CORONADO RESOURCES LTD.

Consolidated Financial Statements

February 28, 2015
and
February 28, 2014

(Expressed in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Coronado Resources Ltd.

We have audited the accompanying consolidated financial statements of Coronado Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2015 and 2014 and the consolidated statements of comprehensive (loss) income, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coronado Resources Ltd. and its subsidiaries as at February 28, 2015 and 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS
Vancouver, BC
June 29, 2015

CORONADO RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at February 28,	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 3,123,046	$ 6,646,234
Amounts receivable	990,601	800,730
Prepaid expenses	14,525	27,549
	4,128,172	7,474,513
Electricity derivative (Note 4)	-	248,565
Property and equipment, net (Note 5)	7,863,786	5,174,956
Exploration and evaluation assets (Note 6)	4,759,792	4,136,949
Reclamation deposits and restricted cash	191,858	163,746
	$ 16,943,608	$ 17,198,729
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,742,675	$ 627,096
Deferred tax liability (Note 12)	-	69,559
Electricity derivative (Note 4)	1,830	-
	1,744,505	696,655
Shareholders' equity		
Capital stock (Note 7(b))	20,127,801	20,127,801
Contributed surplus (Note 7(b))	1,657,109	1,657,109
Foreign currency translation	600,033	455,037
Deficit	(7,185,840)	(5,737,873)
	15,199,103	16,502,074
	$ 16,943,608	$ 17,198,729

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on June 29, 2015.

"Hugh Rogers "
……Director
Hugh Rogers

"Ashley Garnot "
……Director
Ashley Garnot

CORONADO RESOURCES LTD.

Consolidated Statements of Comprehensive (Loss) Income
(Expressed in Canadian Dollars)

For the years ended February 28,	2015	2014
Revenues		
Electricity sales	$ 5,352,332	$ 1,615,561
Cost of sales	(4,726,115)	(1,319,297)
	626,217	296,264
General and administrative expenses		
Amortization	205,947	40,438
Audit and accounting	75,487	59,408
Bank charges	35,734	11,258
Consulting fees	75,179	166,943
Directors fees	1,750	2,500
Insurance	49,662	18,006
Legal	32,984	274,702
Management fees	743,602	118,512
Market development	165,706	-
Office and administration	52,244	27,964
Office rent	51,138	39,384
Salaries and wages	400,371	127,554
Shareholder relations and communication	79,512	28,760
Transfer and filing fees	75,353	264,538
Travel	15,840	13,600
	(2,060,509)	(1,193,567)
Other items		
Foreign exchange gain	62,597	35,481
Interest income	86,517	68,519
Electricity derivative (loss) gain	(231,652)	248,565
Bargain purchase gain (Note 3)	-	1,225,879
	(82,538)	1,578,444
Net (loss) income before income taxes	(1,516,830)	681,141
Income taxes – recovered (deferred)	68,863	(69,559)
Net (loss) income for the year	(1,447,967)	611,582
Other comprehensive income		
Cumulative translation adjustment	144,996	455,037
Comprehensive (loss) income for the year	$ (1,302,971)	$ 1,066,619
(Loss) income per share, basic and diluted	$ (0.13)	$ 0.06
Weighted average number of common shares outstanding	11,324,703	10,130,454

See accompanying notes.

CORONADO RESOURCES LTD.

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended February 28,		2015		2014
Operating activities				
Net (loss) income for the year	$	(1,447,967)	$	611,582
Items not involving cash:				
Amortization		205,947		40,438
Bargain purchase gain		-		(1,225,879)
Electricity derivative loss (gain)		231,652		(248,565)
Income taxes – (recovered) deferred		(68,863)		69,559
Interest on reclamation deposit and restricted cash		(495)		(341)
Foreign exchange		(15,349)		181
		(1,095,075)		(753,025)
Changes non-cash working capital:				
Amounts receivable		(189,871)		(371,466)
Prepaid expenses		13,024		3,928
Accounts payable and accrued liabilities		972,374		(7,410)
		795,527		(374,948)
Cash used in operating activities		(299,548)		(1,127,973)
Financing activities				
Loan repayment		-		(20,000)
(Purchased) redemption of restricted term deposit		(17,580)		8,050
Share issue costs		-		(4,929)
Cash used in financing activities		(17,580)		(16,879)
Investing activities				
Cash of subsidiary on acquisition		-		1,604,399
Equipment purchases		(2,668,444)		(303,190)
Exploration and evaluation asset expenditures		(566,686)		(602,393)
Exploration and evaluation asset recoveries		29,070		675,758
Cash (used in) provided by investing activities		(3,206,060)		1,374,574
Net (outflow) inflow of cash and cash equivalents		(3,523,188)		229,722
Cash and cash equivalents, beginning of year		6,646,234		6,416,512
Cash and cash equivalents, end of year	$	3,123,046	$	6,646,234
Supplemental cash flow information				
Accounts payable included in exploration and evaluation assets	$	148,723	$	5,518
Interest received	$	86,022	$	77,806
Cash and cash equivalents consist of:				
Cash	$	998,223	$	1,161,206
Short-term deposits		2,124,823		5,485,028
	$	3,123,046	$	6,646,234

See accompanying notes.

CORONADO RESOURCES LTD.

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

	Common shares					
	Number	Amount	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance, February 28, 2013	64,811,524	$16,083,491	$1,657,109	$ -	$ (6,349,455)	$11,391,145
Acquisition of subsidiary	14,461,568	4,049,239	-	-	-	4,049,239
Share issue costs	-	(4,929)	-	-	-	(4,929)
Currency translation adjustment	-	-	-	455,037	-	455,037
Net income for year	-	-	-	-	611,582	611,582
Balance, February 28, 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	-	-	-	144,996	-	144,996
Net loss for year	-	-	-	-	(1,447,967)	(1,447,967)
Balance, February 28, 2015	11,324,703	$20,127,801	$1,657,109	$ 600,033	$ (7,185,840)	$15,199,103

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 trades on the TSX Venture Exchange under the symbol "CRD", the OTCQX International under the symbol CRDAF and on the Canadian Stock Exchange under the symbol "CRD". On September 27, 2013, the Company completed a change of business whereby Coronado acquired all of the outstanding common shares of Opunake Hydro Limited ("OHL") from TAG Oil Ltd. ("TAG") and Opunake Hydro Holdings Limited ("OHHL") in exchange for the issuance of 13,015,410 common shares of Coronado to TAG and 1,446,158 Coronado shares to OHHL. As a result of the acquisition, TAG owns 49.18% of the issued capital of Coronado and TAG and OHHL, collectively, own 51.01%. The Company's changed from being an exploration mining company to being predominately an electrical generation and sales company.

These consolidated 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 February 28, 2015, the Company had working capital of $2,385,497 (February 28, 2014: $6,847,417). At February 28, 2015, the Company also has an accumulated deficit of $7,185,840 (February 28, 2014: $5,737,873). The Company has working capital to fund its operations for the next twelve months, but may be reliant upon future equity financing to fund its operations and advance the development of its electrical generation and sales business.

The business of electrical generation and sales, as well as mining exploration involves a high degree of risk and there is no assurance that current electrical generation and sales, or exploration projects will result in future profitable operations. The Company has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, 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.

These consolidated 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) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation

The consolidated 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) Basis of Presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and its interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated 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 preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements is 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 consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical judgments 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 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.

(e) Property and equipment

All depreciable property and equipment is recorded at cost and amortized using a declining-balance method at rates from 4% - 50% annually. Additions during the year are amortized at one-half the annual rate. Amortization of exploration-related assets is included within deferred exploration and evaluation assets.

Assets attributable to electricity operations, with the exception of the natural gas generation assets, are recorded at cost less accumulated depreciation and depreciation is calculated using the declining-balance method. Corporate assets consist primarily of office equipment and leasehold improvements and are stated at cost less accumulated depreciation. Depreciation of these corporate assets is calculated using the declining-balance method.

All costs directly associated with the acquisition, setup and commissioning of natural gas generating equipment are capitalized at cost and amortized using the units of production method based on the manufactures expected useful life.

(f) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

(g) Exploration and evaluation assets

The Company capitalizes all costs related to investments in exploration and evaluation assets on a property-by-property basis. Such costs include exploration and evaluation asset acquisition costs and exploration and development expenditures, net of cost recoveries from incidental revenues. Incidental revenues are recognized when the product has been delivered to the buyer’s plant. Costs are deferred until such time as the extent of mineralization has been determined and exploration and evaluation assets are either developed, the interest is sold or the Company's mineral rights are allowed to lapse.

All capitalized costs are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property interest exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company’s assessment, it will be unable to sell the property interest for an amount greater than the deferred costs, provision is made for the impairment in value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

When it has been determined that a exploration and evaluation asset can be economically developed as a result of establishing proven and probable reserves, costs incurred prospectively to develop the property are capitalized as incurred and will be amortized using the unit-of-production method over the estimated life of the ore body based upon recoverable ounces to be mined from estimated proven and probable reserves.

The Company is still in the exploration stage and commercial production has not yet commenced. Hence, amortization has not been charged in these financial statements. Commercial production occurs when an asset or property is substantially complete and ready for its intended use. Revenues realized on the sale of ore prior to the commencement of commercial production are offset against the accumulated costs incurred on the property to which they relate, with any excess amounts included in operations.

From time to time the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale or option of the Company's property, are recorded as a reduction of the exploration and evaluation asset cost. The Company recognizes in income those costs that are recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

(h) Asset retirement obligation

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at February 28, 2015, the Company did not have any asset retirement obligations.

(i) Basic and diluted (loss) earnings per share

Basic (loss) earnings per share ("EPS") is calculated by dividing the net (loss) earnings for the period attributable to equity owners by the weighted average number of common shares outstanding during the period.

Diluted EPS is not presented when it is anti-dilutive.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise share options granted to employees and directors, and warrants.

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

(j) Share-based compensation

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

(k) Impairment

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Canadian dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

(iii) Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the year-end exchange rate;
- Income and expenses for each statement of income are translated at average exchange rates for the year; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

(m) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at years end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables. Amounts receivable, excluding GST, is included in this category of financial assets.

iii. Available-for-sale financial assets
Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company currently does not have any financial assets classified as AFS.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in other comprehensive income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss.

Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities are included in this category of financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

The Company holds derivative financial instruments to hedge its commodity price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(o) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is consumed by the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractual requirements, have been fulfilled. Revenue is measured based on the price specified in the sales contract.

(p) Accounting Standards issued but not yet effective

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

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 February 28, 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)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future accounting standards

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") but not yet effective as at February 28, 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 consolidated 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, 2015:

1) IFRIC 21 – Levies
2) IAS 32 – Financial instruments - Presentation
3) IAS 39 – Financial Instruments: Recognition and Measurement & IFRS 9 - Financial Instruments mandatory adoption date not yet finalized

3. ACQUISITION OF OPUNAKE HYDRO LIMITED ("OHL")

On September 27, 2013, the Company completed the planned change of business pursuant to the terms of a share purchase agreement dated May 13, 2013, between the Company and the shareholders' of OHL, Tag Oil Ltd. ("TAG") and Opunake Hydro Holdings Limited ("OHHL"). The Company purchased 100% of the outstanding common shares of OHL in exchange for 14,461,568 common shares of the Company.

	September 28, 2013
Purchase price consideration	
Value of 14,461,568 common shares issued	$ 4,049,239
Assets acquired and liabilities assumed	
Cash	$ 1,604,399
Current assets	445,287
Property, plant and equipment	3,759,101
Reclamation deposits and restricted cash	68,615
Current liabilities	(602,284)
Bargain purchase gain	(1,225,879)
	$ 4,049,239

4. 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 income 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.

5. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro equipment	Generation equipment	IT Dev. in Progress	Office equipment	Buildings	Total
Cost								
February 28, 2013	$ 321,213	$ 667,005	$ 198,531	$ -	$ -	$ 35,472	$ 90,332	$ 1,312,553
Additions	-	-	733,555	4,069,215	-	4,450	-	4,807,220
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
Accumulated amortization								
February 28, 2013	$ -	$ 271,663	$ 139,981	$ -	$ -	$ 9,578	$ 67,389	$ 488,611
Additions	-	79,068	259,859	106,243	-	6,447	4,589	456,206
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
Net book value								
February 28, 2014	$ 321,213	$ 316,274	$ 532,246	$ 3,962,972	$ -	$ 23,897	$ 18,354	$ 5,174,956
February 28, 2015	$ 321,213	$ 253,020	$ 546,993	$ 5,396,157	$ 1,282,848	$ 48,872	$ 14,683	$ 7,863,786

6. EXPLORATION AND EVALUATION ASSETS

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

	True North Property, Quebec	Madison Property, Montana	Platinum Property, New Zealand	Total
Balance, February 28, 2013	$ 1	$ 4,132,167	$ -	$ 4,132,168
Expenditures during the year				
Amortization	-	95,367	-	95,367
Assessment and taxes	-	85,645	-	85,645
Camp costs	-	10,753	-	10,753
Concentrating ore	-	254,544	-	254,544
Consulting engineering	-	2,869	-	2,869
Fieldwork and wages	-	129,877	-	129,877
Permits, assay and testing	-	20,340	-	20,340
Power utilities	-	3,968	-	3,968
Travel exploration	-	389	-	389
Trucking and transport	-	76,787	-	76,787
	-	680,539	-	680,539
Exploration and evaluation asset recoveries in year	-	(675,758)	-	(675,758)
Net expenditures in year	-	4,781	-	4,781
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

6. 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, was awarded five mineral exploration permits in respect of New Zealand Petroleum and Minerals Platinum New Zealand Blocks Offer 2013 and subsequently on December 17, 2014 it was awarded MEP 56391. All permits awarded reside on the South Island of New Zealand and based on the analysis done to date are prospective for platinum group metals and other metallic minerals such as gold and silver. Details of the permits awarded are summarized as follows:

Permit Number	Permit Name
MEP 56411	Longwood B
MEP 56409	Longwood C
MEP 56410	Murchison E-2
MEP 56412	Murchison E-4
MEP 56413	Murchison E-5
MEP 56391	Greenhills

(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.

6. 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.

7. 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 29, 2013	64,811,524	$ 16,083,491	$ 1,657,109
Issued during the year:			
Purchase of subsidiary (1)	14,461,568	4,049,239	-
Share issue costs	-	(4,929)	-
Balance, February 28, 2014	79,273,092	$ 20,127,801	$ 1,657,109
Issued during the year:			
Share consolidation (2)	(67,948,389)	-	-
Balance February 28, 2015	11,324,703	$ 20,127,801	$ 1,657,109

(1) On September 27, 2013, the Company issued 14,461,568 common shares for the purchase of 100% of the issued common shares of Opunake Hydro Limited.

(2) 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.

7. CAPITAL STOCK (Continued)

(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 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:

	February 28, 2015		February 28, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	13,214	$ 2.10	14,643	$ 2.10
Cancelled/expired	(13,214)	2.10	(1,429)	2.10
Outstanding and exercisable, end of year	-	$ -	13,214	$ 2.10

On June 7, 2014, 13,214 stock options expired.

(d) Share Purchase Warrants

Details of the status of the Company's share purchase warrants and changes during the years then ended are as follows:

	February 28, 2015		February 28, 2014	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	$ -	285,714	$ 2.52
Expired	-	-	(285,714)	2.52
Outstanding, end of year	-	$ -	-	$ -

(e) Share-based compensation

There were no stock options issued during the years ended February 28, 2015 and 2014.

8. RELATED PARTY TRANSACTIONS

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

		February 28, 2015		February 28, 2014
Consulting fees	$	45,000	$	39,000
Directors fees		1,750		2,500
Management fees		69,000		64,000
	$	115,750	$	105,500

During the year ended February 28, 2015, the Company recorded sales in the amount of $927,406 (2014 - $362,990) from related companies with significant influence over the company of which $155,245 (2014 - $148,648) was outstanding in accounts receivable at year end. For the year ended February 28, 2015, the Company recorded $344,810 (2014 - $116,711) in purchases from related companies with significant influence over the company of which $143,693 (2014 - $80,216) were outstanding in accounts payable and accrued liabilities at the year end.

Also included in accounts payable and accrued liabilities is $765,569 (2014 - $57,238) due to a related company with significant influence over the Company.

At February 28, 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.

9. 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 February 28, 2015, there were no significant amounts past due or impaired.

9. FINANCIAL INSTRUMENTS RISK (Continued)

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.

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.

9. FINANCIAL INSTRUMENTS RISK (Continued)

The Company had future price contracts in place as at and during the year ended February 28, 2015. The impact of a $1.00 increase in the purchase price of electricity would have increased costs in the amount $29,334 for the year.

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.

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

		February 28, 2015		February 28, 2014	
	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	3,123,046	-	6,646,234	-
Electricity derivative	2	-	-	248,565	-
Reclamation deposits and restricted cash		-	191,858	-	163,746
		3,123,046	191,858	6,894,799	163,746
Financial liabilities:					
Accounts payable and accrued liabilities		-	1,742,675	-	627,096
Electricity derivative	2	1,830	-	-	-
		1,830	1,742,675	-	627,096

The Company's cash and cash equivalents are classified as level 1 and the electricity derivative as level 2. During the years ended 2015 and 2014, there were no transfers between level 1, level 2 and level 3.

10. 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 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.

11. 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:

	For the year ended February 28, 2015			
	Canada	United States	New Zealand	Total
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

	For the year ended February 28, 2014			
	Canada	United States	New Zealand	Total
Sales revenue	$ -	$ -	$ 1,615,561	$ 1,615,561

11. SEGMENTED INFORMATION (Continued)

	As at February 28, 2014			
	Canada	United States	New Zealand	Total
Property and equipment	$ 20,715	$ 702,681	$ 4,451,560	$ 5,174,956
Exploration and evaluation assets	1	4,136,948	-	4,136,949
Reclamation deposits and restricted cash	11,736	65,972	86,038	163,746
	$ 32,452	$ 4,905,601	$ 4,537,598	$ 9,475,651

	As at February 28, 2015		
	Electricity Generation and Retailing	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
Liabilities	$ 935,929	$ 808,576	$ 1,744,505

	As at February 28, 2014(1)		
	Electricity Generation and Retailing	Mining Exploration and Development	Total
Sales revenue	$ 1,615,561	$ -	$ 1,615,561
Income (loss) for the year	$ 1,472,117	$ (860,535)	$ 611,582
Total assets	$ 6,582,217	$ 10,616,512	$ 17,198,729
Liabilities	$ 678,062	$ 18,593	$ 696,655

(1) During the year ended February 28, 2014, the Company acquired an electricity generation and retailing operation. With this addition to the existing mining exploration and development segment the company has two industry reporting segments. The results of the five months of operation since acquisition are segregated and shown above.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

As at February 28,	2015	2014
	$	$
Net (loss) income for the year before tax	(1,516,830)	681,141
Expected income tax (recovery) expense	(408,539)	208,185
Net adjustment for deductible and non-deductible amounts	(16,849)	(398,479)
Unrecognized benefit of current non-capital loss	356,525	259,853
Total income tax (recovery) expense	(68,863)	69,559

The components of the Company's deferred tax assets and liabilities are as follows:

As at February 28,	2015	2014
	$	$
Deferred tax asset: non-capital losses net of unrecognized amounts	1,002,374	709,691
Deferred tax liabilities: Mineral Properties	(1,002,374)	(779,250)
Net deferred tax	-	(69,559)

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

As at February 28,	2015	2014
	$	$
Deferred income tax liabilities:		
Exploration and evaluation carrying amounts in excess of tax pools	(3,312,803)	(2,607,027)
Non-capital loss carry-forwards	6,627,028	4,433,855
Equipment and share issue costs	513,573	398,966
Unrecognized deductible temporary differences	3,827,798	2,225,794

As at February 28, 2015, the Company has Canadian non-capital losses carry forward of approximately $4,422,000. These losses are available to be utilized as deductions against future year's Canadian taxable income operations. If not utilized, they will expire as follows:

2026	$	158,000
2027		293,000
2028		381,000
2029		291,000
2030		517,000
2031		250,000
2032		523,000
2033		338,000
2034		873,000
2035		798,000
	$	4,422,000

12. INCOME TAXES (Continued)

The Company has non-capital loss carry-forwards for tax purposes (expiring between 2026 and 2035) of approximately $1,387,000 (2014 – $972,000) available to be utilized as deductions against future year's US taxable income.

Finally, the Company also has non-capital loss carry-forwards for tax purposes, with an indefinite expiry date, of approximately $820,000 available to be utilized as deductions against future year's NZ taxable income.

13. SUBSEQUENT EVENTS

- On March 6, 2015, the Company announced that Mr. Daniel Brown had tendered his resignation as CEO and a Director of the Company and appointed Mr. Hugh Rogers, B.Sc., LL.B as CEO and Director of the Company.

- On April 10, 2015, the Company announced that Mr. Douglas Lynes had tendered his resignation as Director of the Company and appointed Mr. David Loretto as Director of the Company.

- On April 27, 2015, the Company appointed Mr. Frank Jacobs as Director of the Company.