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## ASX Announcement

18 August 2020

# Coronado announces A\$250 million equity raising and waiver extension

### Equity raising

Coronado Global Resources Inc (“Coronado” or the “Company”) (ASX: CRN) is announcing a fully underwritten<sup>1</sup> A\$250 million (US\$180 million) equity raising (the “Offer”) to provide additional financial flexibility in response to current market conditions brought about by the global COVID-19 pandemic. The proceeds of the Offer will be used to repay drawn balances from the Syndicated Facilities Agreement (“SFA”).

The Offer, in conjunction with the SFA waiver extension detailed below, is expected to leave Coronado well positioned for any future recovery in metallurgical coal prices.

The Offer will consist of:

- a fully underwritten<sup>2</sup> placement to institutional investors (including institutional securityholders) to raise A\$145 million / US\$104 million (“Placement”); and
- a fully underwritten<sup>3</sup> 2 for 11 Entitlement Offer to raise A\$105 million / US\$76 million (“Entitlement Offer”)

On completion of the Offer, Coronado’s pro forma total liquidity is expected to increase to US\$325 million and pro forma net leverage<sup>4</sup> (Net Debt<sup>5</sup> to LTM EBITDA<sup>6</sup>) is expected to reduce to 0.9x (both as at 30 June 2020).<sup>7</sup> Coronado’s strengthened balance sheet is expected to increase its resilience in the current economic environment and provide additional liquidity and financial flexibility.

Coronado Group LLC, which is currently owned by funds managed by the Energy and Minerals Group (“EMG”), Coronado’s current 80% securityholder, is supportive of the transaction and will facilitate the entry of new securityholders to the register. EMG will not be participating in the Offer given its preference to increase liquidity and facilitate Coronado’s access to relevant ASX indices. As a result of the Offer, Coronado’s free float is expected to increase from approximately 20% to approximately 44%<sup>8</sup>, setting the company up for potential index inclusion in the near future.

<sup>1</sup> The underwriting agreement dated 18 August 2020 between Coronado and the Joint Lead Managers provides that a Joint Lead Manager will not be issued any CDIs that would either cause it to breach the Foreign Acquisitions and Takeovers Act 1975 (Cth) or published Foreign Investment Review Board policy. The issue size is approximately 417 million CDIs or 43% of the existing CDIs on issue. If a Joint Lead Manager was required to take up CDIs on issue which would otherwise cause it, or an affiliate of it, to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019), (i) it will still fund the entire amount of its respective proportion of the underwritten proceeds in accordance with and subject to the terms of the underwriting agreement by the completion date, (ii) the number of excess shortfall CDIs would be up to the number of CDIs offered under the Offer less the number of CDIs that have been sub-underwritten and the number of CDIs that the relevant Joint Lead Manager is able to take up without causing it to breach or notify under these provisions when aggregated with any additional interests the Joint Lead Manager and its affiliates hold at the relevant settlement dates other than through its underwriting commitment; and (iii) it would enter into an arrangement for any excess shortfall CDIs to be issued to it, or to third party investors, after close of the Offer at the same price as the Offer price. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement under the Entitlement Offer where there is an excess shortfall.

<sup>2</sup> Please refer to foot note 1 above.

<sup>3</sup> Please refer to foot note 1 above.

<sup>4</sup> Calculated as net debt divided by LTM EBITDA (as at 30 June 2020).

<sup>5</sup> Net debt = Interest bearing financial liabilities less cash, excl. restricted cash.

<sup>6</sup> LTM EBITDA (as at 30 June 2020) = FY19 EBITDA less 1H19 EBITDA plus 1H20 EBITDA.

<sup>7</sup> Based on 0.72 US\$ per A\$.

<sup>8</sup> Represents the total shares of common stock, including common stock represented in the form of CDIs, not owned by majority securityholder, EMG.

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## SFA covenant waiver extension

In addition to the Offer, Coronado has secured a further waiver extension with the SFA lending syndicate to waive compliance with the SFA's financial covenants, which include a net debt to EBITDA ratio, gearing ratio and an interest cover ratio, until 30 September 2021. This extends the existing waiver period from 28 February 2021 by approximately seven months. Testing will occur as at 30 September 2021 with the compliance certificate to be delivered by 31 October 2021. The waiver extension is conditional upon a minimum equity raise of US\$120 million and funds to be received by Coronado by 31 August 2020, or as otherwise agreed with the lending syndicate.

The SFA is a multicurrency revolving credit facility totalling US\$550 million and a multicurrency revolving bank guarantee facility of US\$130 million. The SFA matures in February 2023.

As part of the waiver extension agreement, Coronado's credit facility limit of the SFA will reduce by three steps of US\$25 million each, in February, May and August 2021. The availability to fully draw down under the SFA will be subject to a modified liquidity buffer of US\$50 million, leading to a review event process if amounts within this buffer are drawn during the extended waiver period. However, lender consent previously required to access the remaining US\$50 million has been removed.

In addition, the SFA lending syndicate has pre-approved the sale and leaseback of heavy mining equipment ("HME") and Curragh housing assets sales for a period of six months. 40% of net proceeds realised from any sale of these assets will contribute towards the three-step permanent facility limit reduction obligation.

The updated waiver provides Coronado with additional flexibility to work through this period of lower demand and pricing for metallurgical coal brought about by the global COVID-19 pandemic.

Coronado's Managing Director and CEO, Gerry Spindler, said: "We welcome the ongoing support of our lenders throughout this period of lower demand brought about by the global COVID-19 pandemic. This extension of the waiver agreement, in place since May 2020, demonstrates their ongoing support and provides additional liquidity to respond to fluctuations in demand and pricing. In addition to the waiver and announced equity raising, Coronado retains a number of additional levers which could be implemented to further support liquidity".

## Offer overview

The Placement and Entitlement Offer will be conducted at A\$0.60 per new CDI ("Offer Price"), which represents a:

- 27.3% discount to the last closing price of A\$0.825 on Tuesday, 11 August 2020; and
- 20.8% discount to the Theoretical Ex-Rights Price ("TERP") of A\$0.76<sup>9</sup>

The Offer will result in approximately 417 million new Chess Depository Interests ("CDIs") being issued in total, equivalent to 43% of Coronado's common stock as represented in CDIs on issue ("New CDIs").

New CDIs issued under the Placement and Entitlement Offer will rank equally with existing fully paid CDIs from the date of issue.

The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the ASX or any other exchange. The Entitlement Offer will be made to both institutional securityholders ("Institutional Entitlement Offer") and retail securityholders ("Retail Entitlement Offer").

Eligible securityholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

<sup>9</sup> TERP is the theoretical ex-rights price at which New CDIs should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which New CDIs trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP.

### **Institutional Entitlement Offer**

Eligible institutional securityholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional securityholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price in the institutional bookbuild.

### **Retail Entitlement Offer**

Eligible retail securityholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (Sydney time), 20 August 2020 have the opportunity to invest in New CDIs at the Offer Price, on the terms and conditions that will be set out in the retail offer booklet to be sent to eligible retail securityholders on or around 25 August 2020.<sup>10</sup>

Please note that securityholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the retail offer booklet.

Under the Retail Entitlement Offer, eligible retail securityholders that take up their full entitlement may also apply for additional New CDIs in excess of their Entitlement.

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<sup>10</sup> Retail securityholders that are in the United States or that are "U.S. persons" (as defined in Regulation S under the U.S. Securities Act of 1933) ("U.S. Persons") or acting for the account or benefit of U.S. Persons are not entitled to participate in the Retail Entitlement Offer.

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### Indicative timetable of the Offer

The timetable (and each reference in this announcement to a date specified in the timetable) is indicative only and the Company may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX.

All times referred to in this announcement are AEST.

The quotation of New CDIs is subject to confirmation from the ASX.

Event	Date
Announcement of Equity Raising	Tuesday, 18 August 2020
Placement and Institutional Entitlement Offer opens	Tuesday, 18 August 2020
Placement and Institutional Entitlement Offer closes	Tuesday, 18 August 2020
Announcement of results of Placement and Institutional Entitlement Offer	Wednesday, 19 August 2020
Trading halt lifted and CDIs recommence trading	Wednesday, 19 August 2020
Entitlement Offer record date	7:00pm AEST, Thursday, 20 August 2020
Retail Entitlement Offer opens and Retail Offer Booklet despatched	Tuesday, 25 August 2020
Settlement of New CDIs issued under the Placement and Institutional Entitlement Offer	Wednesday, 26 August 2020
Allotment and commencement of trading of New CDIs under the Placement and Institutional Entitlement Offer	Thursday, 27 August 2020
Retail Entitlement Offer closes	5:00pm AEST, Tuesday, 8 September 2020
Announcement of results of Retail Entitlement Offer	Friday, 11 September 2020
Settlement of New CDIs issued under the Retail Entitlement Offer	Monday, 14 September 2020
Allotment of New CDIs under the Retail Entitlement Offer	Tuesday, 15 September 2020
Commencement of trading of New CDIs issued under the Retail Entitlement Offer	Wednesday, 16 September 2020
Holding statements in respect of New CDIs issued under the Retail Entitlement Offer despatched	Wednesday, 16 September 2020

**– Ends –**

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

For further information please contact:

<b>Investors</b> Aidan Meka P: +61 428 082 954 E: ameka@coronadoglobal.com.au	<b>Investors</b> Matt Sullivan P: +61 412 157 276 E: msullivan@coronadoglobal.com.au	<b>Media</b> Brett Clegg Citadel Magnus P: +61 487 436 985
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**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any CDIs (or underlying shares of common stock) in the United States or to any person who is, or is acting for the account or benefit of, a "U.S. person" (as defined in Rule 902(k) under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act")) ("U.S. Person"), or in any other jurisdiction in which such an offer would be illegal. The New CDIs being offered and sold in the Offer (including underlying shares of common stock) have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New CDIs in the Placement and the Entitlement Offer (or underlying shares of common stock) may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Persons, unless the New CDIs are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any state or any other jurisdiction in the United States.

**FORWARD-LOOKING STATEMENTS**

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

**PRO FORMA FINANCIAL INFORMATION**

While this announcement includes certain pro forma financial information, you understand that such pro forma financial information is for illustrative purposes only and is not represented as being indicative of the Company's views on its, nor anyone else's, future financial position and/or performance. You further understand that (i) the pro forma financial information has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in the United States or Australia, (ii) the pro forma financial information is not prepared in accordance with the requirements of Regulation S-X and (iii) neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with generally accepted auditing standards or the standards of the Public Company Accounting Oversight Board.