Discrimination or Interference | Applications of Temporary Relief | Appeals of Judges’ Decisions or Orders | Legal Actions Initiated | Legal Actions Resolved | |
| | | (Subpart B) | (Subpart C) | (Subpart D) | (Subpart E) | (Subpart F) | (Subpart H) | During Quarter | During Quarter | |
| 4404856 | Buchanan Mine #1 | — | 2 | — | — | — | — | 2 | 5 | |
| 4609563 | Eagle No. 1 Mine | — | 2 | — | — | — | — | 1 | 2 | |
| 4609101 | Toney Fork Surface Mine | — | — | — | — | — | — | — | 1 | |
| 4609217 | Powellton #1 Mine | — | 2 | — | — | — | — | 2 | 3 | |
| 4609319 | Lower War Eagle | — | 1 | — | — | — | — | 1 | 2 | |
| Total: | | — | 7 | — | — | — | — | 6 | 13 | |

- (1) The legal actions pending shown in the table above have been categorized by type of proceeding with reference to the procedural rules established by the FMSHRC under 29 CFR Part 2700. Reference to the applicable Subparts under this Rule are listed in the columns above.