# CORONADO RESOURCES LTD.

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

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2015

The following Management's Discussion and Analysis ("MD&A") is dated January 29, 2016, for the period ended November 30, 2015 and should be read in conjunction with the Coronado Resources Ltd. ("Coronado" or the "Company") accompanying condensed consolidated interim financial statements for the period ended November 30, 2015 and the audited consolidated financial statements for the year ended February 28, 2015.

These condensed consolidated interim financial statements for the period ended November 30, 2015 have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and its interpretation of the International Financial Reporting Interpretations Committee ('IFRIC'). 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 nine month period ended November 30, 2015 or the audited financial statements of the Company and the notes thereto for the year ended February 28, 2015. 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

Coronado announced on November 30, 2015 that at the annual general and special meeting of Coronado's shareholders, they approved proposed sale of two (2) 1 megawatt gas-fired generators by Coronado to Cheal Petroleum Limited, a wholly owned subsidiary of Tag Oil Ltd., pursuant to the terms of an Asset Purchase Agreement dated October 30, 2015.

Also, the proposed sale of all of the 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 Coronado, and Opunake Hydro Holdings Limited, was approved by a special resolution of the shareholders of Coronado and an ordinary resolution of disinterested shareholders of Coronado (the "OHL Sale").

Further, Coronado announced the approval of the proposed consolidation of all of its issued and outstanding common shares on a ratio of two (2) pre-consolidation shares for one (1) post-consolidation share (the "Consolidation") effective on the date on which the board of directors of the Company determines to carry out the Consolidation after receiving the acceptance of the TSX-V.

### Electricity Generation and Retail

The Company has made the decision, after careful review and consideration of the various factors impacting the Electrical Generation and Retail Power Business that it is in its best interest to sell Opunake Hydro and its subsidiary Utilise Limited.

The ongoing difficulties obtaining a secure long-term gas supply at a rate consistent with our business model and the uncertainty of raising capital in the current market to fund required future capital commitments has in the opinion of management, made this the prudent choice. The Company was not able to secure sufficient gas supply to grow generation at a pace to match is growing customer demand and has increased the risk of having to supply that demand from the spot market. This created uncertainty in input costs while the Company was faced with fixed sales revenue leading to lower gross profit we have been experiencing. At the same time the Company was faced with capital commitments for further increase in generation which may not have had a sufficient gas supply at a rate to generate a profit.

### Mining Exploration and Development

On July 31, 2014, Coronado announced that it was awarded five (5) platinum exploration permits in respect of New Zealand Petroleum and Minerals' ("NZP&M") Platinum New Zealand Blocks Offer 2013. On December 17, 2014, Coronado was granted another platinum exploration permit by NZP&M. All permits awarded reside on the South Island of New Zealand.

On July 27, 2015, Coronado has surrendered of all of its platinum exploration permits and therefore all costs associated with the property were written-off.

## 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 under the symbol "CRD", on the OTCQX International under the symbol "CRDAF" and on the Canadian Securities Exchange ("CSE") under the symbol "CRD". The Company carried on its business as a resource exploration company with a focus on mineral exploration opportunities in North America. The gold and copper mining property located in Silverstar, Montana, USA (the "Madison Property") was acquired and the Company carried on exploration activities on the site, and continued to evaluate other properties and opportunities. Coronado acquired OHL in a share exchange transaction that resulted in Coronado's major activity changing to predominately a generator and retailer of power, but continues to maintain its mineral resource exploration properties. There have been significant changes in the composition of the Company's management and Board of Directors, which has resulted in a thorough review of all operations. This review resulted in commencing and completing the process to surrender all of its platinum exploration permits.

**Madison Property**

In April 2005, the Company entered into an agreement to acquire a 100% interest in 6 patented and 12 unpatented claims in the Madison Property, subject only to 2% net smelter return or US$50,000 annual payment. The agreement called for option payments totaling US$300,000 and the issuance of shares and work commitments. All option payments, share issuances and work commitments have been made and completed. 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 it acreage by adding 22 contiguous claims to the Madison Property. The 22 new claims replace 7 previous claims that were allowed to lapse, to increase the overall acreage and cover any non-contiguous boundaries.

The Company continues to develop its strategy and plans for its mining property.

**Opunake Hydro Limited**

Coronado's electricity generation business through OHL falls into two categories: hydro generation and natural gas-fired generation, in which OHL provides retail customers with power purchased from the spot market augmented by in house peaking generation capacity. This approach has some inherent price risk involved with purchasing power on the spot market to supply customers with fluctuating demand. However, the Company tries to mitigate this risk by forecasting customer demand, using its peaking generation capacity, and purchasing hedge contracts.

In January 2014, Coronado successfully installed, tested, and commissioned a 1MW gas-fired generator at the Cheal oil and gas field site located in Taranaki, New Zealand (the "Cheal Site"), and subsequently added another 1MW gas-fired generator to the Cheal Site. Along with the 2MW of gas-fired generation capacity that were commissioned by OHL on April 8, 2013, and the 400kW hydro generator from OHL's existing hydro generation facility, Coronado's total generation capacity reached 4.4MW. The Company's plan for increased generation capacity was put on hold while gas availability was uncertain.

Coronado's subsidiary, Opunake Hydro Limited ("OHL"), entered into a comprehensive contractual agreement with Millennium Corporation ("Millennium") to develop a new electricity retailer, Utilise Limited ("Utilise"), which provided businesses in New Zealand with customized electricity pricing based on their consumption. OHL executed the agreements with several of Millennium's subsidiary companies to develop the brand, the information technology systems, as well as to provide sales and service infrastructure for Utilise.

During the period, the Company continued to experience difficulty operating it's generators at an optimum level to provide a hedge against price fluctuations in the spot rate. This resulted in higher power purchase costs than expected resulting in lower gross profits.

**OVERALL PERFORMANCE**

The Company's overall performance for the nine month period November 30, 2015, reflected a net loss from discontinued operations of $6,356,028 (which includes an impairment of $4,760,280) and a loss from continuing operations of $823,359. The Company currently has a working capital deficiency of $141,120 which would further deteriorate if the Company chose to continue operating its Generation and Retail Power segment. In order to rectify this deficiency, the Company has negotiated the sale of some of the generating assets to replenish the cash account and to sell Opunake Hydro Limited (OHL). Upon successful completion of the proposed transactions the Company will be in a position to fund its operations for a further twelve months.

The primary focus for the period was to evaluate the current availability of gas supply necessary for increasing generation to support sales increases and to evaluate other options to ensure the continued operations for the next twelve months. Without a substantial increase in sales the Company would not achieve a sufficient gross profit to cover operations, overhead and future capital commitments going forward. OHL was not able to source sufficient gas to ensure adequate generation for the required sales volume due to the declining exploration and overall downward trends in the oil and gas industry.

The operations of OHL have been included in Coronado since November 30, 2013, and they have not reached the level to provide consistent and increasing cash flow. The proposed sale of the OHL shares will allow the Company to replenish the cash account and reduce monthly cash outflow. The Company's management will work towards completing both proposed sale transaction, which will allow the Company to have the working capital to carry on for the next twelve months, once completed. Management is also reviewing the mining exploration and development sector, which has had the Madison Property on maintenance for the last several quarters and has surrendered all of its platinum exploration permits.

A discussion of each sector follows:

**Electricity Generation and Retail Power, discontinued operations**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Sales | $ 1,059,766 | $ 2,242,960 | $ 1,259,871 | $ 5,187,647 | $ 4,208,280 |
| Gross profit | $ 62,453 | $ 77,167 | $ 97,767 | $ 230,145 | $ 614,342 |
| Gross profit percentage | 6% | 3% | 8% | 4% | 15% |
| Loss for the period | $(5,805,978) | $ (65,597) | $ (88,621) | $(6,356,028) | $ (133,517) |

The above table represent the operating results of the discontinued operations of the Electricity Generation and Retail Power segment. They have been included to demonstrate the effect of the discontinued operations on ongoing operations. The current quarter's sales for the discontinued operations have decreased 53% from the prior quarter's figure and 16% from the same quarter in the prior year. The decline was in part due to the exit from a marketing agreement, the inability to generate sufficient power due to a lack of gas supply and seasonal demand for power. Without the sales growth and sufficient increase in gross profit to cover costs the operation would further reduce the Company's working capital and impair its ability to meet commitments.

The gross profit from discontinued operations decreased in dollar value and the gross profit percentage is lower than the target of approximately 10% to 12%. The gross profit was not sufficient to cover the costs of the segment and going forward the expectation is to eliminate these costs which will ensure that the Company can meet its commitments for the next twelve months.

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| IT Development in progress | $ 127,206 | $ 363,441 | $ 332,771 | $ 574,163 | $ 1,072,181 |
| Generation | - | - | 19,476 | - | 1,519,053 |
| Expenditures in period | $ 127,206 | $ 363,441 | $ 352,247 | $ 574,163 | $ 2,591,234 |

To date, OHL has installed and commissioned 4MW of gas-fired generation in addition to its 0.4MW hydro facility which are included in the assets in the Electricity Generation and Retail Power segment that are being discontinued.

The IT infrastructure development is also included in the Electricity Generation and Retail Power segment that is being discontinued and represented a significant fixed cost which the Company was contractually obligate to complete. This obligation is included in the assets held for sale.

**Mining Exploration and Development**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Sales | $ - | $ - | $ - | $ - | $ - |
| Gross profit | $ - | $ - | $ - | $ - | $ - |
| Gross profit percentage | 0% | 0% | 0% | 0% | 0% |
| Loss for the period | $ ( 173,812) | $ (470,245) | $ (208,773) | $ (823,359) | $ (719,537) |

The Company's loss from mining exploration and development, included the operations of the head office. The loss for the year to date includes the write-off of $390,594 for the platinum exploration permits and management fees of $221,566. In the current quarter the two largest expenses, Legal and Management fees of $81,062 and $72,206 respectively were predominately related to the oversight and negotiation of the sale of the Electricity Generation and Retail Power operations. Once the proposed transactions are complete the expenditure will reduce significantly for the remaining monthly operations.

**Madison Property, Montana**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Amortization | $ 15,173 | $ 15,344 | $ 19,023 | $ 45,859 | $ 57,483 |
| Assessment and taxes | 545 | 10,174 | 3,279 | 87,117 | 81,224 |
| Camp costs | 4,084 | - | 60 | 9,066 | 4,835 |
| Consulting engineering | - | 1,249 | - | 1,249 | - |
| Fieldwork and wages | 29,554 | 36,175 | 34,133 | 99,408 | 92,574 |
| Permits, assay and testing | 1,048 | 1,125 | 1,705 | 4,902 | 13,226 |
| Power utilities | 1,495 | 939 | 1,025 | 3,630 | 2,868 |
| | 51,899 | 65,006 | 59,225 | 251,231 | 252,210 |
| Exploration and evaluation asset recoveries in period | - | - | - | - | (29,070) |
| Net expenditures in period | $ 51,899 | $ 65,006 | $ 59,225 | $ 251,231 | $ 223,140 |

The Madison Property remained on maintenance while the Company focused on OHL and divesting its Electrical Generation and Retail Power. This entailed minimal staffing and activity to keep the site in good standing with all its environmental permits and regulatory authorities. The expenditures for the period remain consistent with the prior period however there were no recoveries in the period resulting in higher net expenditures of approximately $29,000. It is not anticipated that there will be any recoveries in the remainder of the year. There was no significant activity during the quarter beyond the basic maintenance procedures but the expenditures were down roughly $13,000 largely due to the assessment and taxes paid in the previous quarter. The Company is currently reviewing its several options with the Madison Property and would like to solidify an action plan in the near future.

**Platinum Property, New Zealand**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Consulting engineering | $ - | $ 44,860 | $ 30,690 | $ 72,000 | $ 165,540 |
| Permits, assay and testing | - | - | - | - | 136,612 |
| Net expenditures in period | $ - | $ 44,860 | $ 30,690 | $ 72,000 | $ 302,152 |

The consulting engineering and related costs of $72,000 represent the expenditure capitalized in the period for consultation, planning, and the work towards completing the literature review of the platinum exploration permits. No further revenue or expenditures are expected from this operation.

On July 27, 2015, Coronado was given notice that the surrender of all platinum exploration permits has been granted and therefore all costs associated with the property were written-off in the amount of $399,078 (NZ$447,046).

The Company focused on consultation with landowners and all stakeholders and analyzed existing data, prepared literature reviews and conducted the necessary geological and economic modeling to determine the potential of any commercial mineral deposits within these permits. The Company assessed the information gathered and made application to NZP&M for permission to relinquish the permits. The request has been reviewed by NZP&M and a ruling issued, which allowed the Company to surrender the permits.

## FINANCIAL RESULTS OF OPERATIONS

## RESULTS FOR THE QUARTER

**Summary of Quarterly Results**

| | Three Months Ended | | | |
|---|---|---|---|---|
| | November 30, 2015 | August 31, 2015 (1) | May 31, 2015 (1) | February 28, 2015 (1) |
| Sales | $ - | $ - | $ - | $ - |
| Gross profit | $ - | $ - | $ - | $ - |
| Loss from continuing operations | $ (173,812) | $ (470,245) | $ (484,454) | $ (269,619) |
| Net loss from discontinued operations | $ (5,805,978) | $ (65,597) | $ (179,301) | $ (325,294) |
| Loss for the period | $ (5,979,790) | $ (535,842) | $ (663,755) | $ (594,913) |
| Loss per share | $ (1.06) | $ (0.05) | $ (0.06) | $ (0.05) |
| | **November 30, 2014 (1)** | **August 31, 2014 (1)** | **May 31, 2014 (1)** | **February 28, 2014 (1)** |
| Sales | $ - | $ - | $ - | $ - |
| Gross profit | $ - | $ - | $ - | $ - |
| Loss from continuing operations | $ (266,425) | $ (208,773) | $ (251,788) | $ (141,170) |
| Net loss from discontinued operations | $ (81,172) | $ (21,362) | $ (23,534) | $ 197,320 |
| (Loss) income for the period | $ (347,597) | $ (230,135) | $ (275,322) | $ 56,250 |
| (Loss) income per share | $ (0.03) | $ (0.02) | $ (0.02) | $ 0.00 |

(1) The results for these quarters have been restated to remove the discontinued operations from and are reflected in the “Net Loss from discontinued operations”

**Sales**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Mining Exploration and Development | $ - | $ - | $ - | $ - | $ - |
| | $ - | $ - | $ - | $ - | $ - |

In the current quarter the Company has entered into two agreements that once completed will divest entirely the assets and operations of the Electricity Generation and Retail Power segment. The Company's remaining operations consist of exploration and evaluation assets and do not current produce any revenue.

**Sales from discontinued operations**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Electricity Generation and Retail Power (1) | $1,059,766 | $2,242,960 | $1,259,871 | $5,187,647 | $4,208,280 |
| | $1,059,766 | $2,242,960 | $1,259,871 | $5,187,647 | $4,208,280 |

(1) The sales for the Electricity Generation and Retail Power are from discontinued operations and are shown here to demonstrate the impact this discontinuation will have on future operations.

Sales for the three months ended November 30, 2015, decreased by $200,105 over the sales from the same quarter in the previous year and decreased by $1,183,194 from the previous quarter. The decrease from both the previous quarter and same quarter in the previous year was due to seasonal fluctuation in demand, the loss of the industrial customer which had not been completely replaced by commercial/retail customers. The commercial/retail sales effort with our Utilise brand and expanded sales staff was hampered by lack of generation to meet the growing demand. The sales effort was scaled back as a result and an agreement was negotiated to sell the operations.

**Gross Profit**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2014 | 2013 |
| Mining Exploration and Development | $ - | $ - | $ - | $ - | $ - |
| | $ - | $ - | $ - | $ - | $ - |

In the current quarter the Company entered into two agreements that once completed will divest entirely the assets and operations of the Electricity Generation and Retail Power segment. The Company's remaining operations consist of exploration and evaluation assets and do not currently produce any revenue, cost of production, or gross profit.

**Gross Profit, from discontinued operations**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2014 | 2013 |
| Electricity Generation and Retail Power | $ 62,453 | $ 77,167 | $ 97,767 | $ 230,145 | $ 614,342 |
| | $ 62,453 | $ 77,167 | $ 97,767 | $ 230,145 | $ 614,342 |

The gross profit for the three months ended November 30, 2015 was down $35,374 from the same quarter in the previous year and down $14,714 from the previous quarter.

The Gross profit for the year to date was down significantly from the prior year mainly due to the increased cost of sales associated with the Utilise brand launch and continued support. The projected sales increase and resulting gross profit increase would have provided sufficient cash flow for continuing operations but it relied on having increases in generation. With insufficient gas supply to achieve the necessary growth management felt it was in the best interest of the Company to discontinue operations.

**Loss for the Period**

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | **Q3** | **Q2** | **Q3** | **2015** | **2014** |
| **Loss from operations**, Mining Exploration and Development | $ (173,812) | $ (470,245) | $ (266,425) | $ (823,359) | $ (726,986) |
| **Loss from discontinued operations**, Electricity Generation and Retail Power | $ (5,805,978) | $ (65,597) | $ (81,172) | $ (6,356,028) | $ (126,068) |
| | $ (5,979,790) | $ (535,842) | $ (347,597) | $ (7,179,387) | $ (853,054) |

The Company's operations for the three months ended November 30, 2015 produced a loss of $5,979,790 compared to loss of $347,597 for the same quarter in the previous year. The current quarter showed a loss of $173,812 from continuing operations, which is currently comprised of the mining exploration and development segment. The loss from discontinued operations which included the estimated loss on disposal all the assets, liabilities and operations of the electricity generating and retail power segment, amounted to $5,805,978.

The current loss from discontinued operations (power generation and retailing sector) is $5,805,978 which included a charge for the impairment of operations of $4,760,280. This represents the deficiency of expected proceeds from the sales of the assets, liabilities and operations of the power generation and retailing sector over historical costs. The remaining loss $1,045,698 was a result of the operations of the power generation and retailing sector which included a charge of $419,378 for the commissions earned by the Millennium group for the Sales Marketing arrangement.

The current loss from operations (mining exploration and development) includes the operational costs of maintaining the Madison Property and the costs of maintaining the corporate operations of the Company. Included in the period were management fees of $56,979 incurred for services provided by a Canadian related company with significant influence. These services are provided as needed on a cost plus basis for operational support in assisting OHL and in further advances and evaluating mining exploration opportunities and activities.

## LIQUIDITY AND CAPITAL RESOURCES

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | **Q3** | **Q2** | **Q3** | **2015** | **2014** |
| Cash and cash equivalents | $ 937,914 | $ 1,764,586 | $ 3,568,780 | $ 937,914 | $ 3,568,780 |
| Working capital | $ (141,120) | $ 464,696 | $ 3,113,850 | $ (141,120) | $ 3,113,850 |

As at the date of this report, the Company does not have adequate cash and working capital to fund its operations and planned capital expenditures for the next twelve months. The Company however has recognized the need to rectify the deficiency and has arrange two transaction to complete subsequent to this report which will correct the deficiency. It is anticipated that the Asset Sales agreement will provide sufficient funds to increase the working capital to fund its operations and planned capital expenditures for the next twelve months. Any additional material capital expenditures or commitments may require a source of additional financing which may come from funds through equity financing.

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| 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 |

On November 14, 2014, the Company consolidated the outstanding share capital of the Company on the basis of seven (7) pre-consolidation common shares for one (1) post consolidation common share.

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.

During the nine month period November 30, 2015, the Company did not issue any common shares and did not issue or grant any stock options.

The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may affect the Company's ability to raise capital to acquire and explore resource properties. Management believes it will be able to raise the capital required to develop resource properties by various means of equity issuances, debenture financing or securing joint venture partners for projects.

## RELATED PARTY TRANSACTIONS

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

| | 2016 | 2016 | 2015 | Nine months ended November 30, | |
|---|---|---|---|---|---|
| | Q3 | Q2 | Q3 | 2015 | 2014 |
| Consulting fees | $ 6,000 | $ 11,000 | $ 9,000 | $ 31,000 | $ 27,000 |
| Directors fees | 250 | 500 | 1,250 | 1,250 | 1,750 |
| Management fees | 15,000 | 15,000 | 16,500 | 44,194 | 49,500 |
| | $ 21,250 | $ 26,500 | $ 26,750 | $ 76,444 | $ 78,250 |

During the nine month period ended November 30, 2015, the Company recorded sales in the amount of $671,300 (2014 - $646,878) from New Zealand related companies with significant influence over the Company of which $82,017 (2014 - $164,764) was outstanding in accounts receivable at period end. For the nine month period ended November 30, 2015, the Company recorded $432,870 (2014 - $200,048) in purchases from related companies with significant influence over the Company. At November 30, 2015, $714,133 (2014 - $36,119) was outstanding in accounts payable and accrued liabilities.

During the nine month period ended November 30, 2015, the Company was charged by a Canadian related company with significant influence $344,655 (2014 - $500,469) for management fees. At November 30, 2015, $1,066,661 (2014 - $582,730) owing to the Canadian related company with significant influence is included in accounts payable and accrued liabilities.

At November 30, 2015, OHL had a credit facility of NZ$900,000 that provides security to the New Zealand Electrical Clearing Manager to guarantee payments for electricity purchases, which a related company with significant influence over the Company has guaranteed.

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 January 29, 2016, is 5,662,340 common shares, and the Company has no shares purchase warrants and incentive stock options currently outstanding.

## SUBSEQUENT EVENTS

None noted.

## 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 and loans and advances payable. The Board of Directors 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

The power generation and retail industry in which the Company is primarily engaged is in general, highly competitive, as well as the resource industry in which the Company is still engaged. Competition in generation may come from low fuel cost, geothermal generation with peak demand met from hydro storage or batteries. Retail competition could come from other mass market suppliers moving into the electricity market, or the bundling of utility products. Competitors in the resource industry include well-capitalized resource companies, independent resource companies and other companies having financial and other resources far greater than those of the Company, thus a degree of competition exists between those engaged in the resource industry to acquire attractive resource properties.

## 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 nine month period November 30, 2015. 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 November 30, 2015 condensed consolidated interim financial statements.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions, which have not been disclosed.

## FINANCIAL INSTRUMENTS RISK

A detailed summary of all the Company's financial instruments risk is included in Note 8 of the Company's November 30, 2015 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

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that Coronado will be able to secure the funds necessary to continue to explore its gold, copper and platinum mineral properties, or, even if the funds are available, will continue with the exploration of its mineral properties. There is also no assurance that any of Coronado's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

Following the completion of the OHL acquisition, Coronado changed the focus of its business from a junior mining company to a power generation and retailing company in New Zealand. Some of the additional risks that are faced by Coronado are, among other things: the possible failure of Coronado to successfully integrate Coronado and OHL and manage the related expansion risks and to realize the anticipated benefits of the OHL acquisition; the ability to obtain necessary financing and resources for the operation, development and/or expansion of Coronado's power generation and retailing business and mining operations; the health of the economy generally, and the state of the oil and gas industry and its effect on exploration and gas supply; current and future stock price volatility; electricity demand and global market factors and fluctuations in energy and input prices and market conditions; operation risks such as overcapacity risk, disruptions in production, equipment failure, supply failure, changes in hydrology, opposition to production, unexpected increases in raw materials costs; reliance on licences, permits, approvals and renewals from governmental authorities and the risks associated with the complexity of, and any changes to, the regulatory environment or delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities; political instability and arbitrary changes in law; changes in the cost of doing business as a result of any changes in the regulatory environment; dependence upon key contracts with certain counterparties and reliance on certain wholesale supply agreements; management inexperience and dependence upon key management employees; fluctuations in foreign currency exchange rates; volumetric and hedging risks; property title and investments related risks, including the potential for the existence of undetected or unregistered interests or claims over the property of Coronado; possible changes in business prospects and opportunities; transportation and construction delays; failure of plant, equipment or processes to operate as anticipated; accidents, environmental risks, labour disputes and other risks of the energy and mining industries; and availability of and access to interconnection facilities and transmission systems.

The factors identified above are not intended to represent a complete list of the risks faced by Coronado. While management of Coronado 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 ARRANGMENTS

The Company has not entered into any off-balance sheet transactions.

## 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 or on Coronado's website at 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 operations of Coronado since completion of the OHL acquisition, and Coronado's overall strategic plan including statements pertaining to the Company's proposed business plans that include the operation and development of its power generation and retail business and the operation of its gold, copper, and platinum mining properties for the near and mid-term range. 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 current operations, and that a business plan for the near and mid-term range can be fulfilled. 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's operations will not continue at their current levels, and 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

Third Quarter ended November 30, 2015

Unaudited

(Expressed in Canadian dollars)

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

| | | November 30, 2015 | | February 28, 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ | 937,914 | $ | 3,123,046 |
| Amounts receivable | | 7,521 | | 990,601 |
| Prepaid expenses | | 23,460 | | 14,525 |
| | | 968,895 | | 4,128,172 |
| Property and equipment, net (Note 4) | | 594,610 | | 7,863,786 |
| Exploration and evaluation assets (Note 5) | | 4,669,631 | | 4,759,792 |
| Reclamation deposits, restricted cash and other | | 91,638 | | 191,858 |
| Assets held for sale (Note 11(d)) | | 3,676,404 | | - |
| | $ | 10,001,178 | $ | 16,943,608 |
| **Liabilities and Equity** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | $ | 1,110,015 | $ | 1,742,675 |
| Electricity derivative (Note 3) | | - | | 1,830 |
| Liabilities held for sale (Note 11(d)) | | 1,476,403 | | - |
| | | 2,586,418 | | 1,744,505 |
| **Shareholders' equity** | | | | |
| Capital stock (Note 6(b)) | | 20,127,801 | | 20,127,801 |
| Contributed surplus (Note 6(b)) | | 1,657,109 | | 1,657,109 |
| Foreign currency translation | | (4,923) | | 600,033 |
| Deficit | | (14,365,227) | | (7,185,840) |
| | | 7,414,760 | | 15,199,103 |
| | $ | 10,001,178 | $ | 16,943,608 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 12)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on January 29, 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 November 30, 2015 | Three Months Ended November 30, 2014 *(Restated) (Note 11)* | Nine Months Ended November 30, 2015 | Nine Months Ended November 30, 2014 *(Restated) (Note 11)* |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **General and administrative expenses** | | | | |
| Amortization | $ 825 | $ 1,034 | $ 2,491 | $ 3,123 |
| Audit and accounting | 11,197 | 21,135 | 17,017 | 25,527 |
| Bank charges | 570 | 1,255 | 1,446 | 2,187 |
| Consulting and director fees | 5,250 | 15,500 | 33,250 | 47,140 |
| Insurance | 2,000 | 1,724 | 7,014 | 6,138 |
| Legal | 81,062 | 11,712 | 102,859 | 28,285 |
| Management fees | 72,206 | 197,363 | 221,566 | 549,969 |
| Office and administration | 2,339 | 3,951 | 17,157 | 10,753 |
| Office rent | 7,294 | 7,369 | 22,715 | 22,005 |
| Shareholder relations | - | 36,049 | 11,966 | 68,238 |
| Transfer and filing fees | 6,938 | 26,789 | 23,497 | 59,865 |
| Travel | 219 | 962 | 7,049 | 5,703 |
| | (189,900) | (324,843) | (468,027) | (828,933) |
| **Other items** | | | | |
| Foreign exchange gain | 5,134 | 28,675 | 24,621 | 15,896 |
| Interest income | 2,470 | 29,743 | 10,641 | 52,492 |
| Write-off of exploration and evaluation asset | 8,484 | - | (390,594) | - |
| | 16,088 | 58,418 | (355,332) | 68,388 |
| **Net loss from continuing operations** | (173,812) | (266,425) | (823,359) | (760,545) |
| Net loss from discontinued operations (Note 11(a)) | (5,805,978) | (81,172) | (6,356,028) | (92,509) |
| **Net loss for the period** | (5,979,790) | (347,597) | (7,179,387) | (853,054) |
| **Other comprehensive loss** | | | | |
| Cumulative translation adjustment | 669,238 | (238,920) | (604,956) | (309,059) |
| **Comprehensive loss for the period** | $ (5,310,552) | $ (586,517) | $ (7,784,343) | $ (1,162,113) |
| **Loss per share, basic and diluted** | $ (1.06) | $ (0.06) | $ (1.27) | $ (0.15) |
| **Weighted average number of common shares outstanding** | 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)

| For the nine months ended November 30, | | 2015 | | 2014 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss for the period | $ | (7,179,387) | $ | (853,054) |
| Items not involving cash: | | | | |
| Amortization | | 143,681 | | 122,279 |
| Loss on hedge mark to market | | 113,939 | | 217,975 |
| Interest on reclamation deposit and restricted cash | | (197) | | (8,790) |
| Impairment on remeasurement of disposal group | | 4,760,280 | | - |
| Write-off of exploration and evaluation asset | | 390,594 | | - |
| Foreign exchange | | (13,353) | | (8,720) |
| | | (1,784,443) | | (530,310) |
| Changes non-cash working capital: | | | | |
| Amounts receivable | | (1,061,753) | | (122,376) |
| Prepaid expenses | | (11,120) | | 19,714 |
| Accounts payable and accrued liabilities | | 1,902,918 | | 599,078 |
| | | 830,045 | | 496,416 |
| **Cash used in operating activities** | | (954,398) | | (33,894) |
| **Financing activity** | | | | |
| Redemption of restricted deposits | | 50,711 | | - |
| **Cash used in financing activity** | | 50,711 | | - |
| **Investing activities** | | | | |
| Cash and cash equivalents included in assets held for sale | | (251,641) | | - |
| Equipment acquisitions | | (789,053) | | (2,584,722) |
| Exploration and evaluation asset expenditures | | (240,751) | | (487,908) |
| Exploration and evaluation asset recoveries | | - | | 29,070 |
| **Cash used in investing activities** | | (1,281,445) | | (3,043,560) |
| **Net outflow of cash and cash equivalents** | | (2,185,132) | | (3,077,454) |
| **Cash and cash equivalents, beginning of period** | | 3,123,046 | | 6,646,234 |
| **Cash and cash equivalents, end of period** | $ | 937,914 | $ | 3,568,780 |
| **Supplemental cash flow information** | | | | |
| Accounts payable included in equipment | $ | - | $ | 152,966 |
| Accounts payable included in exploration and evaluation assets | $ | 5,476 | $ | 14,489 |
| Interest received | $ | 24,408 | $ | 36,016 |
| **Cash and cash equivalents consist of:** | | | | |
| Cash | $ | 141,155 | $ | 1,002,872 |
| Short-term deposits | | 796,759 | | 2,565,908 |
| | $ | 937,914 | $ | 3,568,780 |

See accompanying notes.

**CORONADO RESOURCES LTD.**
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

| | Common Shares | | | | | |
|---|---|---|---|---|---|---|
| | Number | Amount | Contributed surplus | Foreign Currency Translation Reserve | Deficit | Total |
| **Balance, March 1, 2015** | 11,324,703 | $20,127,801 | $1,657,109 | $ 600,033 | $ (7,185,840) | $ 15,199,103 |
| Share consolidation | (5,662,363) | - | - | - | - | - |
| Currency translation adjustment | - | - | - | (604,956) | - | (604,956) |
| Net loss for period | - | - | - | - | (7,179,387) | (7,179,387) |
| **Balance, November 30, 2015** | 5,662,340 | $20,127,801 | $1,657,109 | $ (4,923) | $(14,365,227) | $ 7,414,760 |
| **Balance, March 1, 2014** | 79,273,092 | $20,127,801 | $1,657,109 | $ 455,037 | $ (5,737,873) | $ 16,502,074 |
| Share consolidation | (67,948,389) | - | - | - | - | - |
| Currency translation adjustment | - | - | - | (309,059) | - | (309,059) |
| Net loss for period | - | - | - | - | (853,054) | (853,054) |
| **Balance, November 30, 2014** | 11,324,703 | $20,127,801 | $1,657,109 | $ 145,978 | $ (6,590,927) | $ 15,339,961 |

See accompanying notes.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is incorporated under the *Business Corporations Act* (British Columbia) and is an electrical generation and sales company and also is engaged in the exploration and development of exploration and evaluation assets. The Company's corporate office address is #507 – 595 Howe Street, Vancouver, BC, V6C 2T5, and trades on the TSX Venture Exchange under the symbol "CRD", on the OTCQX International under the symbol CRDAF and on the Canadian Stock Exchange under the symbol "CRD". TAG Oil Ltd ("TAG"), a public company, owns 2,785,029 common shares or 49.18% interest of the Company. Subsequent to the period-end, the Company entered into agreement (see Note 12) which would remove itself from the electrical generation and sales business. As such, the Company has prepared these financial statements to reflect the assets and liabilities held for sale and the discontinued operations.

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 November 30, 2015, the Company has a working capital deficiency of $141,120 (February 28, 2015: capital of $2,385,497) and an accumulated deficit of $14,365,227 (February 28, 2015: $7,185,840).

With the planned disposal of the business of electrical generation and sales, the Company's focus returns to mining exploration which involves a high degree of risk. There is no assurance that exploration projects will result in future profitable operations. The business is subject to risk, market conditions, supply and demand, and competition. The Company has cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets reflects historical costs incurred and is not intended to reflect current or future values.

However, 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 conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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.

## 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 28, 2015, 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 28, 2015.

## 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 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 Gold (NZ) Limited | New Zealand | 100% | Inactive |
| Lynx Oil and Gas Limited | New Zealand | 100% | Inactive |
| Lynx Platinum Limited | New Zealand | 100% | Mineral Exploration |
| Opunake Hydro Limited | New Zealand | 100% | Electricity Generation and Retailing |
| Utilise Limited | New Zealand | 100% | Electricity Generation and Retailing |

### (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.

- the present value of electrical derivatives can be highly judgmental and is based on assumptions about the future impact of economic and environmental conditions on the wholesale price for electrical power in the New Zealand market, using historical data as indicators.

### (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:

**2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- 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.

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) Assets held for sale**

Non-current assets, or disposal comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to financial assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

**(f) New accounting standards and recent pronouncements**

The Company has evaluated the following new and revised IFRS standards and has determined there to be no material impact on the financial statements upon adoption:

- IAS 1 – Presentation of Financial Statements
- IFRIC 21 – Levies
- IAS 32 – Financial instruments - Presentation

**Future Changes in Accounting Policies**

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") but not yet effective as at November 30, 2015. 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 January 1, 2015:

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

(Unaudited - Expressed in Canadian Dollars)

## 3. ELECTRICTY DERIVATIVE

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value. Changes in the fair value of derivative instruments are recognized immediately in the profit or loss.

The only derivatives the company is party to are electricity derivatives with a few established electricity wholesaler producers. The derivative contract provides for payments for differences in respect of the price of electricity, at specific grid exit points.

## 4. PROPERTY AND EQUIPMENT

| | Land | Mining equipment | Hydro equipment | Generation equipment | IT Dev. in Progress | Office equipment | Buildings | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| February 28, 2014 | $ 321,213 | $ 667,005 | $ 932,086 | $ 4,069,215 | $ - | $ 39,922 | $ 90,332 | $ 6,119,773 |
| Additions | - | - | 55,068 | 1,519,053 | 1,282,848 | 34,089 | - | 2,891,058 |
| Foreign exchange movement | - | - | 12,553 | 58,028 | - | 76 | - | 70,657 |
| February 28, 2015 | 321,213 | 667,005 | 999,707 | 5,646,296 | 1,282,848 | 74,087 | 90,332 | 9,081,488 |
| Additions | - | - | - | - | 574,163 | - | - | 574,163 |
| Reclassification to assets held for sale | - | - | (743,017) | (5,236,417) | (1,763,886) | (35,811) | - | (7,779,131) |
| Foreign exchange movement | - | - | (58,159) | (409,879) | (93,125) | (2,804) | - | (563,967) |
| November 30, 2015 | $ 321,213 | $ 667,005 | $ 198,531 | $ - | $ - | $ 35,472 | $ 90,332 | $ 1,312,553 |
| **Accumulated amortization** | | | | | | | | |
| February 28, 2014 | $ - | $ 350,731 | $ 399,840 | $ 106,243 | $ - | $ 16,025 | $ 71,978 | $ 944,817 |
| Additions | - | 63,254 | 48,627 | 142,078 | - | 9,169 | 3,671 | 266,799 |
| Foreign exchange movement | - | - | 4,247 | 1,818 | - | 21 | - | 6,086 |
| February 28, 2015 | - | 413,985 | 452,714 | 250,139 | - | 25,215 | 75,649 | 1,217,702 |
| Additions | - | 38,021 | 35,397 | 103,269 | - | 9,606 | 2,206 | 188,499 |
| Reclassification to assets held for sale | - | - | (300,248) | (335,250) | - | (12,972) | - | (648,470) |
| Foreign exchange movement | - | - | (21,172) | (18,158) | - | (458) | - | (39,788) |
| November 30, 2015 | $ - | $ 452,006 | $ 166,691 | $ - | $ - | $ 21,391 | $ 77,855 | $ 717,943 |
| **Net book value** | | | | | | | | |
| February 28, 2015 | $ 321,213 | $ 253,020 | $ 546,993 | $ 5,396,157 | $ 1,282,848 | $ 48,872 | $ 14,683 | $ 7,863,786 |
| November 30, 2015 | $ 321,213 | $ 214,999 | $ 31,840 | $ - | $ - | $ 14,081 | $ 12,477 | $ 594,610 |

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets are 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, 2014 | $ 1 | $ 4,136,948 | $ - | $ 4,136,949 |
| Expenditures during the year | | | | |
| Amortization | - | 76,294 | - | 76,294 |
| Assessment and taxes | - | 85,300 | - | 85,300 |
| Camp costs | - | 5,306 | - | 5,306 |
| Consulting engineering | - | - | 194,672 | 194,672 |
| Fieldwork and wages | - | 125,120 | - | 125,120 |
| Permits, assay and testing | - | 14,604 | 146,719 | 161,323 |
| Power utilities | - | 3,898 | - | 3,898 |
| | - | 310,522 | 341,391 | 651,913 |
| Exploration and evaluation asset recoveries in year | - | (29,070) | - | (29,070) |
| Net expenditures in year | - | 281,452 | 341,391 | 622,843 |
| Balance, February 28, 2015 | 1 | 4,418,400 | 341,391 | 4,759,792 |
| Expenditures during the period | | | | |
| Amortization | - | 45,859 | - | 45,859 |
| Assessment and taxes | - | 87,117 | - | 87,117 |
| Camp costs | - | 9,066 | - | 9,066 |
| Consulting engineering | - | 1,249 | 72,000 | 73,249 |
| Fieldwork and wages | - | 99,408 | - | 99,408 |
| Permits, assay and testing | - | 4,902 | - | 4,902 |
| Power utilities | - | 3,630 | - | 3,630 |
| | - | 251,231 | 72,000 | 323,231 |
| Write-off of exploration and evaluation asset | (1) | - | (390,593) | (390,594) |
| Foreign exchange movement | - | - | (22,798) | (22,798) |
| Net expenditures in period | (1) | 251,231 | (341,391) | (90,161) |
| Balance, November 30, 2015 | $ - | $ 4,669,631 | $ - | $ 4,669,631 |

## 5. EXPLORATION AND EVALUATION ASSETS (Continued)

### (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.

The Company has extracted ore on a pre-commercial basis as a by-product of its exploration work. Accordingly, the proceeds realized on the sale of this ore have been offset against the exploration and development costs incurred.

### (b) Platinum Property, New Zealand

The Company's 100% owned subsidiary, Lynx Platinum Limited, had six mineral exploration permits which resided on the South Island of New Zealand and based on the analysis done to date were prospective for platinum group metals and other metallic minerals such as gold and silver.

On July 27, 2015, the Company was given notice that the surrender of all permits on the Platinum property has been granted 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) Realization of assets

The investment in and expenditures on exploration and evaluation assets comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements and possible aboriginal claims, and the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(Unaudited - Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (Continued)

### (e) 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.

## 6. CAPITAL STOCK

### (a) Authorized

Unlimited number of common shares without par value

### (b) Issued and outstanding

| | Number of Common Shares | Amount | Contributed Surplus |
|---|---|---|---|
| Balance, February 28, 2014 | 79,273,092 | $ 20,127,801 | $ 1,657,109 |
| Issued during the year: | | | - |
| Share consolidation (1) | (67,948,389) | - | - |
| Balance February 28, 2015 | 11,324,703 | $ 20,127,801 | $ 1,657,109 |
| Share consolidation (2) | (5,662,363) | - | - |
| Balance November 30, 2015 | 5,662,340 | $ 20,127,801 | $ 1,657,109 |

*(1) On November 14, 2014, the Company consolidated the outstanding share capital of the Company on the basis of seven (7) pre-consolidation common shares for one (1) post consolidation common share.*

*(2) 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. The difference of shares is due to rounding.*

### (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.

(Unaudited - Expressed in Canadian Dollars)

## 6. CAPITAL STOCK (Continued)

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

Details of the status of the Company's stock options and changes during the periods then ended are as follows:

| | Nine months ended November 30, 2015 | | Year Ended February 28, 2015 | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding and exercisable, beginning of period | - | $ - | 13,214 | $ 2.10 |
| Cancelled/expired | - | - | (13,214) | 2.10 |
| Outstanding and exercisable, end of period | - | $ - | - | $ - |

**(d) Share-based compensation**

There were no stock options issued during the nine months ended November 30, 2015.

## 7. RELATED PARTY TRANSACTIONS

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

| | November 30, 2015 | November 30, 2014 |
|---|---|---|
| Consulting | $ 31,000 | $ 27,000 |
| Director fees | 1,250 | - |
| Management fees | 44,194 | 49,500 |
| | $ 76,444 | $ 76,500 |

During the nine month period ended November 30, 2015, the Company recorded discontinued operations sales in the amount of $671,300 (2014 - $646,878) from New Zealand related companies with significant influence over the company of which $82,017 (2014 - $164,764) was outstanding in the accounts receivable of assets held for sale at period end. For the nine month period ended November 30, 2015, the Company recorded $432,870 (2014 - $200,048) in discontinued operations purchases from related companies with significant influence over the company. At November 30, 2015, $714,133 (2014 - $36,119) was outstanding in the accounts payable and accrued liabilities of liabilities held for sale.

During the nine month period ended November 30, 2015, the Company was charged by a Canadian related company with significant influence $344,655 (2014 - $500,469) for management fees. At November 30, 2015, $1,066,661 (2014 - $582,730) owing to the Canadian related company with significant influence is included in accounts payable and accrued liabilities.

At November 30, 2015, OHL had a credit facility of NZ$900,000 that provides security to the New Zealand Electrical Clearing Manager to guarantee payments for electricity purchases, which a related company with significant influence over the Company has guaranteed.

## 7. RELATED PARTY TRANSACTIONS (Continued)

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.

## 8. 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. The most significant exposure to this risk is relative to the sale of electrical output. All of the Company's generation is sold directly to retail and commercial customers in a government regulated industry. The Company is paid for its sales on industry standard terms and has the ability to suspend power in the event of nonpayment. The Company has assessed the risk of non-collection from the customer's as low due to the regulated nature of the business.

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 November 30, 2015, there were no significant amounts past due or impaired.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its power purchase 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.

*Market Risk*

Market risk is the risk that changes in foreign exchange rates, electricity prices 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.

*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 electricity sales are denominated in New Zealand dollars and operational and capital activities related to our operations are transacted primarily in New Zealand dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

## 8. FINANCIAL INSTRUMENTS RISK (Continued)

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 in New Zealand are expected to be carried out in New Zealand and to a lesser extent, in United States dollars.

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.

*Commodity Price Risk*

Commodity Price Risk is the risk that fluctuations in the price for electricity and natural gas could have a material effect on its financial condition. Prices for electricity and natural gas fluctuate in response to changes in supply and demand, market uncertainty, and a variety of other factors beyond the company's control. Such prices may also affect the cost of purchasing of electricity for resale and the level of spending for future activities. Prices received by the Company for its sales are negotiated by the Company but purchases are based on the spot rate and are impacted by environmental and economic events that dictate the levels of supply and demand. All of the Company's sales and generation is sold at negotiated rates but the purchases are either purchased on the spot market which is subject to fluctuation or the company purchases futures contracts for power, to hedge future sales reducing exposure for the Company, to the risk of price movements.

The Company had future price contracts in place as at or during the period ended November 30, 2015. The impact of $1.00 increase in the purchase price of electricity will increase costs in the amount $30,344 on an annual basis.

*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.

(Unaudited - Expressed in Canadian Dollars)

## 8. FINANCIAL INSTRUMENTS RISK (Continued)

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

| | | November 30, 2015 | | February 28, 2015 | |
|---|---|---|---|---|---|
| | 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 |
| | | $ | $ | $ | $ |
| *Financial assets:* | | | | | |
| Cash and cash equivalents | 1 | 937,914 | - | 3,123,046 | - |
| Reclamation deposits and restricted cash | | - | 91,638 | - | 191,858 |
| | | 937,914 | 91,638 | 3,123,046 | 191,858 |
| *Financial liabilities:* | | | | | |
| Accounts payable and accrued liabilities | | - | 1,110,015 | - | 1,742,675 |
| Electricity derivative | 2 | - | - | 1,830 | - |
| | | - | 1,110,015 | 1,830 | 1,742,675 |

The Company's cash and cash equivalents are classified as level 1. During the nine month period ended November 30, 2015 and the year ended February 28, 2015, there were no transfers between level 1, level 2 and level 3.

## 9. 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. During the period the company acquired an electricity generation and sales business which has long-term contracts for purchases and sales. This has resulted in the company no longer requiring equity issues to fund administration and exploration costs. The company may still require equity issues but it may not be required if cash flows from operations are sufficient to cover administrative and operating cost.

(Unaudited - Expressed in Canadian Dollars)

## 10. SEGMENTED INFORMATION

The Company now operates 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 November 30, 2015 | | | |
|---|---|---|---|---|
| | Canada | United States | New Zealand | Total |
| Property and equipment | $ 14,080 | $ 580,530 | $ - | $ 594,610 |
| Exploration and evaluation assets | - | 4,669,631 | - | 4,669,631 |
| Reclamation deposits and restricted cash | 11,604 | 80,034 | - | 91,638 |
| Assets held for sale | - | - | 3,676,404 | 3,676,404 |
| | $ 25,684 | $ 5,330,195 | $ 3,676,404 | $ 9,032,283 |

| | For the year ended February 28, 2015 | | | |
|---|---|---|---|---|
| | Canada | United States | New Zealand | Total |
| Discontinued operations sales revenue | $ - | $ - | $ 5,352,332 | $ 5,352,332 |

| | As at February 28, 2015 | | | |
|---|---|---|---|---|
| | Canada | United States | New Zealand | Total |
| Property and equipment | $ 16,571 | $ 626,387 | $ 7,220,828 | $ 7,863,786 |
| Exploration and evaluation assets | 1 | 4,418,400 | 341,391 | 4,759,792 |
| Reclamation deposits and restricted cash | 11,610 | 74,741 | 105,507 | 191,858 |
| | $ 28,182 | $ 5,119,528 | $ 7,667,726 | $12,815,436 |

The Company operates in two industry segments; electricity generating and retailing, and mining exploration and development.

| | As at November 30, 2015 | | |
|---|---|---|---|
| | Electricity Generation and Retailing *(discontinued)* | Mining Exploration and Development | Total |
| Loss for the period | $ (6,356,028) | $ (823,359) | $ (7,179,387) |
| Total assets | $ 3,676,404 | $ 6,324,773 | $ 10,001,178 |
| Total liabilities | $ 1,476,403 | $ 1,110,015 | $ 2,586,418 |

(Unaudited - Expressed in Canadian Dollars)

## 10. SEGMENTED INFORMATION *(Continued)*

| | As at February 28, 2015 | | |
|---|---|---|---|
| | Electricity Generation and Retailing *(discontinued)* | Mining Exploration and Development | Total |
| Sales revenue | $ 5,352,332 | $ - | $ 5,352,332 |
| Loss for the year | $ (458,811) | $ (989,156) | $ (1,447,967) |
| Total assets | $ 9,096,666 | $ 7,846,942 | $ 16,943,608 |
| Total liabilities | $ 935,929 | $ 808,576 | $ 1,744,505 |

## 11. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company is committed to sell its electrical generation operating segment in early 2016, following a decision to place greater focus on other activities (see Note 12).

The electricity generation segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of comprehensive profit or loss and OCI has been restated to show the discontinued operation separately from continuing operations.

a. *Results of discontinued operation*

| | November 30, 2015 | November 30, 2014 |
|---|---|---|
| Electricity sales | $ 5,187,647 | $ 4,028,280 |
| Cost of sales | (4,957,502) | (3,593,938) |
| | 230,145 | 434,342 |
| General and administrative expenses | (1,306,441) | (330,023) |
| Other items | (519,452) | (196,828) |
| Impairment on remeasurement of disposal group | (4,760,280) | - |
| Net loss for the period | $ (6,356,028) | $ (92,509) |
| Loss per share, basic and diluted | $ (1.12) | $ (0.02) |

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

| | November 30, 2015 | November 30, 2014 |
|---|---|---|
| Net cash used in operating activities | $ (822,658) | $ 400,385 |
| Net cash from investing activities | 284,704 | (591,400) |
| Net cash flow for the period | $ (537,954) | $ (191,015) |

(Unaudited - Expressed in Canadian Dollars)

## 11. DISCONTINUED OPERATIONS *(Continued)*

c. *Impairment losses relating to the remeasurement of disposal group*

Impairment losses of $4,760,280 for losses relating to the remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in net loss from discontinued operations. The impairment losses have been applied to reduce the carrying amount of property and equipment within the disposal group.

d. *Assets and liabilities of disposal group held for sale*

As at November 30, 2015, the disposal group was stated at fair value less costs to sell and comprised of the following assets and liabilities:

| | | |
|---|---|---|
| Property and equipment | $ | 2,370,381 |
| Cash | | 251,641 |
| Reclamation deposits, restricted cash and other | | 48,387 |
| Accounts receivable and prepaids | | 1,005,995 |
| Assets held for sale | $ | 3,676,404 |
| | | |
| Accounts payable and accrued liabilities | $ | 1,351,306 |
| Electricity derivatives | | 125,097 |
| Liabilities held for sale | $ | 1,476,403 |

e. *Cumulative income or expenses included in OCI*

There are no cumulative income or expenses included in OCI relating to the disposal.

f. Measurement of fair value

The non-recurring fair value measurement for the disposal is $2,200,001 has been categorized as a level 2 fair value based on the inputs to the valuation technique used.

## 12. SUBSEQUENT EVENTS

- The Company has proposed a sale of two (2) 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 Coronado, and Cheal Petroleum Limited, a wholly owned subsidiary of TAG Oil Ltd.

- Also, the Company has proposed the sale of all of the 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 Coronado, and Opunake Hydro Holdings Limited.

The completion of the Asset Sale and OHL Sale Acquisition (collectively the “Transactions”) remains subject to the satisfaction of a number of conditions.