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# CORONADO RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS FORM 51-102F1

FOR THE SIX MONTHS ENDED AUGUST 31, 2016

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The following Management's Discussion and Analysis ("MD&A") is dated October 28, 2016, for the six month period ended August 31, 2016 and should be read in conjunction with the Coronado Resources Ltd. ("Coronado" or the "Company") accompanying condensed consolidated interim financial statements for the six month period ended August 31, 2016 and the audited consolidated financial statements for the year ended February 29, 2016.

These condensed consolidated interim financial statements for the six month period ended August 31, 2016 have been prepared in accordance with and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board and its interpretation of the International Financial Reporting Interpretations Committee. These condensed consolidated interim financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting, except for cash flow information. The MD&A supplement does not form part of the unaudited condensed consolidated interim financial statements for the six month period ended August 31, 2016 or the audited financial statements of the Company and the notes thereto for the year ended February 29, 2016. All amounts are expressed in Canadian dollars unless otherwise indicated. In addition, readers are directed herein to discussions under the headings "*Forward-Looking Statements*", "*Critical Accounting Estimates*" and "*Risk Factors*".

Coronado management is responsible for the integrity of the information contained in this report and for the consistency between the MD&A and the financial statements.

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## CURRENT DEVELOPMENTS

### Corporate

On July 21, 2016, the Company and its wholly owned subsidiary, Coronado Resources USA, LLC (“Coronado USA”), entered into a definitive asset purchase agreement (the “APA”) with Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) (“Broadway”), pursuant to which Coronado USA would sell its copper and gold mining property located in Silverstar, Montana (the “Madison Property”) and related assets to Broadway (the “Transaction”), in exchange for the following:

- 1) \$250,000 (less a US\$25,000 non-refundable deposit) on the closing date;
- 2) 1,000,000 common shares of Broadway as follows:
  - i. 500,000 shares upon the first anniversary of the closing date; and
  - ii. 500,000 shares upon the second anniversary of the closing date; and
- 3) the sum of \$100,000, within 30 days of the commencement of commercial production.

Upon extensive analysis and discussion of the options available to the Company, management and the board of directors (the “Board”) determined that the Transaction is the best course of action for the Company and its shareholders. The Transaction closed on October 13, 2016, as all requisite approvals were received by the parties to the APA, accordingly. The Company continues to review its options to solidify an action plan and is focused on maximizing shareholder value and minimizing capital expenditures, while assessing potential growth opportunities where practical.

### COMPANY OVERVIEW

The Company was incorporated under the *Business Corporations Act* (British Columbia) and its head office is located in Vancouver, British Columbia, Canada. Coronado’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “CRD”, and on the OTCQX International under the symbol “CRDAF”. During fiscal 2016, the Company completed the process of surrendering all of its platinum exploration permits, as well as selling part of its generation equipment at market value and then selling all of its shares in Opunake Hydro Limited (“OHL”) to a suitable purchaser for total proceeds of \$2,017,653. Coronado has since completed the sale under the APA in relation to the Transaction and continues to assess growth opportunities. There have been no significant changes in the composition of the Company’s management and Board during the quarter.

### Madison Property

In 2012, Coronado’s management decided to temporarily halt its underground mining activities at the Madison Property, and the Madison Property was placed on maintenance. Since then, the Company continued to develop its strategy and plans for the Madison Property, and on July 21, 2016, entered into the APA pertaining to the Transaction, which closed on October 13, 2016. During the six month period ended August 31, 2016, the Company wrote-down \$4,548,137 of the Madison Property. Meanwhile, the Company is continuing to assess acquisition opportunities in a diligent manner.

### OVERALL PERFORMANCE

The Company’s overall performance for the six month period ended August 31, 2016, reflected a net loss of \$4,704,600 and a reduction in working capital of \$302,918. The Company currently has a working capital of \$1,212,393 and is in a position to fund its operations for a further 12 months.

The primary focus for the period was minimizing expenditures in the mining exploration and development sector, which has seen the Madison Property on maintenance for the last several quarters.

## Mining Exploration and Development

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2016	2015
Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -	\$ -
Gross profit percentage	0%	0%	0%	0%	0%
Loss for the period	\$ (4,640,815)	\$ (63,785)	\$ (470,244)	\$ (4,706,600)	\$ (649,546)

The Company's loss from mining exploration and development included the operations of the head office. In the current quarter the four largest expenses, audit and accounting, consulting and director fees, management fees and write-off of exploration and evaluation asset of \$27,875, \$16,500, \$23,246 and \$4,706,600 respectively were predominately related to the monthly operations.

## Madison Property, Montana

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2016	2015
Amortization	\$ 12,316	\$ 12,316	\$ 15,344	\$ 24,632	\$ 30,686
Assessment and taxes	-	68,046	10,174	68,046	86,572
Camp costs	-	1,601	-	1,601	4,982
Consulting engineering	-	-	1,249	-	1,249
Fieldwork and wages	37,718	36,462	36,175	74,180	69,854
Permits, assay and testing	32	4,880	1,125	4,912	3,854
Power utilities	260	1,109	939	1,369	2,135
Net expenditures in period	\$ 50,326	\$ 124,414	\$ 65,006	\$ 174,740	\$ 199,332

The Madison Property remained on maintenance during the quarter. This entailed minimal staffing and activity to keep the site in good standing with all its environmental permits and regulatory authorities. There was no significant activity during the quarter beyond the basic maintenance procedures, but the expenditures were down roughly \$74,000 from the previous quarter largely due to the licenses and assessment paid in the previous quarter.

## FINANCIAL RESULTS OF OPERATIONS

### RESULTS FOR THE QUARTER

#### Summary of Quarterly Results

	Three Months Ended			
	August 31, 2016	May 31, 2016	February 29, 2016	November 30, 2015
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (4,640,815)	\$ (63,785)	\$ (156,833)	\$ (173,812)
Net loss from discontinued operations	\$ -	\$ -	\$ (272,013)	\$ (5,805,978)
Loss for the period	\$ (4,640,815)	\$ (63,785)	\$ (428,846)	\$ (5,979,790)
Loss per share	\$ (0.82)	\$ (0.01)	\$ (0.08)	\$ (1.06)

	August 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (470,244)	\$ (179,302)	\$ (269,619)	\$ (260,874)
Net loss from discontinued operations	\$ (65,598)	\$ (484,453)	\$ (325,294)	\$ (86,723)
Loss for the period	\$ (535,842)	\$ (663,755)	\$ (594,913)	\$ (347,597)
Loss per share	\$ (0.09)	\$ (0.12)	\$ (0.11)	\$ (0.06)

## Sales

	2017 Q2	2017 Q1	2016 Q2	Six months ended August 31,	
				2016	2015
Mining Exploration and Development	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

During the prior year, the Company completed the sale of its electricity generation and retail power assets. The Company's remaining operations consisted of the Madison Property that has now been sold in accordance with the APA, and did not produce any revenue.

## Sales from Discontinued Operations

	2017 Q2	2017 Q1	2016 Q2	Six months ended August 31,	
				2016	2015
Electricity generation and retail power <sup>(1)</sup>	\$ -	\$ -	\$2,242,960	\$ -	\$4,127,881
	\$ -	\$ -	\$2,242,960	\$ -	\$4,127,881

(1) The sales for the electricity generation and retail power are shown here to demonstrate the impact this discontinuation will have on future operations.

## Gross Profit

	2017 Q2	2017 Q1	2016 Q2	Six months ended August 31,	
				2016	2015
Mining Exploration and Development	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

The Company's operations consisted of exploration and evaluation assets and did not produce any revenue, cost of production, or gross profit.

## Gross Profit, from Discontinued Operations

	2017 Q2	2017 Q1	2016 Q2	Six months ended August 31,	
				2016	2015
Electricity Generation and Retail Power <sup>(1)</sup>	\$ -	\$ -	\$ 77,167	\$ -	\$ 167,692
	\$ -	\$ -	\$ 77,167	\$ -	\$ 167,692

(1) The gross profit for the electricity generation and retail power are shown here to demonstrate the impact this discontinuation will have on future operations.

## Loss for the Period

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2016	2015
<b>Loss from operations,</b>					
Mining Exploration and Development	\$(4,640,815)	\$(63,785)	\$(470,244)	\$(4,706,600)	\$(649,546)
<b>Loss from discontinued operations,</b>					
Electricity Generation and Retail Power	-	-	(65,598)	-	(550,051)
	\$(4,640,815)	\$(63,785)	\$(535,842)	\$(4,706,600)	\$(1,199,597)

The Company's operations for the three months ended August 31, 2016 produced a loss of \$4,640,815 compared to loss of \$535,842 (which includes the loss from discontinued operations of the electricity generation and retail power segment of \$65,598) for the same quarter in the previous year.

The current loss for mining exploration and development includes the operational costs of maintaining the Madison Property, the write-off of the Madison Property and the costs of maintaining the corporate operations of the Company. Included in the period were management fees of \$8,246 incurred for services provided by a related party. These services are provided as needed on a cost plus basis for operational support in assisting in further advances and evaluating mining exploration opportunities and activities.

## LIQUIDITY AND CAPITAL RESOURCES

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2016	2015
Cash and cash equivalents	\$1,253,643	\$1,385,716	\$1,764,586	\$1,253,643	\$1,764,586
Working capital	\$1,212,393	\$1,342,530	\$464,696	\$1,212,393	\$464,696

As at the date of this report, the Company has adequate cash and working capital to fund its operations and planned capital expenditures for the next 12 months. Any additional material capital expenditures or commitments may require a source of additional financing, which may come from funds through equity financing.

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2016	2015
Issued and outstanding shares	5,662,340	5,662,340	5,662,340	5,662,340	5,662,340
Issued and outstanding shares, fully diluted	5,662,340	5,662,340	5,662,340	5,662,340	5,662,340

(1) On December 8, 2015, the Company completed a share consolidation of all of its issued and outstanding common shares on a ratio of 2 pre-consolidation shares for 1 post-consolidation share.

During the six months ended August 31, 2016, the Company did not issue any common shares and did not issue or grant any stock options.

The Transaction contemplated in the APA may affect the Company's ability to raise capital to acquire properties and/or pursue other opportunities in the future.

## RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	2017	2017	2016	Six months ended August 31,	
	Q2	Q1	Q2	2015	2014
Consulting fees	\$ 6,000	\$ 6,000	\$ 11,000	\$ 12,000	\$ 25,000
Directors fees	500	-	500	500	1,000
Management fees	15,000	15,000	15,000	30,000	29,194
	\$ 21,500	\$ 21,000	\$ 26,500	\$ 42,500	\$ 55,194

During the six month period ended August 31, 2016, the Company recorded discontinued operations sales in the amount of \$nil (2015 - \$220,794) from New Zealand related companies with significant influence over the company of which \$nil (2015 - \$63,998) was outstanding in the accounts receivable of assets held for sale at period end. For the six month period ended August 31, 2016, the Company recorded \$nil (2015 - \$128,389) in discontinued operations purchases from related companies with significant influence over the company. At August 31, 2016, \$nil (2015 - \$528,743) was outstanding in the accounts payable and accrued liabilities of liabilities held for sale.

During the six month period ended August 31, 2016, the Company was charged by a Canadian related company with significant influence \$26,790 (2015 - \$214,142) for management fees. At August 31, 2016, \$5,036 (2015 - \$985,393) is owing to the Canadian related company with significant influence is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## SHARE CAPITAL

The Company's outstanding share position as at October 28, 2016, is 5,662,340 common shares, and the Company has no share purchase warrants or incentive stock options currently outstanding.

## SUBSEQUENT EVENTS

On October 13, 2016, the Company and Coronado USA completed the Transaction with Broadway in accordance with the APA.

## CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity, loans and advances payable. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

## COMPETITION

Competitors for acquisition opportunities include well-capitalized companies, independent companies and other companies having financial and other resources far greater than those of Coronado, thus a degree of competition exists between those engaged in acquiring attractive assets.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in preparation of the financial statements are consistent with those set forth in Note 2 of the condensed consolidated interim financial statements for the six month period ended August 31, 2016. They are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

## **CHANGES IN ACCOUNTING POLICIES**

A detailed summary of all the Company's significant change in accounting policies is included in Note 2(e) of the Company's August 31, 2016 condensed consolidated interim financial statements.

## **PROPOSED TRANSACTIONS**

The Company has no proposed transactions that have not been disclosed.

## **FINANCIAL INSTRUMENTS RISK**

A detailed summary of all the Company's financial instruments risk is included in Note 7 of the Company's August 31, 2016 condensed consolidated interim financial statements.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of short-term investments; cheques issued in excess of funds on deposit, accounts payable and accrued liabilities. Terms of the financial instruments, where relevant, are fully disclosed in the Company's financial statements. It is management's opinion that the Company is not exposed to significant currency, or credit risks but is exposed to interest rate cash flow risk arising from its financial instruments and that their fair values approximate their carrying values unless otherwise noted.

## **RISKS**

While the terms of the Transaction are intended to result in the Company having cash and cash equivalents, the Company may have no active business and will be unable to generate any revenue after the Transaction. As such, the Company may not have adequate cash for its operations until it can begin generating revenue. With limited financial resources and no revenue, there is no assurance that future funding will be available to the Company to pursue future endeavours. There is a risk that the Company could be forced to cease operations and become insolvent.

Following completion of the Transaction, there is no guarantee that the Company will be able to attract interest to participate in an acquisition or another business opportunity. Also, the Company will no longer own any significant assets and will no longer have a business. Without a business or sufficient capital, the Company may not be able to maintain its listing on the TSX-V and its common shares may be downgraded to the NEX board of the TSX-V. There can be no assurance that an active and liquid market for the Company's securities will develop and shareholders may find it difficult to resell the securities of the Company. There can be no assurance that the Company will be capable of participating in a business opportunity or acquisition to retain its listing on the TSX-V.

The factors identified above are not intended to represent a complete list of the risks faced by Coronado. Coronado's management believes that the foregoing risks and uncertainties are a fair indication of the risks and uncertainties material to Coronado's business; however, additional risks and uncertainties, including those currently unknown to Coronado or not considered to be material by Coronado, may also adversely affect the business of Coronado.



## OFF-BALANCE SHEET ARRANGEMENTS

As part of the terms of the sale of OHL, the Company guaranteed a debt of NZ\$348,650 from OHL owing to a subsidiary of TAG. As at August 31, 2016, the amount of the debt is NZ\$235,321.

## ADDITIONAL INFORMATION

Additional information relating to the Company and results of its operations may be found under Coronado's SEDAR profile at [www.sedar.com](http://www.sedar.com) or on Coronado's website at [www.coronadoresourcesltd.com](http://www.coronadoresourcesltd.com).

## FORWARD LOOKING STATEMENTS

The foregoing information contains forward-looking statements within the meaning of securities laws. Forward-looking statements are statements that are not historical fact and often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or states that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking information by its nature requires assumptions and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Coronado to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Forward-looking statements in this MD&A include, but are not limited to, the Transaction, and Coronado's overall strategic plan for assessing acquisition opportunities. In making the forward-looking statements in this MD&A, Coronado has applied certain factors and assumptions that are based on information currently available to Coronado as well as Coronado's current beliefs and assumptions made by Coronado, including that Coronado will maintain its business plan for the near and mid-term range. Although Coronado considers these beliefs and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors include, among others, that Coronado will be unable to fulfill or will experience delays in fulfilling a strategic plan for the near and mid-term range. Additional risk factors are noted under the heading "*Risks*". The factors identified above and in the "*Risks*" section of this MD&A are not intended to represent a complete list of the factors that could affect Coronado. Although Coronado has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Coronado does not undertake to update any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

# **CORONADO RESOURCES LTD.**

Condensed Consolidated Interim Financial Statements

Second Quarter ended August 31, 2016

Unaudited

(Expressed in Canadian dollars)

**CORONADO RESOURCES LTD.**Condensed Consolidated Interim Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	August 31, 2016	February 29, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,253,643	\$ 1,532,920
Amounts receivable	13,529	34,580
Prepaid expenses	3,597	7,075
	1,270,769	1,574,575
Property and equipment, net (Note 3)	552,810	578,778
Exploration and evaluation assets (Note 4)	354,832	4,728,229
Reclamation deposits, restricted cash and other	90,375	92,692
	\$ 2,268,786	\$ 6,974,274
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 58,376	\$ 59,264
	58,376	59,264
<b>Shareholders' equity</b>		
Capital stock (Note 5(b))	20,127,801	20,127,801
Contributed surplus (Note 5(d))	1,657,109	1,657,109
Foreign currency translation	(75,827)	(75,827)
Deficit	(19,498,673)	(14,794,073)
	2,210,410	6,915,010
	\$ 2,268,786	\$ 6,974,274

Nature of operations and going concern (Note 1)  
Subsequent events (Note 11)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on October 28, 2016.

"Hugh Rogers"

.....Director

Hugh Rogers

"Ashley Garnot"

.....Director

Ashley Garnot

**CORONADO RESOURCES LTD.**

Condensed Consolidated Interim Statements of Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2016	2015 (Restated – Note 10)	2016	2015 (Restated – Note 10)
<b>Continuing operations</b>				
<b>General and administrative expenses</b>				
Amortization	\$ 669	\$ 833	\$ 1,337	\$ 1,666
Audit and accounting	27,875	5,730	28,010	5,820
Bank charges	422	323	810	875
Consulting and director fees	16,500	11,500	27,500	28,000
Insurance	2,261	2,000	4,522	5,014
Legal	11,760	14,674	16,043	21,797
Management fees	23,246	31,549	56,790	149,360
Office and administration	2,330	5,414	4,426	14,818
Office rent	4,969	7,698	10,317	15,421
Shareholder relations	240	3,686	240	11,966
Transfer and filing fees	3,802	6,523	5,358	16,559
Travel	-	6,287	-	6,830
	(94,074)	(96,217)	(155,353)	(278,126)
<b>Other items</b>				
Foreign exchange (loss) gain	(1,015)	21,398	(10,051)	19,487
Interest income	2,411	3,653	8,941	8,171
Write-off of exploration and evaluation asset	(4,548,137)	(399,078)	(4,548,137)	(399,078)
	(4,546,741)	(374,027)	(4,549,247)	(371,420)
<b>Net loss from continuing operations</b>	(4,640,815)	(470,244)	(4,704,600)	(649,546)
Net loss from discontinued operations (Note 10(a))	-	(65,598)	-	(550,051)
<b>Net loss for the period</b>	(4,640,815)	(535,842)	(4,704,600)	(1,199,597)
<b>Other comprehensive loss</b>				
Cumulative translation adjustment	-	(748,963)	-	(1,274,194)
<b>Comprehensive loss for the period</b>	\$ (4,640,815)	\$ (1,284,805)	\$ (4,704,600)	\$ (2,473,791)
<b>Loss per share, basic and diluted</b>	\$ (0.82)	\$ (0.09)	\$ (0.83)	\$ (0.21)
<b>Weighted average number of common shares outstanding</b>	5,662,340	5,662,340	5,662,340	5,662,340

See accompanying notes.

**CORONADO RESOURCES LTD.**

Condensed Consolidated Interim Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

<b>For the six months ended August 31,</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net loss for the period	\$ (4,704,600)	\$ (1,199,597)
Items not involving cash:		
Amortization	1,337	103,912
Gain on hedge mark to market	-	(91,162)
Interest on reclamation deposit and restricted cash	(172)	(875)
Write-off of exploration and evaluation asset	4,548,137	399,078
Foreign exchange	2,489	(9,483)
	(152,809)	(798,127)
Changes non-cash working capital:		
Amounts receivable	21,051	(50,308)
Prepaid expenses	3,478	(9,264)
Accounts payable and accrued liabilities	(5,526)	683,318
	19,003	623,746
<b>Cash used in operating activities</b>	<b>(133,806)</b>	<b>(174,381)</b>
<b>Financing activity</b>		
Purchase of restricted term deposit	-	(8,328)
<b>Cash used in financing activity</b>	<b>-</b>	<b>(8,328)</b>
<b>Investing activities</b>		
Equipment acquisitions	-	(622,179)
Exploration and evaluation asset expenditures	(145,471)	(553,572)
<b>Cash used in investing activities</b>	<b>(145,471)</b>	<b>(1,175,751)</b>
<b>Net outflow of cash and cash equivalents</b>	<b>(279,277)</b>	<b>(1,358,460)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,532,920</b>	<b>3,123,046</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,253,643</b>	<b>\$ 1,764,586</b>
<b>Supplemental cash flow information</b>		
Accounts payable included in equipment	\$ -	\$ 81,665
Accounts payable included in exploration and evaluation assets	\$ 5,891	\$ 5,653
Interest received	\$ 3,976	\$ 18,460
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 93,361	\$ 300,673
Short-term deposits	1,160,282	1,463,913
	<b>\$ 1,253,643</b>	<b>\$ 1,764,586</b>

See accompanying notes.

**CORONADO RESOURCES LTD.**

Condensed Consolidated Interim Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	Common Shares			Foreign Currency Translation Reserve	Deficit	Total
	Number	Amount	Contributed surplus			
<b>Balance, March 1, 2016</b>	5,662,340	\$20,127,801	\$1,657,109	\$ (75,827)	\$ (14,794,073)	\$ 6,915,010
Net loss for period	-	-	-	-	(4,704,600)	(4,704,600)
<b>Balance, August 31, 2016</b>	5,662,340	\$20,127,801	\$1,657,109	\$ (75,827)	\$ (19,498,673)	\$ 2,210,410
<b>Balance, March 1, 2015</b>	5,662,340 <sup>(1)</sup>	\$20,127,801	\$1,657,109	\$ 600,033	\$ (7,185,840)	\$ 15,199,103
Currency translation adjustment	-	-	-	(1,274,194)	-	(1,274,194)
Net loss for period	-	-	-	-	(1,199,597)	(1,199,597)
<b>Balance, August 31, 2015</b>	5,662,340 <sup>(1)</sup>	\$20,127,801	\$1,657,109	\$ (674,161)	\$ (8,385,437)	\$ 12,725,312

(1) On December 8, 2015, the Company consolidated the outstanding share capital of the Company on the basis of two (2) pre-consolidation common shares for one (1) post consolidation common share.

See accompanying notes.

## **CORONADO RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Six Month Period Ended August 31, 2016  
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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Coronado Resources Ltd. (the "Company") is incorporated under the *Business Corporations Act* (British Columbia). The Company's corporate office address is 595 Howe Street, Suite 507, Vancouver, BC, V6C 2T5, and trades on the TSX Venture Exchange under the symbol "CRD", and on the OTCQX International under the symbol "CRDAF". TAG Oil Ltd. ("TAG"), a public company, owns 2,785,029 common shares or 49.18% interest of the Company. During the year ended February 29, 2016, the Company sold its interest in the electrical generation and sales business (see Note 10).

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

At August 31, 2016, the Company has a working capital of \$1,212,393 and an accumulated deficit of \$19,498,673.

The Company has cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets, where applicable. The carrying value of the Company's exploration and evaluation assets reflect historical costs incurred and is not intended to reflect current or future values.

There can be no assurance that the Company will be able to continue to raise funds in the future in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

These condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Refer also to Note 11.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Statement of compliance and basis of presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 29, 2016, which have been prepared in accordance with IFRS issued by the IASB.

The accounting policies applied by the Company in the condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements for the year ended February 29, 2016.

## CORONADO RESOURCES LTD.

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (b) Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries.

The Company's subsidiaries at August 31, 2016 are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Coronado Resources USA LLC	USA	100%	Mineral Property
Lynx Clean Power Corp.	Canada	100%	Holding Company
Lynx Gold Corp.	Canada	100%	Holding Company
Lynx Petroleum Ltd.	Canada	100%	Holding Company
Lynx Platinum Limited	New Zealand	100%	Inactive

#### (c) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets and property and equipment may not be recoverable.

#### (d) Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.



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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is reclassified as if the operation had been discontinued from the start of the comparative year.

#### (e) New accounting standards and recent pronouncements

Certain pronouncements were issued by the IASB or the IFRIC, but not yet effective as at August 31, 2016. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after March 1, 2016:

- 1) IFRS 9 – Financial Instruments (annual periods beginning March 1, 2018)

### 3. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro equipment	Generation equipment	IT Dev. in Progress	Office equipment	Buildings	Total
<b>Cost</b>								
February 28, 2015	\$ 321,213	\$ 667,005	\$ 999,707	\$ 5,646,296	\$ 1,282,848	\$ 74,087	\$ 90,332	\$ 9,081,488
Additions	-	-	-	-	673,961	4,462	-	678,423
Sale of assets	-	-	(756,667)	(5,236,417)	(1,885,540)	(40,932)	-	(7,919,556)
Foreign exchange movement	-	-	(44,509)	(409,879)	(71,269)	(2,145)	-	(527,802)
February 29, 2016	321,213	667,005	198,531	-	-	35,472	90,332	1,312,553
Additions	-	-	-	-	-	-	-	-
August 31, 2016	\$ 321,213	\$ 667,005	\$ 198,531	\$ -	\$ -	\$ 35,472	\$ 90,332	\$ 1,312,553
<b>Accumulated amortization</b>								
February 28, 2015	\$ -	\$ 413,985	\$ 452,714	\$ 250,139	\$ -	\$ 25,215	\$ 75,649	\$ 1,217,702
Additions	-	50,464	44,161	135,326	-	10,561	2,929	243,441
Sale of assets	-	-	(312,118)	(371,568)	-	(13,210)	-	(696,896)
Foreign exchange movement	-	-	(16,223)	(13,897)	-	(352)	-	(30,472)
February 29, 2016	-	464,449	168,534	-	-	22,214	78,578	733,775
Additions	-	20,422	3,024	-	-	1,337	1,185	25,968
August 31, 2016	\$ -	\$ 484,871	\$ 171,558	\$ -	\$ -	\$ 23,551	\$ 79,763	\$ 759,743
<b>Net book value</b>								
February 29, 2016	\$ 321,213	\$ 202,556	\$ 29,997	\$ -	\$ -	\$ 13,258	\$ 11,754	\$ 578,778
August 31, 2016	\$ 321,213	\$ 182,134	\$ 26,973	\$ -	\$ -	\$ 11,921	\$ 10,569	\$ 552,810

## CORONADO RESOURCES LTD.

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### 4. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets were comprised of properties located in Quebec, Canada, Montana, USA, and New Zealand. Capitalized expenditures are as follows:

	True North Property, Quebec	Madison Property, Montana	Platinum Property, New Zealand	Total
Balance, February 28, 2015	\$ 1	\$ 4,418,400	\$ 341,391	\$ 4,759,792
Expenditures during the year				
Amortization	-	60,867	-	60,867
Assessment and taxes	-	87,423	-	87,423
Camp costs	-	9,066	-	9,066
Consulting engineering	-	1,249	72,000	73,249
Fieldwork and wages	-	139,979	-	139,979
Permits, assay and testing	-	7,047	-	7,047
Power utilities	-	4,198	-	4,198
	-	309,829	72,000	381,829
Write-off of exploration and evaluation asset	(1)	-	(390,324)	(390,325)
Foreign exchange movement	-	-	(23,067)	(23,067)
Net expenditures in year	(1)	309,829	(341,391)	3 (31,563)
Balance, February 29, 2016	-	4,728,229	-	4,728,229
Expenditures during the period				
Amortization	-	24,632	-	24,632
Assessment and taxes	-	68,046	-	68,046
Camp costs	-	1,601	-	1,601
Fieldwork and wages	-	74,180	-	74,180
Permits, assay and testing	-	4,912	-	4,912
Power utilities	-	1,369	-	1,369
	-	174,740	-	174,740
Write-off of exploration and evaluation asset	-	(4,548,137)	-	(4,548,137)
Net expenditures in period	-	(4,373,397)	-	(4,373,397)
Balance, August 31, 2016	\$ -	\$ 354,832	\$ -	\$ 354,832

#### (a) Madison Property, Montana

In April 2005, the Company entered into an agreement to purchase a 100% interest in 6 patented and 12 unpatented mineral claims situated in Madison County, Montana. The agreement called for cash payments totaling \$300,000, share issuances, and work commitments in stages over five years. The acquisition was completed in 2010, subject to an annual payment equal to the greater of a 2% NSR or US\$50,000. The Company has increased and consolidated its claims since the original acquisition by adding 8 additional claims in the year ended February 28, 2007, and subsequently it increased its acreage by adding 22 contiguous claims. The 22 new claims replace 7 previous claims that were allowed to lapse, to increase the overall acreage and cover any non-contiguous boundaries.

## **CORONADO RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

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### **4. EXPLORATION AND EVALUATION ASSETS (Continued)**

In 2012, Coronado's management decided to temporarily halt its underground mining activities at its copper and gold mining property located in Silverstar, Montana (the "Madison Property"). The Madison Property was subsequently placed on maintenance as the Company reviewed its options to solidify an action plan for the Madison Property to maximize shareholder value and minimize capital expenditures.

As the property was sold subsequent to the period-end, the Company has written down the carrying value to the estimated sales price. Refer to Note 11.

#### **(b) Platinum Property, New Zealand**

On June 16, 2015, the Company announced that it had commenced the process to surrender all of its 6 platinum exploration permits by submitting the requisite application documentation to New Zealand Petroleum and Minerals. This decision came after having undertaken significant review and analysis of the permit areas and concluding that there was not an appropriate basis to continue exploration of the permit areas at that time. On July 27, 2015, the Company received confirmation that all of its platinum exploration permits were surrendered and therefore all costs associated with the property were written-off.

#### **(c) Title to exploration and evaluation assets**

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

#### **(d) Environmental**

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its exploration and evaluation asset activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

## **CORONADO RESOURCES LTD.**

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### **5. CAPITAL STOCK**

#### **(a) Authorized**

Unlimited number of common shares without par value.

#### **(b) Issued and outstanding**

*During the period ended August 31, 2016:*

No common shares were issued.

*During the year ended February 29, 2016:*

On December 8, 2015, the Company consolidated the outstanding share capital of the Company on the basis of 2 pre-consolidation common shares for 1 post consolidation common share.

#### **(c) Stock options**

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. All options granted under the plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three month period.

The purpose of the Plan is to provide directors, officers, key employees and certain other persons who provided services to the Company and its subsidiaries with an increased incentive to contribute to the future success and prosperity of the Company.

There were no stock options outstanding as of August 31, 2016 and February 29, 2016.

#### **(d) Share-based compensation**

There were no stock options issued during the six months ended August 31, 2016 and the year ended February 29, 2016.

## CORONADO RESOURCES LTD.

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### 6. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

	August 31, 2016	August 31, 2015
Consulting	\$ 12,000	\$ 25,000
Director fees	500	1,000
Management fees	30,000	29,194
	\$ 42,500	\$ 55,194

During the six month period ended August 31, 2016, the Company recorded discontinued operations sales in the amount of \$nil (2015 - \$220,794) from New Zealand related companies with significant influence over the company of which \$nil (2015 - \$63,998) was outstanding in the accounts receivable of assets held for sale at period end. For the six month period ended August 31, 2016, the Company recorded \$nil (2015 - \$128,389) in discontinued operations purchases from related companies with significant influence over the company. At August 31, 2016, \$nil (2015 - \$528,743) was outstanding in the accounts payable and accrued liabilities of liabilities held for sale.

During the six month period ended August 31, 2016, the Company was charged by a Canadian related company with significant influence \$26,790 (2015 - \$214,142) for management fees. At August 31, 2016, \$5,036 (2015 - \$985,393) is owing to the Canadian related company with significant influence is included in accounts payable and accrued liabilities.

All transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 7. FINANCIAL INSTRUMENTS RISK

The Company's financial instruments are exposed to the following risks:

#### *Credit Risk*

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations.

Cash and cash equivalents consist of cash bank balances and short-term deposits. The Company's short-term investments are held with a Canadian chartered bank and are monitored to ensure a stable return. The Company's short-term investments currently consist of term deposits as it is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As at August 31, 2016, there were no significant amounts past due or impaired.

#### *Market Risk*

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

## **CORONADO RESOURCES LTD.**

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### **7. FINANCIAL INSTRUMENTS RISK (Continued)**

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its purchases and capital commitments, and other financial obligations as they are due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon maintaining its current working capital balances, operating cash flows and ability to raise funds. To forecast and monitor liquidity, the Company prepares operating and capital expenditure budgets which are monitored and updated as considered necessary. Considering these circumstances and the Company's cash balance liquidity risk is assessed as low.

#### *Foreign Exchange Risk*

Foreign currency exchange rate risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. All of the Company's operational and capital activities related to our operations are transacted are primarily in United States dollars with some costs also being incurred in Canadian dollars.

The Company currently does not have significant exposure to other currencies and this is not expected to change in the foreseeable future as the capital commitments that are expected to be carried out in United States dollars will be limited. The Company has foreign exchange risk due to its activities carried out in Montana, USA, but is not viewed to be significant by the Company.

#### *Interest Rate Risk*

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these deposits have been in discounted instruments with pre-determined fixed yields. Interest rate movements will affect the fair value of these instruments so the Company manages maturity dates of these instruments to match cash flow needs, enabling realization at no loss in almost all cases.

#### *Fair Value of Financial Instruments*

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

## CORONADO RESOURCES LTD.

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### 7. FINANCIAL INSTRUMENTS RISK (Continued)

The fair value classification of the Company's financial instruments are as follows:

		August 31, 2016		February 29, 2016	
	Fair Value Level	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost
		\$	\$	\$	\$
<i>Financial assets:</i>					
Cash and cash equivalents	1	1,253,643	-	1,532,920	-
Reclamation deposits and restricted cash		-	90,375	-	92,692
		1,253,643	90,375	1,532,920	92,692
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-	58,376	-	59,264
		-	58,376	-	59,264

The Company's cash and cash equivalents are classified as level 1. During the six month period ended August 31, 2016 and the year ended February 29, 2016, there were no transfers between level 1, level 2 and level 3.

### 8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future development of the business and maintaining investor, creditor and market confidence.

The Company defines its capital as shareholders' equity and working capital. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the event that adjustments to the capital structure are required, the company may consider issuing additional equity, raising debt or revising its capital investment programs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements or restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated. The Company may require equity issues but it may not be required if cash flows from operations are sufficient to cover administrative and operating cost.

## CORONADO RESOURCES LTD.

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### 9. SEGMENTED INFORMATION

The Company previously operated in three geographic regions, and has reportable sales from operations as follows:

#### Geographic segments

The following sales and non-current assets are located in the following countries:

	As at August 31, 2016			
	Canada	United States	New Zealand	Total
Property and equipment	\$ 11,922	\$ 540,888	\$ -	\$ 552,810
Exploration and evaluation assets	-	354,832	-	354,832
Reclamation deposits and restricted cash	11,560	78,815	-	90,375
	\$ 23,482	\$ 974,535	\$ -	\$ 998,017

	For the year ended February 29, 2016			
	Canada	United States	New Zealand	Total
Discontinued operations sales revenue	\$ -	\$ -	\$ 7,257,174	\$ 7,257,174

	As at February 29, 2016			
	Canada	United States	New Zealand	Total
Property and equipment	\$ 13,258	\$ 565,520	\$ -	\$ 578,778
Exploration and evaluation assets	-	4,728,229	-	4,728,229
Reclamation deposits and restricted cash	11,520	81,172	-	92,692
	\$ 24,778	\$ 5,374,921	\$ -	\$ 5,399,699

The Company operates in the industry mining exploration and development segment.

	As at and for the six month period ended August 31, 2016		
	Electricity Generation and Retailing (discontinued)	Mining Exploration and Development	Total
Loss for the period	\$ -	\$ (4,704,600)	\$ (4,704,600)
Total assets	\$ -	\$ 2,268,786	\$ 2,268,786
Total liabilities	\$ -	\$ 58,376	\$ 58,376

	As at and for the year ended February 29, 2016		
	Electricity Generation and Retailing (discontinued)	Mining Exploration and Development	Total
Loss for the year	\$ (6,634,460)	\$ (973,773)	\$ (7,608,233)
Total assets	\$ -	\$ 6,974,274	\$ 6,974,274
Total liabilities	\$ 1,281	\$ 57,983	\$ 59,264



## CORONADO RESOURCES LTD.

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### 10. DISPOSAL GROUP SALE AND DISCONTINUED OPERATIONS

On February 18, 2016, the Company completed the sale of 2 of its 1 megawatt gas-fired generators pursuant to the terms of an asset purchase agreement dated October 30, 2015, between Opunake Hydro Limited ("OHL"), a wholly owned subsidiary of the Company, and Cheal Petroleum Limited, a wholly owned subsidiary of TAG. The Company also completed the sale of all of its issued and outstanding shares of OHL pursuant to the terms of a share purchase agreement dated October 30, 2015, between Lynx Clean Power Corp., a wholly owned subsidiary of the Company, and Opunake Hydro Holdings Limited, an unrelated Company, for total proceeds of \$2,017,653.

As at February 29, 2016, the electricity generation segment was classified as a discontinued operation. Accordingly, the comparative consolidated statement of comprehensive loss has been restated to show the discontinued operation separately from continuing operations.

#### a. Results of discontinued operation

	August 31, 2016	August 31, 2015
Electricity sales	\$ -	\$ 4,127,881
Cost of sales	-	(3,960,189)
		167,692
General and administrative expenses	-	(820,068)
Other items	-	102,325
Net loss for the period	\$ -	\$ (550,051)
Loss per share, basic and diluted	\$ -	\$ (0.10)

#### b. Cash flows from (used in) discontinued operation

	August 31, 2016	August 31, 2015
Net cash used in operating activities	\$ -	\$ (123,479)
Net cash from investing activities	-	(468,531)
Net cash flow for the period	\$ -	\$ (592,010)

#### c. Cumulative income or expenses included in OCI

There were \$758,213 in cumulative expenses included in OCI relating to the disposal.

### 11. SUBSEQUENT EVENTS

On October 13, 2016, the Company and its wholly owned subsidiary, Coronado Resources USA LLC ("Coronado USA"), completed the asset purchase and sale agreement with Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) ("Broadway"), pursuant to which Coronado USA would sell its copper and gold mining property located in Silverstar, Montana and related assets, in exchange for the following:

- 1) \$250,000 on the closing date;
- 2) 1,000,000 common shares of Broadway as follows:
  - i. 500,000 shares upon the first anniversary of the closing date; and
  - ii. 500,000 shares upon the second anniversary of the closing date; and
- 3) the sum of \$100,000, within 30 days of the commencement of commercial production.