
CORONADO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FORM 51-102F1

FOR THE THREE MONTHS ENDED MAY 31, 2016

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

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

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

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CURRENT DEVELOPMENTS

Corporate

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

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

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

COMPANY OVERVIEW

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

Madison Property

In 2012, Coronado’s management decided to temporarily halt its underground mining activities at the Madison Property, and the Madison Property was placed on maintenance. Since then, the Company continued to develop its strategy and plans for the Madison Property, and on July 21, 2016, entered into the APA pertaining to the Transaction that is expected to close in September, 2016. Meanwhile, the Company is continuing to assess acquisition opportunities in a diligent manner.

OVERALL PERFORMANCE

The Company’s overall performance for the three month period ended May 31, 2016, reflected a net loss of \$63,785 and a reduction in working capital of \$172,781. The Company currently has a working capital of \$1,342,530 and is in position to fund its operations for a further 12 months.

The primary focus for the period was reviewing the mining exploration and development sector, which has had the Madison Property on maintenance for the last several quarters.

Mining Exploration and Development

	Q1 2017	Q4 2016	Q1 2016
Sales	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -
Gross profit percentage	0%	0%	0%
Loss for the period	\$ (63,785)	\$ (156,833)	\$ (179,301)

The Company's loss from mining exploration and development included the operations of the head office. In the current quarter the three largest expenses, management fees, consulting and director fees and rent of \$33,544, \$11,000 and \$5,348 respectively were predominately related to the monthly operations.

Madison Property, Montana

	Q1 2017	Q4 2016	Q1 2016
Amortization	\$ 12,316	\$ 15,008	\$ 15,342
Assessment and taxes	68,046	306	76,398
Camp costs	1,601	-	4,982
Fieldwork and wages	36,462	40,571	33,679
Permits, assay and testing	4,880	2,145	2,729
Power utilities	1,109	568	1,196
Net expenditures in period	\$ 124,414	\$ 58,598	\$ 134,326

The Madison Property remained on maintenance during the quarter. This entailed minimal staffing and activity to keep the site in good standing with all its environmental permits and regulatory authorities. There was no significant activity during the quarter beyond the basic maintenance procedures, but the expenditures were up roughly \$65,000 from the previous quarter largely due to the licenses and assessment paid in the quarter.

FINANCIAL RESULTS OF OPERATIONS

RESULTS FOR THE QUARTER

Summary of Quarterly Results

	Three Months Ended			
	May 31, 2016	February 29, 2016	November 30, 2015	August 31, 2015
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (63,785)	\$ (156,833)	\$ (173,812)	\$ (470,245)
Net loss from discontinued operations	\$ -	\$ (272,013)	\$ (5,805,978)	\$ (65,597)
Loss for the period	\$ (63,785)	\$ (428,846)	\$ (5,979,790)	\$ (535,842)
Loss per share	\$ (0.01)	\$ (0.08)	\$ (1.06)	\$ (0.09)

	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (179,301)	\$ (269,619)	\$ (260,874)	\$ (208,773)
Net loss from discontinued operations	\$ (484,454)	\$ (325,294)	\$ (86,723)	\$ (21,362)
Loss for the period	\$ (663,755)	\$ (594,913)	\$ (347,597)	\$ (230,135)
Loss per share	\$ (0.12)	\$ (0.11)	\$ (0.06)	\$ (0.04)

Sales

	2017 Q1	2016 Q4	2016 Q1
Mining exploration and development	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

During the prior quarter, the Company completed the sale of its electricity generation and retail power assets. The Company's remaining operations consist of the Madison Property that is in the process of being sold in accordance with the APA, and does not currently produce any revenue.

Sales from Discontinued Operations

	2017 Q1	2016 Q4	2016 Q1
Electricity generation and retail power ⁽¹⁾	\$ -	\$2,069,527	\$1,884,921
	\$ -	\$2,069,527	\$1,884,921

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

Gross Profit

	2017 Q1	2016 Q4	2016 Q1
Mining exploration and development	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

The Company's 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

	2017 Q1	2016 Q4	2016 Q1
Electricity generation and retail power ⁽¹⁾	\$ -	\$ 101,735	\$ 90,525
	\$ -	\$ 101,735	\$ 90,525

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

Loss for the Period

	2017 Q1	2016 Q4	2016 Q1
Loss from operations,			
Mining exploration and development	\$ (63,785)	\$ (156,833)	\$(179,301)
Loss from discontinued operations,			
Electricity generation and retail power	-	(272,013)	(484,454)
	\$ (63,785)	\$ (428,846)	\$(663,755)

The Company's operations for the three months ended May 31, 2016 produced a loss of \$63,785 compared to loss of \$663,755 (which includes the loss from discontinued operations of the electricity generation and retail power segment of \$484,454) for the same quarter in the previous year.

The current loss for mining exploration and development includes the operational costs of maintaining the Madison Property and the costs of maintaining the corporate operations of the Company. Included in the period were management fees of \$18,544 incurred for services provided by TAG Oil Ltd. ("TAG"). These services are provided as needed on a cost plus basis for operational support in assisting in further advances and evaluating mining exploration opportunities and activities.

LIQUIDITY AND CAPITAL RESOURCES

	2017 Q1	2016 Q4	2016 Q1
Cash and cash equivalents	\$ 1,385,716	\$ 1,532,920	\$ 2,429,170
Working capital	\$ 1,342,530	\$ 1,515,311	\$ 1,700,398

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

	2017 Q1	2016 Q4 (1)	2016 Q1 (1)
Issued and outstanding shares	5,662,340	5,662,340	5,662,340
Issued and outstanding shares, fully diluted	5,662,340	5,662,340	5,662,340

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

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

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

RELATED PARTY TRANSACTIONS

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

	2017 Q1	2016 Q4	2016 Q1
Consulting fees	\$ 6,000	\$ 7,000	\$ 14,000
Directors fees	-	500	500
Management fees	15,000	15,000	14,194
	\$ 21,000	\$ 22,500	\$ 28,694

During the three month period ended May 31, 2016, the Company recorded discontinued operations sales in the amount of \$nil (2015 - \$228,544) from related companies with significant influence over the Company of which \$nil (2015 - \$144,847) was outstanding in the accounts receivable of assets held for sale at period end. For the three month period ended May 31, 2016, the Company recorded \$nil (2015 - \$128,257) in discontinued operations purchases from related companies with significant influence over the Company. At May 31, 2016, \$nil (2015 - \$105,717) was outstanding in the accounts payable and accrued liabilities of liabilities held for sale.

During the three month period ended May 31, 2016, the Company was charged by a Canadian related company with significant influence \$18,544 (2015 - \$103,617) for management fees. At May 31, 2016, \$5,566 (2015 - \$nil) is owing from the Canadian related company with significant influence is included in accounts receivable. At May 31, 2016, \$nil (2015 - \$874,608) is owing to the Canadian related company with significant influence is included in accounts payable and accrued liabilities.

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

SHARE CAPITAL

The Company's outstanding share position as at July 29, 2016, is 5,662,340 common shares, and the Company has no share purchase warrants or incentive stock options currently outstanding.

SUBSEQUENT EVENTS

On July 21, 2016, the Company and Coronado entered into the APA with Carolina in relation to the Transaction, which is expected to be completed in September, 2016.

CAPITAL MANAGEMENT

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

COMPETITION

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

CRITICAL ACCOUNTING ESTIMATES

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

CHANGES IN ACCOUNTING POLICIES

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

PROPOSED TRANSACTIONS

Aside from the transaction, the Company has no other proposed transactions that have not been disclosed.

FINANCIAL INSTRUMENTS RISK

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

FINANCIAL INSTRUMENTS

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

RISKS

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

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

Completion of the Transaction is conditional on receiving certain regulatory approvals, including approval of the TSX-V. A substantial delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions on the regulatory approvals could adversely affect the Company post-closing. The failure to obtain any such approvals will prevent the Company from completing the Transaction and may have a material adverse effect on the business and affairs of the Company and the trading price of the common shares.

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

OFF-BALANCE SHEET ARRANGMENTS

As part of the terms of the sale of OHL, the Company guaranteed a debt of NZ\$348,650 from OHL owing to a subsidiary of TAG. As at May 31, 2016, the amount of the debt is NZ\$292,339.

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

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