

ASX Announcement

10 May 2022

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).

– Ends –

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

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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 March 31, 2022
- 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, a 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 CHESS Depositary 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 April 30, 2022, including shares of common stock underlying CDIs, was 167,645,373.

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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	March 31, 2022	December 31, 2021
Current assets:			
Cash and restricted cash		\$ 571,467	\$ 437,931
Trade receivables, net		498,963	271,923
Inventories	4	132,759	118,922
Other current assets		50,727	47,647
Assets held for sale		27,019	27,023
Total current assets		1,280,935	903,446
Non-current assets:			
Property, plant and equipment, net	5	1,425,579	1,397,363
Right of use asset – operating leases, net		10,304	13,656
Goodwill		28,008	28,008
Intangible assets, net		3,463	3,514
Restricted deposits	14	84,810	80,981
Deferred income tax assets		—	14,716
Other non-current assets		19,256	19,728
Total assets		\$ 2,852,355	\$ 2,461,412
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable		\$ 58,241	\$ 97,514
Accrued expenses and other current liabilities	6	332,959	270,942
Dividends payable	7	151,758	—
Income tax payable		88,614	25,612
Asset retirement obligations		9,597	9,414
Contract obligations		38,769	39,961
Lease liabilities		8,505	8,452
Other current financial liabilities		5,482	8,508
Liabilities held for sale		11,934	12,113
Total current liabilities		705,859	472,516
Non-current liabilities:			
Asset retirement obligations		114,366	110,863
Contract obligations		138,364	141,188
Deferred consideration liability		244,943	230,492
Interest bearing liabilities	8	300,275	300,169
Other financial liabilities		13,176	13,822
Lease liabilities		10,836	12,894
Deferred income tax liabilities		82,757	75,750
Other non-current liabilities		28,918	26,216
Total liabilities		\$ 1,639,494	\$ 1,383,910
Total Coronado Group LLC members' capital			
Common stock \$0.01 par value; 1,000,000,000 shares authorized, 167,645,373 shares issued and outstanding as of March 31, 2022 and December 31, 2021		1,677	1,677
Series A Preferred stock \$0.01 par value; 100,000,000 shares authorized, 1 Share issued and outstanding as of March 31, 2022 and December 31, 2021		—	—
Additional paid-in capital		1,089,631	1,089,547
Accumulated other comprehensive losses	12	(27,970)	(44,228)
Retained earnings		149,523	30,506
Total stockholders' equity		1,212,861	1,077,502
Total liabilities and stockholders' equity		\$ 2,852,355	\$ 2,461,412

See accompanying notes to unaudited condensed consolidated financial statements.

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Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income

(In US\$ thousands, except share data)

	Note	Three months ended March 31,	
		2022	2021
Revenues:			
Coal revenues		\$ 936,628	\$ 299,161
Coal revenues from related parties		—	68,041
Other revenues		10,497	8,909
Total revenues	3	947,125	376,111
Costs and expenses:			
Cost of coal revenues (exclusive of items shown separately below)		357,500	274,103
Depreciation, depletion and amortization		38,009	53,081
Freight expenses		59,264	52,141
Stanwell rebate		29,053	15,819
Other royalties		83,032	20,947
Selling, general, and administrative expenses		7,876	5,775
Total costs and expenses		574,734	421,866
Other (expense) income:			
Interest expense, net		(17,332)	(15,135)
(Increase) decrease in provision for discounting and credit losses		(428)	3,778
Other, net		(2,790)	(2,928)
Total other expense, net		(20,550)	(14,285)
Income (loss) before tax		351,841	(60,040)
Income tax (expense) benefit	9	(81,943)	19,068
Net income (loss)		269,898	(40,972)
Less: Net loss attributable to noncontrolling interest		—	(2)
Net income (loss) attributable to Coronado Global Resources Inc.		\$ 269,898	\$ (40,970)
Other comprehensive income, net of income taxes:			
Foreign currency translation adjustment	12	16,258	(4,609)
Net gain on cash flow hedges, net of tax		—	4,926
Total other comprehensive income		16,258	317
Total comprehensive income (loss)		286,156	(40,655)
Less: Net loss attributable to noncontrolling interest		—	(2)
Total comprehensive income (loss) attributable to Coronado Global Resources Inc.		\$ 286,156	\$ (40,653)
Earnings (loss) per share of common stock			
Basic	10	1.61	(0.30)
Diluted	10	1.61	(0.30)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Common stock		Preferred stock		Additional paid in capital	Accumulated other comprehensive losses	Retained earnings	Noncontrolling interest	Total stockholders equity
	Shares	Amount	Series A	Amount					
Balance December 31, 2021	167,645,373	\$ 1,677	1	\$ —	\$ 1,089,547	\$ (44,228)	\$ 30,506	\$ —	\$ 1,077,502
Net income	—	—	—	—	—	—	269,898	—	269,898
Other comprehensive income	—	—	—	—	—	16,258	—	—	16,258
Total comprehensive income	—	—	—	—	—	16,258	269,898	—	286,156
Share-based compensation for equity classified awards	—	—	—	—	84	—	—	—	84
Dividends declared	—	—	—	—	—	—	(150,881)	—	(150,881)
Balance March 31, 2022	167,645,373	\$ 1,677	1	\$ —	\$ 1,089,631	\$ (27,970)	\$ 149,523	\$ —	\$ 1,212,861

	Common stock		Preferred stock		Additional paid in capital	Accumulated other comprehensive losses	(Accumulated losses)	Noncontrolling interest	Total stockholders equity
	Shares	Amount	Series A	Amount					
Balance December 31, 2020	138,387,890	\$ 1,384	1	\$ —	\$ 993,052	\$ (28,806)	\$ (158,919)	\$ 152	\$ 806,863
Net loss	—	—	—	—	—	—	(40,970)	(2)	(40,972)
Other comprehensive income (net of \$2,111 tax)	—	—	—	—	—	317	—	—	317
Total comprehensive income (loss)	—	—	—	—	—	317	(40,970)	(2)	(40,655)
Share-based compensation for equity classified awards	—	—	—	—	(538)	—	—	—	(538)
Acquisition of non controlling interest	—	—	—	—	(703)	—	—	(150)	(853)
Balance March 31, 2021	138,387,890	\$ 1,384	1	\$ —	\$ 991,811	\$ (28,489)	\$ (199,889)	\$ —	\$ 764,817

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 269,898	\$ (40,972)
Adjustments to reconcile net income to cash and restricted cash provided by operating activities:		
Depreciation, depletion and amortization	38,009	53,081
Amortization of right of use asset - operating leases	3,401	2,246
Amortization of deferred financing costs	484	1,379
Non-cash interest expense	7,689	6,647
Amortization of contract obligations	(8,670)	(8,509)
Loss on disposal of property, plant and equipment	228	101
Equity-based compensation expense	84	(555)
Deferred income taxes	19,027	(18,437)
Reclamation of asset retirement obligations	(1,156)	(557)
Increase (decrease) in provision for discounting and credit losses	428	(3,778)
Changes in operating assets and liabilities:		
Accounts receivable - including related party receivables	(226,983)	59,690
Inventories	(10,574)	(4,701)
Other current assets	3,160	2,255
Accounts payable	(34,488)	(19,849)
Accrued expenses and other current liabilities	54,967	(26,790)
Operating lease liabilities	(2,086)	(2,758)
Change in other liabilities	58,431	6,746
Net cash provided by operating activities	171,849	5,239
Cash flows from investing activities:		
Capital expenditures	(37,768)	(28,604)
Purchase of restricted deposits	(3,548)	(4,550)
Redemption of restricted deposits	140	250
Net cash used in investing activities	(41,176)	(32,904)
Cash flows from financing activities:		
Proceeds from interest bearing liabilities and other financial liabilities	—	53,489
Debt issuance costs and other financing costs	—	(1,266)
Principal payments on interest bearing liabilities and other financial liabilities	(4,773)	(38,110)
Principal payments on finance lease obligations	(21)	—
Premiums paid on early redemption of debt	(22)	—
Net cash (used in) provided by financing activities	(4,816)	14,113
Net increase (decrease) in cash and restricted cash	125,857	(13,552)
Effect of exchange rate changes on cash and restricted cash	7,679	1,516
Cash and restricted cash at beginning of period	437,931	45,736
Cash and restricted cash at end of period	\$ 571,467	\$ 33,700
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 677	\$ 7,111
Restricted cash	\$ 251	\$ 251

See accompanying notes to unaudited condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business, Basis of Presentation

(a) Description of the Business

Coronado Global Resources Inc. 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 United States, or U.S.

(b) Basis of Presentation

The interim unaudited condensed consolidated financial statements have been prepared in accordance with the requirements of 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 22, 2022.

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., its wholly-owned subsidiaries and subsidiaries in which it has a controlling interest. 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" and "Coronado" are used interchangeably to refer to Coronado Global Resources Inc. and its subsidiaries, collectively, 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 upon 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, 2021 has been derived from the Company's audited consolidated balance sheet at that date. The Company's results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected for future quarters or for the year ending December 31, 2022.

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, 2021 included in Coronado Global Resources Inc.'s Annual Report on Form 10-K filed with the SEC and ASX on February 22, 2022.

(a) Newly Adopted Accounting Standards

During the period there has been no new Accounting Standards Update issued by the Financial Accounting Standards Board that had material impact on the Company's consolidated financial statements.

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 U.S. The operations in Australia, or Australian Operations, comprise the 100%-owned Curragh producing mine complex. The operations in the United States, or U.S. Operations, comprise two 100%-owned producing mine complexes (Buchanan and Logan), one 100%-owned idled mine complex (Greenbrier) and two development properties (Mon Valley and Russell County).

The Company operates its business along two reportable segments: Australia and the United States. The organization of the two reportable segments reflects how the Company's chief operating decision maker, or CODM, manages and allocates resources to the various components of the Company's business.

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, taxes, 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 the Company’s 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 condensed consolidated financial statements.

Reportable segment results as of and for the three months ended March 31, 2022 and 2021 are presented below:

	Australia	United States	Other and Corporate	Total
	(in US\$ thousands)			
Three months ended March 31, 2022				
Total revenues	\$ 605,298	\$ 341,827	\$ —	\$ 947,125
Adjusted EBITDA	238,968	179,899	(7,880)	410,987
Net income/(loss)	150,147	122,968	(3,217)	269,898
Total assets	1,371,294	976,326	504,735	2,852,355
Capital expenditures	15,962	23,749	92	39,803
Three months ended March 31, 2021				
Total revenues	\$ 238,293	\$ 137,818	\$ —	\$ 376,111
Adjusted EBITDA	(23,059)	36,530	(5,830)	7,641
Net (loss) income	(42,331)	10,391	(9,032)	(40,972)
Total assets	1,082,586	855,527	117,616	2,055,729
Capital expenditures	7,032	14,538	1,034	22,604

The reconciliations of Adjusted EBITDA to net income attributable to the Company for the three months ended March 31, 2022 and 2021 are as follows:

	Three months ended March 31,	
	2022	2021
	(in US\$ thousands)	
Net income (loss)	\$ 269,898	\$ (40,972)
Depreciation, depletion and amortization	38,009	53,081
Interest expense (net of income)	17,332	15,135
Other foreign exchange losses	1,991	1,749
Income tax expense (benefit)	81,943	(19,068)
Losses on idled assets held for sale ⁽¹⁾	1,386	1,494
Increase (decrease) in provision for discounting and credit losses	428	(3,778)
Consolidated Adjusted EBITDA	\$ 410,987	\$ 7,641

(1) These losses relate to idled non-core assets that the Company has classified as held for sale with the view that these will be sold within the next twelve months.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The reconciliations of capital expenditures per the Company’s segment information to capital expenditures disclosed on the unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021 are as follows:

	Three months ended March 31,	
	2022	2021
	(in US\$ thousands)	
Capital expenditures per Condensed Consolidated Statements of Cash Flows	\$ 37,768	\$ 28,604
Accruals for capital expenditures	9,510	—
Payment for capital acquired in prior periods	(7,475)	(6,000)
Capital expenditures per segment detail	<u>\$ 39,803</u>	<u>\$ 22,604</u>

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 March 31, 2022		
	Australia	United States	Total
	(in US\$ thousands)		
Product Groups:			
Metallurgical coal	\$ 554,009	\$ 337,720	\$ 891,729
Thermal coal	42,289	2,610	44,899
Total coal revenue	596,298	340,330	936,628
Other ⁽¹⁾	9,000	1,497	10,497
Total	<u>\$ 605,298</u>	<u>\$ 341,827</u>	<u>\$ 947,125</u>

	Three months ended March 31, 2021		
	Australia	United States	Total
	(in US\$ thousands)		
Product Groups:			
Metallurgical coal	\$ 206,452	\$ 136,984	\$ 343,436
Thermal coal	22,998	768	23,766
Total coal revenue	229,450	137,752	367,202
Other ⁽¹⁾	8,843	66	8,909
Total	<u>\$ 238,293</u>	<u>\$ 137,818</u>	<u>\$ 376,111</u>

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

4. Inventories

	March 31,	
(in US\$ thousands)	2022	December 31, 2021
Raw coal	\$ 12,829	\$ 17,334
Saleable coal	58,687	42,006
Total coal inventories	71,516	59,340
Supplies inventory	61,243	59,582
Total inventories	<u>\$ 132,759</u>	<u>\$ 118,922</u>

Coal inventories measured at its net realizable value were \$4.0 million and \$2.2 million at March 31, 2022 and December 31, 2021, respectively, and relates to coal designated for deliveries under the Stanwell non-market coal supply agreement.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Property, Plant and Equipment

(in US\$ thousands)	March 31,	December 31,
	2022	2021
Land	\$ 28,286	\$ 27,853
Buildings and improvements	90,569	88,079
Plant, machinery, mining equipment and transportation vehicles	987,523	963,272
Mineral rights and reserves	374,326	374,326
Office and computer equipment	8,908	8,718
Mine development	583,828	566,201
Asset retirement obligation asset	75,498	75,215
Construction in process	62,746	42,055
	2,211,684	2,145,719
Less accumulated depreciation, depletion and amortization	786,105	748,356
Net property, plant and equipment	\$ 1,425,579	\$ 1,397,363

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

(in US\$ thousands)	March 31,	December 31,
	2022	2021
Wages and employee benefits	\$ 44,336	\$ 41,187
Taxes other than income taxes	7,817	6,246
Accrued royalties	107,144	70,237
Accrued freight costs	35,341	27,754
Accrued mining fees	79,917	65,835
Acquisition related accruals	32,173	31,201
Other liabilities	26,231	28,482
Total accrued expenses and other current liabilities	\$ 332,959	\$ 270,942

Included within acquisition related accruals is an amount outstanding for stamp duty payable on the Curragh acquisition of \$32.2 million (A\$43.0 million). This amount was outstanding as at March 31, 2022 and December 31, 2021 pending assessment by the Office of State Revenue in Queensland, Australia.

7. Dividends Payable

On February 24, 2022, the Company’s Board declared an unfranked ordinary dividend of 9.0 cents per CDI (USD). CDIs were quoted “ex” dividend on March 17, 2022. The dividend had a record date of March 18, 2022 and was paid on April 8, 2022.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Interest Bearing Liabilities

The following is a summary of interest-bearing liabilities at March 31, 2022:

(in US\$ thousands)	March 31, 2022	December 31, 2021	Weighted Average Interest Rate at March 31, 2022	Final Maturity
10.75% Senior Secured Notes	\$ 314,453	\$ 315,000	12.14% (2)	2026
ABL Facility	—	—		2024
Discount and debt issuance costs ⁽¹⁾	(14,178)	(14,831)		
Total interest bearing liabilities	<u>\$ 300,275</u>	<u>\$ 300,169</u>		

(1) Debt issuance costs incurred on the establishment of the ABL Facility has been included within "Other non-current assets" on the unaudited Condensed Consolidated Balance Sheet.

(2) Represents the effective interest rate.

Senior Secured Notes

As of March 31, 2022, the Company's \$350.0 million aggregate principal amount of 10.750% Senior Secured Notes due 2026, or the Notes, outstanding amount was \$314.5 million. The Notes mature on May 15, 2026 and are senior secured obligations of the Company.

The terms of the Notes are governed by the Indenture. The Indenture contains customary covenants for high yield bonds, including, but not limited to, limitations on investments, liens, indebtedness, asset sales, transactions with affiliates and restricted payments, including payment of dividends on capital stock. As of March 31, 2022, the Company was in compliance with all applicable covenants under the Indenture.

In connection with the dividend declared on February 24, 2022, the Company offered to purchase up to \$100.0 million aggregate principal amount of the Notes pursuant to the terms of the Indenture. On March 30, 2022, pursuant to the offer to purchase, the Company purchased an aggregate principal amount of \$0.5 million at a price equal to 104% of the principal amount of the Notes, plus accrued and unpaid interest on the Notes to, but not including, the date of redemption.

Debt issuance costs, recorded as a direct deduction from the face amount of the Notes, were \$14.2 million and \$14.8 million at March 31, 2022 and December 31, 2021, respectively.

ABL Facility

On May 12, 2021, the Company entered into a senior secured asset-based revolving credit agreement in an initial principal amount of \$100.0 million, or the ABL Facility, including a \$30.0 million sublimit for the issuance of letters of credit and \$5.0 million for swingline loans, at any time outstanding, subject to borrowing base availability. The ABL Facility matures on May 12, 2024.

Borrowings under the ABL Facility bear interest at a rate equal to a BBSY rate plus an applicable margin. In addition to paying interest on the outstanding borrowings under the ABL Facility, the Company is also required to pay a fee in respect of unutilized commitments, on amounts available to be drawn under outstanding letters of credit and certain administrative fees.

As at March 31, 2022, no amounts were drawn and no letters of credit were outstanding under the ABL Facility. At March 31, 2022, the Company was in compliance with all applicable covenants under the ABL Facility.

Debt issuance costs, recorded as "Other non-current assets" in the unaudited Consolidated Balance sheet, were \$3.8 million and \$4.3 million at March 31, 2022 and December 31, 2021, respectively.

9. Income Taxes

For the three months ended March 31, 2022 and 2021, 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 effects 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.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company’s 2022 estimated annual effective tax rate is 23.3%, which has been favorably impacted by mine depletion deductions in the United States. The Company had an income tax expense of \$81.9 million based on an income before tax of \$351.8 million for the three months ended March 31, 2022.

Income tax benefit of \$19.1 million for the three months ended March 31, 2021 was calculated based on an estimated annual effective tax rate of 31.8% for the period.

The Company utilizes the “more likely than not” standard in recognizing a tax benefit in its financial statements. For the three months ended March 31, 2021, the Company had no 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 U.S. and its various states, as well as Australia and its various localities. In the U.S. and Australia, the first tax return was lodged for the year ended December 31, 2018. In the U.S., companies are subject to open tax audits for a period of seven years at the federal level and five years at the state level. In Australia, companies are subject to open tax audits for a period of four years from the date of assessment.

The Company assessed the need for a valuation allowance by evaluating future taxable income, available for tax strategies and the reversal of temporary tax differences.

At December 31, 2021, the Australian Operations had tax losses carried forward of \$27.0 million (tax effected), which are indefinite lived and included in deferred tax assets. In addition, a company, which is not part of the Australian tax consolidated group, had tax losses carried forward of \$8.1 million (tax effected) for which a full valuation allowance has been recognized.

10. 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):

(in US\$ thousands, except per share data)	Three months ended March 31,	
	2022	2021
Numerator:		
Net income (loss)	\$ 269,898	\$ (40,972)
Less: Net income (loss) attributable to Non-controlling interest	—	(2)
Net income (loss) attributable to Company stockholders	<u>\$ 269,898</u>	<u>\$ (40,970)</u>
Denominator (in thousands):		
Weighted-average shares of common stock outstanding	167,645	138,388
Effects of dilutive shares	88	-
Weighted average diluted shares of common stock outstanding	167,733	138,388
Earnings (Loss) Per Share (US\$):		
Basic	1.61	(0.30)
Dilutive	1.61	(0.30)

11. Fair Value Measurement

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.

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

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 March 31, 2022, there were no financial instruments required to be measured at fair value on a recurring basis.

Other Financial Instruments

The following methods and assumptions are used to estimate the fair value of other financial instruments as of March 31, 2022 and December 31, 2021:

- 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.
- Restricted deposits, lease liabilities, interest bearing liabilities and other financial liabilities: The fair values approximate the carrying values reported in the unaudited Condensed Consolidated Balance Sheets.
- Interest bearing liabilities: The Company’s outstanding interest-bearing liabilities are carried at amortized cost. As of March 31, 2022, there were no borrowings outstanding under the ABL Facility. The estimated fair value of the Notes is approximately \$334.9 million based upon observable market data (Level 2).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Accumulated Other Comprehensive Losses

Accumulated other comprehensive losses consisted of the following at March 31, 2022:

(in US\$ thousands)	Foreign currency translation adjustments
Balance at December 31, 2021	\$ (44,228)
Net current-period other comprehensive income (loss):	
Gain in other comprehensive income (loss) before reclassifications	3,671
Gain on long-term intra-entity foreign currency transactions	12,587
Total net current-period other comprehensive gain	16,258
Balance at March 31, 2022	\$ (27,970)

13. 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:

(in US\$ thousands)	Amount
Year ending December 31,	
2022	\$ 5,265
2023	5,145
2024	5,056
2025	4,893
2026	4,813
Thereafter	24,695
Total	\$ 49,867

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 March 31, 2022, purchase commitments for capital expenditures were \$26.2 million, all of which is obligated within the next twelve 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 9 years. In the U.S., the Company typically negotiates its rail and coal terminal access on an annual basis. As of March 31, 2022, these Australian and U.S. commitments under take-or-pay arrangements totaled \$1.1 billion, of which approximately \$89.5 million is obligated within the next twelve months.

14. 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.

At March 31, 2022, the Company had outstanding bank guarantees of \$46.1 million to secure various obligations and commitments.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted deposits represent cash deposits held at third parties as required by certain agreements entered into by the Company to provide cash collateral. The Company had cash collateral in the form of deposits in the amount of \$84.8 million and \$81.0 million as of March 31, 2022 and December 31, 2021, respectively, to provide back-to-back support for bank guarantees, financial payments and other performance obligations and various other operating agreements. These deposits are restricted and classified as long-term assets in the unaudited Condensed Consolidated Balance Sheets.

In accordance with the terms of the ABL Facility, the Company may be required to cash collateralize the ABL Facility to the extent of outstanding letters of credit after the expiration or termination date of such letter of credit. As of March 31, 2022, no letter of credit was outstanding and no cash collateral was required.

For the U.S. Operations in order to provide the required financial assurance, the Company generally uses surety bonds for post-mining reclamation. The Company can also use bank letters of credit to collateralize certain obligations. As of March 31, 2022, the Company had outstanding surety bonds of \$29.6 million and letters of credit of \$16.8 million issued from our available bank guarantees, to secure various obligations and commitments. Future regulatory changes relating to these obligations could result in increase obligations, additional costs or additional collateral requirements.

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. 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.

15. Subsequent Events

On May 9, 2022, the Company’s Board of Directors declared a special unfranked dividend of \$99.5 million, or 5.9 cents per CDI, reflecting the unaccepted portion of the offer to purchase the Notes made in connection with the dividend declared on February 24, 2022, and a special unfranked dividend of \$100.6 million, or 6.0 cents per CDI. CDIs will be quoted as “ex” dividend on May 30, 2022. The dividend will have a record date of May 31, 2022 and be payable on June 21, 2022. The total special dividends of \$200.0 million will be funded from available cash.

In connection with the declared special dividend, Coronado Finance Pty Ltd, a wholly-owned subsidiary of the Company offered to purchase up to \$100.6 million aggregate principal amount of the Notes at a purchase price equal to 104% of the principal amount of the Notes pursuant to the terms of the Indenture. The payment of the special dividend is not contingent on acceptance of the offer to purchase the Notes by the Note holders.

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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 March 31, 2022, the related condensed consolidated statements of operations and comprehensive income, stockholders' equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, 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.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2021, 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), and in our report dated February 22, 2022, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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
May 9, 2022.

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, 2021 included in Coronado Global Resources Inc.’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission, or SEC, and the Australian Securities Exchange, or the ASX, on February 22, 2022.

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, 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 impact of the COVID-19 pandemic 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,” “intends,” “plans,” “anticipate,” “forecast,” “outlook,” “target,” “likely,” “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, our announced plans, including our plan to issue dividends and distributions, or an investment in our securities include, but are not limited to:

- uncertainty in global economic conditions, including the extent, duration and impact of the Russian and Ukraine war, as well as risks related to government actions with respect to trade agreements, treaties or policies;
- a decrease in the availability or increase in costs of key supplies, capital equipment or commodities, such as diesel fuel, steel, explosives and tires;
- severe financial hardship, bankruptcy, temporary or permanent shut downs or operational challenges, due to future public health crisis (such as COVID-19) 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 and other undertakings under the agreements governing such indebtedness;
- our ability to collect payments from our customers depending on their creditworthiness, contractual performance or otherwise;

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- 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 operations could impact the amount of coal produced, cause delay or suspend coal deliveries, or increase the cost of operating our business;
- the loss of, or significant reduction in, purchases by our largest customers;
- risks unique to international mining and trading operations, including tariffs and other barriers to trade;
- unfavorable economic and financial market conditions;
- 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;
- 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 herein, 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.

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See Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and ASX on February 22, 2022, 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. You should not interpret the disclosure of any risk to imply that the risk has not already materialized. Furthermore, the forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date 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 Australian Operations comprise the 100%-owned Curragh producing mine complex. Our U.S. Operations comprise two 100%-owned producing mine complexes (Buchanan and Logan), one 100%-owned idled mine complex (Greenbrier) and two development properties (Mon Valley and Russell County). In addition to Met coal, our Australian Operations sell thermal coal domestically, which is used to generate electricity, to Stanwell and some thermal coal in the export market. Our U.S. Operations primarily focus 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 three months ended March 31, 2022, we produced 4.2 MMt and sold 4.4 MMt of coal. Met coal and thermal coal sales represented approximately 76.9% and 23.1%, respectively, of our total volume of coal sold and approximately 95.2% and 4.8% respectively, of total coal revenues, for the three months ended March 31, 2022.

Record global prices of coal for the three months ended March 31, 2022 resulted in the highest quarterly revenues and average realized price of Met coal sold in the history of the Company. The impact of Russia's invasion of Ukraine was the primary driver of high coal prices, as sanctions were placed on Russian commodities, making it difficult to trade coal from that market and further tightening the global supply.

Coronado has continued to take advantage of its unique geographical diversification as a Met coal supplier of scale to meet the requirements of steel customers across the globe. As global supply dynamics have changed due to the Russian and Ukraine war, our U.S. Operations have benefited from their ability to export coal to meet supply shortages in Europe at higher prices during the three months ended March 31, 2022.

Our results for the three months ended March 31, 2022 benefited from higher averaged realized Met coal price, partially offset by (1) labor shortages at our Australian Operations and U.S. Operations driven by COVID-19 impacts and increased demand for skilled labor, (2) higher sales related costs (Stanwell rebate, royalties and freight costs), (3) unplanned maintenance costs incurred at U.S. Operations, (4) additional fleets mobilized at our Australian Operations and (5) inflationary pressure on fuel pricing and labor costs.

Coal revenues from our Australian Operations for the three months ended March 31, 2022 increased 159.9% compared to the same period in, 2021, driven by increased average realized Met coal pricing from \$94.2 to \$305.8 per Mt sold. Sales volumes were lower for the three months ended March 31, 2022 compared to the same period in 2021 primarily due to co-shipping delays at port. Operating costs for the three months ended March 31, 2022 were \$105.8 million, or 40.7%, higher compared to the corresponding period in 2021 primarily driven by higher sales related costs, additional contractor fleets deployed at Australian Operations to accelerate overburden removal to increase coal availability and inflationary pressures on fuel pricing and labor costs.

Our U.S. Operations, higher sales volumes and higher average realized Met coal prices per Mt sold during the three months ended March 31, 2022 resulted in Coal revenues increasing by \$202.6 million, or 147.1%, compared to the same period in 2021. Operating costs for the three months ended March 31, 2022 were \$60.0 million, or 58.2% higher, compared to the corresponding period in 2021 driven by higher mining costs, due to impact of inflation on labor and supply costs, royalties, freight and demurrage costs.

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Safety

For our Australian Operations, the twelve-month rolling average Total Reportable Injury Frequency Rate, or TRIFR, at March 31, 2022 was 3.26 compared to a rate of 3.07 at the end of December 31, 2021. At our U.S. Operations, the twelve-month rolling average Total Reportable Incident Rate, or TRIR, at March 31, 2022 was 1.97 compared to a rate of 2.51 at the end of December 31, 2021. Reportable rates for our Australian and U.S. Operations are below the relevant industry benchmarks.

The safety of our workforce is our number one priority and Coronado remains focused on the safety and wellbeing of all employees and contracting parties.

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.

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 coal sales volumes and average realized Met coal price per Mt sold, which we define as Met coal revenues divided by Met coal sales volume; (iv) average segment mining costs per Mt sold, which we define as mining costs divided by sales volumes (excluding non-produced coal) 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. 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 non-recurring 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 costs.

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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 March 31, 2022 Compared to Three Months Ended March 31, 2021

Summary

The financial and operational highlights for the three months ended March 31, 2022 include:

- Sales volume totaled 4.4 MMt for the three months ended March 31, 2022, and was consistent with the three months ended March 31, 2021.
- Net income increased by \$310.9 million, from a net loss of \$41.0 million for the three months ended March 31, 2021, to a net income of \$269.9 million for the three months ended March 31, 2022. This increase was primarily driven by higher coal sales revenues partially offset by higher operating costs, interest charges and income tax expense.
- Tight global coal supply, exacerbated by the impact of the Russian invasion of Ukraine, caused the coal price indices to reach record levels in the quarter resulting in the highest quarterly average realized Met coal pricing of \$266.5 per Mt sold for the three months ended March 31, 2022, which was 182.6% higher compared to \$94.3 per Mt sold for the same period in 2021.
- Adjusted EBITDA for the three months ended March 31, 2022 of \$411.0 million, an increase of \$403.3 million compared to \$7.6 million for the three months ended March 31, 2021, driven by higher coal sales revenues, partially offset by higher operating costs.
- Cash provided by operating activities was \$171.8 million for the three months ended March 31, 2022, an increase of \$166.6 million compared to \$5.2 million compared to the same period in 2021.
- As of March 31, 2022, the Company had total available liquidity of \$671.2 million, consisting of \$571.2 million cash (excluding restricted cash) and \$100.0 million of availability under the ABL Facility. The ABL Facility is subject to a springing fixed charge coverage ratio test if availability is less than a certain amount.

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	Three months ended March 31,			
	2022	2021	Change	%
	(in US\$ thousands)			
Revenues:				
Coal revenues	\$ 936,628	\$ 367,202	\$ 569,426	155.1%
Other revenues	10,497	8,909	1,588	17.8%
Total revenues	947,125	376,111	571,014	151.8%
Costs and expenses:				
Cost of coal revenues (exclusive of items shown separately below)	357,500	274,103	83,397	30.4%
Depreciation, depletion and amortization	38,009	53,081	(15,072)	(28.4%)
Freight expenses	59,264	52,141	7,123	13.7%
Stanwell rebate	29,053	15,819	13,234	83.7%
Other royalties	83,032	20,947	62,085	296.4%
Selling, general, and administrative expenses	7,876	5,775	2,101	36.4%
Total costs and expenses	574,734	421,866	152,868	36.2%
Other income (expenses):				
Interest expense, net	(17,332)	(15,135)	(2,197)	14.5%
(Increase) decrease in provision for discounting and credit losses	(428)	3,778	(4,206)	(111.3%)
Other, net	(2,790)	(2,928)	138	(4.7%)
Total other expense, net	(20,550)	(14,285)	(6,265)	43.9%
Net income (loss) before tax	351,841	(60,040)	411,881	(686.0%)
Income tax (expense) benefit	(81,943)	19,068	(101,011)	(529.7%)
Net income (loss)	269,898	(40,972)	310,870	(758.7%)
Less: Net loss attributable to noncontrolling interest	—	(2)	2	(100.0%)
Net income (loss) attributable to Coronado Global Resources, Inc.	\$ 269,898	\$ (40,970)	\$ 310,868	(758.8%)

Coal Revenues

Coal revenues were \$936.6 million for the three months ended March 31, 2022, an increase of \$569.4 million, compared to \$367.2 million for the three months ended March 31, 2021. Tight global coal supply, exacerbated by the impact of the Russian invasion of Ukraine, caused the coal price indices to reach record levels in the quarter resulting in the highest quarterly average realized Met coal pricing of \$266.5 per Mt sold for the three months ended March 31, 2022, which was 182.6% higher compared to \$94.3 per Mt sold for the same period in 2021. This increase was partially offset by lower Met sales volume of 3.3 MMt for the three months ended March 31, 2022, compared to 3.6 MMt in 2021 primarily due to co-shipping delays at port.

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

Cost of coal revenues comprise 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 \$357.5 million for the three months ended March 31, 2022, an increase of \$83.4 million, or 30.4%, compared to \$274.1 million for the three months ended March 31, 2021.

Our U.S. Operations contributed \$40.8 million to the increase in total cost of coal revenues, driven by impact of inflation on labor and supply costs, unplanned maintenance costs and increased purchased coal transactions. Cost of coal revenues for our Australian Operations for the three months ended March 31, 2022, were \$42.6 million higher compared to three months ended March 31, 2021, driven by additional contractor fleets mobilized to accelerate overburden removal to increase coal availability, inflationary pressure on fuel pricing and labor costs and increased purchased coal transactions, partially offset by favorable average foreign exchange rate on translation of the Australian Operations for the three months ended March 31, 2022, of A\$/US\$: 0.72 compared to 0.77 for the same period in 2021.

[Table of Contents](#)***Depreciation, Depletion and Amortization***

Depreciation, depletion and amortization for the three months ended March 31, 2022 was \$38.0 million, 28.4% lower compared to \$53.1 million for the three months ended March 31, 2021. The lower depreciation was associated with favorable average foreign exchange rate on translation of the Australian Operations, lower production in our Australian Operations impacting assets depreciated under units of production method and assets that became retired since March 31, 2021.

Freight Expenses

Freight expenses include costs associated with take-or-pay commitments for rail and port providers and demurrage costs. Freight expenses totaled \$59.3 million for the three months ended March 31, 2022, an increase of \$7.1 million, compared to \$52.1 million for the three months ended March 31, 2021. Our U.S. Operations' freight cost contributed \$10.5 million to this increase, driven by coal sales under certain contracts for which we arrange and pay for transportation to port that did not exist to the same extent during the three months ended March 31, 2021 and higher demurrage costs. This increase was partially offset by our Australian Operations where freight costs were lower as a result of favorable average foreign exchange rate on translation of the Australian Operations and lower export sales volumes during the three months ended March 31, 2022, compared to 2021.

Stanwell Rebate

The Stanwell rebate was \$29.1 million for the three months ended March 31, 2022, an increase of \$13.2 million, compared to \$15.8 million for the three months ended March 31, 2021. The increase was largely driven by higher realized export reference coal pricing for the prior twelve-month period used to calculate the rebate.

Other Royalties

Other royalties were \$83.0 million in the three months ended March 31, 2022, an increase of \$62.1 million, as compared to \$20.9 million for the three months ended March 31, 2021. The increase in other royalties was driven by higher coal revenues compared to the same period in 2021.

Interest Expense, net

Interest expense, net of \$17.3 million for the three months ended March 31, 2022, increased \$2.2 million, compared to \$15.1 million for the three months ended March 31, 2021. The increase in interest expense was due to higher interest rate on the Notes for the three months ended March 31, 2022, compared to average interest rate on the previous Multicurrency Revolving Syndicated Facility Agreement for the same period in 2021.

Income tax (expense) benefit

Income tax expense of \$81.9 million for the three months ended March 31, 2022 increased by \$101.0 million, compared to a tax benefit of \$19.1 million for the three months ended March 31, 2021.

The income tax expense for the three months ended March 31, 2022 is based on an annual effective tax rate of 23.3% applied to the three months ended March 31, 2022, which has been favorably impacted by mine depletion in the United States.

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Supplemental Segment Financial Data

Three months ended March 31, 2022 compared to three months ended March 31, 2021

Australia

	Three months ended March 31,			
	2022	2021	Change	%
		(in US\$ thousands)		
Sales volume (MMt)	2.8	2.9	(0.1)	(5.2)%
Total revenues (\$)	605,298	238,293	367,005	154.0%
Coal revenues (\$)	596,298	229,450	366,848	159.9%
Average realized price per Mt sold (\$/Mt)	214.1	78.1	136.0	174.1%
Met sales volume (MMt)	1.8	2.2	(0.4)	(17.4)%
Met coal revenues (\$)	554,009	206,452	347,557	168.3%
Average realized Met price per Mt sold (\$/Mt)	305.8	94.2	211.6	224.6%
Mining costs (\$)	202,018	178,977	23,041	12.9%
Mining cost per Mt sold (\$/Mt)	76.1	62.9	13.2	21.0%
Operating costs (\$)	365,707	259,862	105,845	40.7%
Operating costs per Mt sold (\$/Mt)	131.3	88.5	42.8	48.4%
Segment Adjusted EBITDA (\$)	238,968	(23,059)	262,027	(1,136.3)%

Coal revenues for Australian Operations for the three months ended March 31, 2022 were \$596.3 million, an increase of \$366.8 million or 159.9%, compared to \$229.5 million for the three months ended March 31, 2021. This increase was largely driven by higher average realized Met coal pricing driven by the impact of the war in Ukraine which saw significant purchases of non-Russian coal following sanctions, trade finance problems and seaborne logistical constraints, continued strong demand from destination markets other than China, which continues to restrict importation of Australian coal, and tight supply in the global market. The average realized Met coal price for the quarter ended March 31, 2022 was \$305.8 per Mt sold, \$211.6 per Mt sold higher compared to the same quarter last year. Sales volume of 2.8 MMt decreased by 0.1 MMt compared to 2.9 MMt for the three months ended March 31, 2021, driven mainly by co-shipping delays.

Operating costs increased by \$105.8 million, or 40.7%, for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase was driven by higher mining costs, other royalties and Stanwell rebate (mainly due to higher realized coal pricing), partially offset by lower freight. Mining cost per ton of \$76.1 per Mt sold for the three months ended March 31, 2022 was 21.0% higher compared to the three months ended March 31, 2021, impacted by inflationary impact on fuel prices, increase in purchased coal and additional contractor fleets mobilized at our Australian Operations.

Segment Adjusted EBITDA of \$239.0 million for the three months ended March 31, 2022 increased by \$262.0 million compared to Segment Adjusted EBITDA loss of \$23.1 million for the three months ended March 31, 2021. This increase was primarily driven by higher coal revenues partially offset by higher operating costs.

United States

	Three months ended March 31,			
	2022	2021	Change	%
		(in US\$ thousands)		
Sales volume (MMt)	1.6	1.5	0.1	6.5%
Total revenues (\$)	341,827	137,818	204,009	148.0%
Coal revenues (\$)	340,330	137,752	202,578	147.1%
Average realized price per Mt sold (\$/Mt)	217.0	93.6	123.4	131.8%
Met sales volume (MMt)	1.5	1.4	0.1	5.9%
Met coal revenues (\$)	337,720	136,984	200,736	146.5%
Average realized Met price per Mt sold (\$/Mt)	220.0	94.5	125.5	132.8%
Mining costs (\$)	115,263	89,206	26,057	29.2%
Mining cost per Mt sold (\$/Mt)	76.7	60.7	16.0	26.4%
Operating costs (\$)	163,142	103,149	59,993	58.2%
Operating costs per Mt sold (\$/Mt)	104.0	70.1	33.9	48.4%
Segment Adjusted EBITDA (\$)	179,899	36,530	143,369	392.5%

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Coal revenues increased by \$202.6 million, or 147.1%, to \$340.3 million for the three months ended March 31, 2022 compared to \$137.8 million for the three months ended March 31, 2021. This increase was largely driven by higher average realized Met coal pricing for the three months ended March 31, 2022 of \$220.0 per Mt sold, compared to \$94.5 per Mt sold for the same period in 2021, combined with an increase of 0.1 MMt in Met coal sales volume in the 2022 quarter driven by strong U.S. sourced coal demand, particularly into China. As the import restrictions on Australian coal continue, our U.S. Operations have benefited from their ability to export coal to China in the current elevated price environment.

Operating costs increased by \$60.0 million, or 58.2%, to \$163.1 million for the three months ended March 31, 2022, compared to operating costs of \$103.1 million for the three months ended March 31, 2021. The increase was due to higher mining costs of \$26.1 million, as a result of increase in purchase coal and subcontractor's cost due to labor shortages.

Segment Adjusted EBITDA of \$179.9 million for the three months ended March 31, 2022 increased by \$143.4 million compared to \$36.5 million for the three months ended March 31, 2021, driven by increased sales volume and higher average realized Met coal pricing, partially offset by higher operating costs.

Corporate and Other Adjusted EBITDA

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

	Three months ended March 31,			
	2022	2021	Change	%
	(in US\$ thousands)			
Selling, general, and administrative expenses	\$ 7,876	\$ 5,775	\$ 2,101	36.4%
Other, net	4	55	(51)	n/m
Total Corporate and Other Adjusted EBITDA	<u>\$ 7,880</u>	<u>\$ 5,830</u>	<u>\$ 2,050</u>	<u>35.2%</u>

n/m – Not meaningful for comparison.

Corporate and other costs increased \$2.0 million to \$7.9 million for the three months ended March 31, 2022, as compared to \$5.8 million for the three months ended March 31, 2021. The increase in selling, general, and administrative expenses was primarily driven by corporate activities partially resuming to pre-COVID-19 levels and timing of certain corporate costs.

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Mining and operating costs for the three months ended March 31, 2022 compared to three months ended March 31, 2021

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

Three months ended March 31, 2022				
(in US\$ thousands)				
	Australia	United States	Other / Corporate	Total Consolidated
Total costs and expenses	\$ 384,380	\$ 182,183	\$ 8,171	\$ 574,734
Less: Selling, general and administrative expense	—	—	(7,876)	(7,876)
Less: Restructuring costs	—	—	—	—
Less: Depreciation, depletion and amortization	(18,673)	(19,041)	(295)	(38,009)
Total operating costs	365,707	163,142	—	528,849
Less: Other royalties	(69,692)	(13,340)	—	(83,032)
Less: Stanwell rebate	(29,053)	—	—	(29,053)
Less: Freight expenses	(39,767)	(19,497)	—	(59,264)
Less: Other non-mining costs	(25,177)	(15,042)	—	(40,219)
Total mining costs	202,018	115,263	—	317,281
Sales Volume excluding non-produced coal (MMt)	2.7	1.5	—	4.2
Mining cost per Mt sold (\$/Mt)	76.1	76.7	—	76.3
Three months ended March 31, 2021				
(in US\$ thousands)				
	Australia	United States	Other / Corporate	Total Consolidated
Total costs and expenses	\$ 287,749	\$ 128,163	\$ 5,954	\$ 421,866
Less: Selling, general and administrative expense	—	(1)	(5,774)	(5,775)
Less: Depreciation, depletion and amortization	(27,887)	(25,013)	(181)	(53,081)
Total operating costs	259,862	103,149	(1)	363,010
Less: Other royalties	(16,265)	(4,682)	—	(20,947)
Less: Stanwell rebate	(15,819)	—	—	(15,819)
Less: Freight expenses	(43,134)	(9,007)	—	(52,141)
Less: Other non-mining costs	(5,667)	(254)	—	(5,921)
Total mining costs	178,977	89,206	(1)	268,182
Sales Volume excluding non-produced coal (MMt)	2.8	1.5	—	4.3
Mining cost per Mt sold (\$/Mt)	62.9	60.7	—	62.2

Average realized Met coal revenue for the three months ended March 31, 2022 compared to three months ended March 31, 2021

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

Three months ended March 31,				
	2022	2021	Change	%
(in US\$ thousands)				
Met sales volume (MMt)	3.3	3.6	(0.3)	(8.1)%
Met coal revenues (\$)	891,729	343,436	548,293	159.6%
Average realized Met price per Mt sold (\$/Mt)	266.5	94.3	172.2	182.6%
Coronado Global Resources Inc. Form 10-Q March 31, 2022				

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Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA

	Three months ended March 31,	
	2022	2021
	(in US\$ thousands)	
Reconciliation to Adjusted EBITDA:		
Net income (loss)	\$ 269,898	\$ (40,972)
Add: Depreciation, depletion and amortization	38,009	53,081
Add: Interest expense (net of income)	17,332	15,135
Add: Other foreign exchange losses	1,991	1,749
Add: Income tax (benefit) expense	81,943	(19,068)
Add: Losses on idled assets held for sale	1,386	1,494
Add: Increase (decrease) in provision for discounting and credit losses	428	(3,778)
Adjusted EBITDA	<u>\$ 410,987</u>	<u>\$ 7,641</u>

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 and cash equivalents, cash flow from operations and availability under the ABL Facility.

Our main uses of cash have historically been, and are expected to continue to be, the funding of our operations, working capital, capital expenditure, debt service obligations, business or assets acquisitions and payment of dividends. Based on our outlook for the next twelve months, which is subject to continued changing demand from our customers, volatility in coal prices, ongoing interruptions and uncertainties surrounding China’s import restrictions, such as trade barriers imposed by China on Australian sourced coal and the uncertainty of impacts from the Russia and Ukraine war on the global supply chain, 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, capital expenditure, service our debt obligations and, if declared, payment of dividends.

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, Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and ASX on February 22, 2022.

Liquidity as of March 31, 2022 and December 31, 2021 was as follows:

	December 31,	
	March 31, 2022	2021
	(in US\$ thousands)	
Cash, excluding restricted cash	\$ 571,215	\$ 437,679
Availability under ABL Facility ⁽¹⁾	100,000	100,000
Total	<u>\$ 671,215</u>	<u>\$ 537,679</u>

⁽¹⁾ The ABL Facility contains a springing fixed charge coverage ratio of not less than 1.00 to 1.00, which ratio is tested if availability under the ABL facility is less than \$17.5 million for five consecutive business days or less than \$15.0 million on any business day.

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Our total indebtedness as of March 31, 2022 and December 31, 2021 consisted of the following:

	March 31, 2022	December 31, 2021
	(in US\$ thousands)	
Current instalments of interest bearing liabilities	\$ 314,453	\$ 315,000
Current instalments of other financial liabilities and finance lease obligations	5,614	8,634
Other financial liabilities and finance lease obligations, excluding current instalments	13,357	14,031
Total	<u>\$ 333,424</u>	<u>\$ 337,665</u>

Liquidity

As of March 31, 2022, available liquidity was \$671.2 million, comprising cash and cash equivalents (excluding restricted cash) of \$571.2 million and \$100.0 million of available under our ABL Facility.

As of December 31, 2021, available liquidity was \$537.7 million, comprising cash and cash equivalents (excluding restricted cash) of \$437.7 million and \$100.0 million of available borrowings under our ABL Facility.

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.

Senior Secured Notes

As of March 31, 2022, the outstanding amount of our Notes was \$314.5 million. Interest on the Notes is payable semi-annually in arrears on May 15 and November 15 of each year. The Notes mature on May 15, 2026 and are senior secured obligations of the Company.

The terms of the Notes are governed by the Indenture. The Indenture contains customary covenants for high yield bonds, including, but not limited to, limitations on investments, liens, indebtedness, asset sales, transactions with affiliates and restricted payments, including payment of dividends on capital stock.

We may redeem any of the Notes beginning on May 15, 2023. The initial redemption price of the Notes is 108.063% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The redemption price will decline each year after May 15, 2023, and will be 100% of the principal amount of the Notes, plus accrued and unpaid interest, beginning on May 15, 2025. We may also redeem some or all of the Notes at any time and from time to time prior to May 15, 2023 at a price equal to 100% of the principal amount thereof plus a “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

In connection with the dividend declared on February 24, 2022, we offered to purchase up to \$100.0 million aggregate principal amount of the Notes pursuant to the terms of the Indenture. On March 30, 2022, pursuant to the offer to purchase, we purchased an aggregate principal amount of \$0.5 million at a price equal to 104% of the principal amount of the Notes, plus accrued and unpaid interest on the Notes to, but not including, the date of redemption.

As of March 31, 2022, we were in compliance with all applicable covenants under the Indenture.

ABL Facility

The ABL Facility, dated May 12, 2021, is for an aggregate multi-currency lender commitment of up to \$100.0 million, including a \$30.0 million sublimit for the issuance of letters of credit and \$5.0 million for swingline loans, at any time outstanding, subject to borrowing base availability. The ABL Facility will mature on May 12, 2024. Borrowings under the ABL Facility bear interest at a rate equal to a BBSY rate plus an applicable margin. As at March 31, 2022, no amounts were drawn and no letters of credit were outstanding under the ABL Facility.

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As of March 31, 2022, we were in compliance with all applicable covenants under the ABL Facility.

Bank Guarantees and Surety Bonds

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. As of March 31, 2022, we had outstanding bank guarantees of \$46.1 million to secure various obligations and commitments. The Company provided cash, in the form of deposits, as collateral against these bank guarantees.

For the U.S. Operations, in order to provide the required financial assurance, we generally use surety bonds for post-mining reclamation. We can also use bank letters of credit to collateralize certain obligations. As of March 31, 2022, we had outstanding surety bonds of \$29.6 million and letters of credit of \$16.8 million issued from our available bank guarantees, to secure various obligations and commitments. Future regulatory changes relating to these obligations could result in increased obligations, additional costs or additional collateral requirements.

Dividend

On February 24, 2022, our Board of Directors declared an unfranked ordinary dividend of 9.0 cents per CDI (USD). The dividend had a record date of March 18, 2022 and was paid on April 8, 2022.

On April 26, 2022, we amended our dividend policy with plans to pay a fixed cash dividend of 0.5 cent per CDI biannually (1.0 cent per CDI annually), in accordance with our over-arching distribution policy. The payment of dividends remains at the discretion of our Board of Directors.

On May 9, 2022, our Board of Directors declared a special unfranked dividend of \$99.5 million, or 5.9 cents per CDI, reflecting the unaccepted portion of the offer to purchase the Notes made in connection with the dividend declared on February 24, 2022, and a special unfranked dividend of \$100.6 million, or 6.0 cents per CDI. CDIs will be quoted as "ex" dividend on May 30, 2022. The dividend will have a record date of May 31, 2022 and be payable on June 21, 2022. The total special dividends of \$200.0 million will be funded from available cash.

In connection with the declared special dividend, Coronado Finance Pty Ltd, a wholly-owned subsidiary of the Company offered to purchase up to \$100.6 million aggregate principal amount of the Notes at a purchase price equal to 104% of the principal amount of the Notes pursuant to the terms of the Indenture. The payment of the special dividend is not contingent on acceptance of the offer to purchase the Notes by the Note holders.

Capital Requirements

Our main uses of cash have historically been the funding of our operations, working capital, capital expenditure, the payment of interest and dividends. We intend to use cash to fund debt service payments on our Notes, the ABL Facility and our other indebtedness, to fund operating activities, working capital, capital expenditures, partial redemption of the Notes, business or assets acquisitions and, if declared, payment of dividends.

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Historical Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2022 and 2021, as reported in the accompanying consolidated financial statements:

Cash Flow

	Three months ended March 31,	
	2022	2021
	(in US\$ thousands)	
Net cash provided by operating activities	\$ 171,849	\$ 5,239
Net cash used in investing activities	(41,176)	(32,904)
Net cash (used in) provided by financing activities	(4,816)	14,113
Net change in cash and cash equivalents	125,857	(13,552)
Effect of exchange rate changes on cash and restricted cash	7,679	1,516
Cash and restricted cash at beginning of period	437,931	45,736
Cash and restricted cash at end of period	<u>\$ 571,467</u>	<u>\$ 33,700</u>

Operating activities

Net cash provided by operating activities was \$171.8 million for the three months ended March 31, 2022, compared to \$5.2 million for the three months ended March 31, 2021. The increase was driven by higher coal revenues due to increase in the average realized Met coal pricing partially offset by higher operating costs and unfavorable working capital movement, mainly in trade receivables.

Investing activities

Net cash used in investing activities was \$41.2 million for the three months ended March 31, 2022, compared to \$32.9 million for the three months ended March 31, 2021. Cash spent on capital expenditures for the three months ended March 31, 2022 was \$37.8 million, of which \$8.5 million related to the Australian Operations, \$29.2 million related to the U.S. Operations and the remaining \$0.1 million for other and corporate. During the three months ended March 31, 2022, a net of \$3.5 million of additional deposits were provided as collateral for our U.S. workers compensation obligations.

Financing activities

Net cash used in financing activities was \$4.8 million for the three months ended March 31, 2022, compared to cash provided by financing activities of \$14.1 million for the three months ended March 31, 2021. The net cash used in financing activities for the three months ended March 31, 2022, related to repayment of borrowings.

Included in the net cash provided in financing activities for the three months ended March 31, 2021, were net proceeds from borrowings of \$53.5 million, including proceeds of \$23.5 million post completion of a financing arrangement for the sale and lease back of heavy mining equipment owned by Curragh, repayment of borrowings of \$38.1 million, and \$1.3 million for debt issuance costs.

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 Conditions and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and ASX on February 22, 2022.

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, 2021, filed with the SEC and ASX on February 22, 2022.

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Newly Adopted Accounting Standards and Accounting Standards Not Yet Implemented

See Note 2. (a) “Newly Adopted Accounting Standards” to our unaudited condensed consolidated financial statements for a discussion of newly adopted accounting standards. As of March 31, 2022, there were no 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 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.

Access to international markets may be subject to ongoing interruptions and trade barriers due to policies and tariffs of individual countries. For example, the imposition of tariffs and import quota restrictions by China on U.S. and Australian coal imports, respectively, including the ongoing suspension of imports of Australian coal into China, may in the future have a negative impact on our profitability. We may or may not be able to access alternate markets of our coal should additional interruptions and trade barriers occur in the future. An inability for metallurgical coal suppliers to access international markets, including China, would likely result in an oversupply of Met coal and may result in a decrease in prices and or the curtailment of production.

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 22, 2022.

Sales commitments in the Met 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 March 31, 2022, there were \$82.0 million of outstanding provisionally priced sales. If prices were to decrease 10%, provisionally priced sales would decrease by \$8.2 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 22, 2022.

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 operations in fiscal year 2022 will be purchased under fixed-price contracts or on a spot basis.

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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 return. 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 March 31, 2022, we had \$333.4 million of fixed rate borrowings and Notes and no variable-rate borrowings outstanding. We currently do not hedge against interest rate fluctuations.

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 66% of expenses incurred at our Australian Operations are denominated in A\$. Approximately 34% of our Australian Operations' 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). Appreciation of the A\$ against US\$ will increase our Australian Operations' US\$ reported cost base and reduce US\$ reported net income. For the portion of US\$ required to purchase A\$ to settle our Australian Operations' operating costs, a 10% increase in the A\$ to US\$ exchange rate would increase reported total costs and expenses by approximately \$25.7 million for the three months ended March 31, 2022, respectively.

Under normal market conditions, we generally do not consider it necessary to hedge our exposure to this foreign exchange risk. However, there may be specific commercial circumstances, such as the hedging of significant capital expenditure, acquisitions, disposals and other financial transactions, where we may deem foreign exchange hedging as appropriate and where a US\$ contract cannot be negotiated directly with suppliers and other third parties.

For our Australian Operations, we translate all monetary assets and liabilities at the period-end exchange rate, all nonmonetary 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.

We currently do not hedge our non-US\$ exposures against exchange rate fluctuations.

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 independent 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 and Board of Directors.

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Group Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based solely on the definition of “disclosure controls and procedures” in Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and the Group Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, the Chief Executive Officer and the Group Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes to Internal Control over Financial Reporting

During the fiscal quarter covered by this Quarterly Report on Form 10-Q, there were no changes in the Company's internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act, that materially affected, or are reasonably likely to materially affect, the Company’s internal controls 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 14. "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, 2021, filed with the SEC and ASX on February 22, 2022:

Our business may be adversely affected by the impact on the global economy due to the ongoing military conflict between Russia and Ukraine or any other geopolitical tensions.

Global markets are experiencing volatility and disruption following the geopolitical tensions and the military conflict between Russian and Ukraine, including the full-scale military invasion of Ukraine by Russian troops. This military conflict has led to, and may lead to additional, sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine and the two separatist republics in the Donetsk and Luhansk regions of Ukraine, including expansive ban on imports and exports of products to and from Russia.

We are unable to predict the extent and duration of the ongoing military conflict, which could lead to further market disruptions, including significant volatility in commodity prices, including the coal we sell and fuel we purchase, instability in the financial markets, higher inflation, supply chain interruptions, political and social instability as well as increase in cyberattacks and espionage. Further, sanctions, and any other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, could adversely affect the global economy and financial markets, which could in turn have an adverse impact on our financial condition and results of operations or heighten other risks described in Part I, Item 1A, "Risk Factors", of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC and ASX on February 22, 2022.

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	Acknowledgement 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)

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SIGNATURES

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.

By: /s/ Gerhard Ziems
Gerhard Ziems

Group Chief Financial Officer (as duly authorized officer and as principal financial officer of the registrant)

Date: May 9, 2022

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EXHIBIT 15.1

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

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

We are aware of the incorporation by reference in the following Registration Statements (including all amendments thereto):

1. Registration Statement (Form S-3 No. 333-239730) of Coronado Global Resources, Inc.;
2. Registration Statement (Form S-8 No. 333-236597) pertaining to the Coronado Global Resources, Inc. 2018 Equity Incentive Plan and the Coronado Global Resources, Inc. 2018 Non-Executive Director Plan; and
3. Registration Statement (Form S-8 No. 333-249566) pertaining to the Coronado Global Resources, Inc. 2018 Equity Incentive Plan

of our review report dated May 9, 2022 relating to the unaudited condensed consolidated interim financial statements of the Company that are included in its Form 10-Q for the quarter ended March 31, 2022.

/s/ Ernst & Young
Brisbane, Australia
May 9, 2022

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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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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: May 9, 2022.

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

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EXHIBIT 31.2

CERTIFICATION

I, Gerhard Ziems, 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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: May 9, 2022.

/s/ Gerhard Ziems
Gerhard Ziems
Group Chief Financial Officer

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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 March 31, 2022, 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/ Gerhard Ziem
Gerhard Ziem
Group Chief Financial Officer

Date: May 9, 2022.

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.