

CORONADO RESOURCES LTD.

Condensed Consolidated Interim Financial Statements

Third Quarter Ended November 30, 2016

Unaudited

(Expressed in Canadian dollars)

CORONADO RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	November 30, 2016	February 29, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 1,399,821	\$ 1,532,920
Amounts receivable	9,507	34,580
Shares receivable (Note 4a)	54,041	-
Prepaid expenses	9,336	7,075
	1,472,705	1,574,575
Shares receivable (Note 4a)	50,791	-
Property and equipment, net (Note 3)	-	578,778
Exploration and evaluation assets (Note 4)	-	4,728,229
Reclamation deposits, restricted cash and other	92,312	92,692
	\$ 1,615,808	\$ 6,974,274
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,695	\$ 59,264
	19,695	59,264
Shareholders' equity		
Capital stock (Note 5(b))	20,127,801	20,127,801
Contributed surplus (Note 5(d))	1,657,109	1,657,109
Foreign currency translation	(75,827)	(75,827)
Deficit	(20,112,970)	(14,794,073)
	1,596,113	6,915,010
	\$ 1,615,808	\$ 6,974,274

Nature of operations and going concern (Note 1)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on January 30, 2017.

"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,		Nine Months Ended November 30,	
	2016	2015	2016	2015
Continuing operations				
General and administrative expenses				
Amortization	\$ 661	\$ 825	\$ 1,998	\$ 2,491
Audit and accounting	173	11,197	28,183	17,017
Bank charges	463	570	1,273	1,446
Consulting and director fees	250	5,250	27,750	33,250
Insurance	2,261	2,000	6,783	7,014
Legal	9,502	81,062	25,545	102,859
Management fees	12,908	72,206	69,698	221,566
Office and administration	2,736	2,339	7,162	17,157
Office rent	4,711	7,294	15,028	22,715
Shareholder relations	200	-	440	11,966
Transfer and filing fees	13,238	6,938	18,596	23,497
Travel	-	219	-	7,049
	(47,103)	(189,900)	(202,456)	(468,027)
Other items				
Foreign exchange gain (loss)	3,514	5,134	(6,537)	24,621
Interest income	2,208	2,470	11,149	10,641
Loss on sale of exploration and evaluation asset	(28,933)	8,484	(4,577,070)	(390,594)
Loss on sale of property and equipment	(543,983)	-	(543,983)	-
	(567,194)	16,088	(5,116,441)	(355,332)
Net loss from continuing operations	(614,297)	(173,812)	(5,318,897)	(823,359)
Net loss from discontinued operations (Note 9(a))	-	(5,805,978)	-	(6,356,028)
Net loss for the period	(614,297)	(5,979,790)	(5,318,897)	(7,179,387)
Other comprehensive loss				
Cumulative translation adjustment	-	669,238	-	(604,956)
Comprehensive loss for the period	\$ (614,297)	\$ (5,310,552)	\$ (5,318,897)	\$ (7,784,343)
Loss per share, basic and diluted	\$ (0.11)	\$ (1.06)	\$ (0.94)	\$ (1.27)
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,	2016	2015
Operating activities		
Net loss for the period	\$ (5,318,897)	\$ (7,179,387)
Items not involving cash:		
Amortization	1,998	143,681
Loss on hedge mark to market	-	113,939
Interest on reclamation deposit and restricted cash	(227)	(197)
Impairment on remeasurement of disposal group	-	4,760,280
Loss on sale of exploration and evaluation asset	4,577,070	390,594
Loss on sale of property and equipment	543,983	-
Foreign exchange	607	(13,353)
	(195,466)	(1,784,443)
Changes non-cash working capital:		
Amounts receivable	25,073	(1,061,753)
Prepaid expenses	(2,261)	(11,120)
Accounts payable and accrued liabilities	(38,316)	1,902,918
	(15,504)	830,045
Cash used in operating activities	(210,970)	(954,398)
Financing activity		
Redemption of restricted term 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)
Exploration and evaluation asset expenditures	(172,129)	(240,751)
Proceeds on sale of exploration and evaluation assets	250,000	-
Cash used in investing activities	77,871	(1,281,445)
Net outflow of cash and cash equivalents	(133,099)	(2,185,132)
Cash and cash equivalents, beginning of period	1,532,920	3,123,046
Cash and cash equivalents, end of period	\$ 1,399,821	\$ 937,914
Supplemental cash flow information		
Accounts payable included in equipment	\$ -	\$ -
Accounts payable included in exploration and evaluation assets	\$ -	\$ 5,476
Interest received	\$ 3,956	\$ 24,408
Cash and cash equivalents consist of:		
Cash	\$ 263,562	\$ 141,155
Short-term deposits	1,136,259	796,759
	\$ 1,399,821	\$ 937,914

See accompanying notes.

CORONADO RESOURCES LTD.

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

	<u>Common Shares</u>		Contributed surplus	Foreign Currency Translation Reserve	Deficit	Total
	Number	Amount				
Balance, March 1, 2016	5,662,340	\$20,127,801	\$ 1,657,109	\$ (75,827)	\$ (14,794,073)	\$ 6,915,010
Net loss for period	-	-	-	-	(5,318,897)	(5,318,897)
Balance, November 30, 2016	5,662,340	\$20,127,801	\$ 1,657,109	\$ (75,827)	\$ (20,112,970)	\$ 1,596,113
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

See accompanying notes.

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Coronado Resources Ltd. (the "Company") is incorporated under the *Business Corporations Act* (British Columbia). The Company's corporate office address is located at 885 West Georgia Street, Suite 2040, Vancouver, BC, V6C 3E8, and trades on the TSX Venture Exchange under the symbol "CRD", and on the OTCQB under the symbol "CRDAF". TAG Oil Ltd. ("TAG"), a public company, owns 2,785,029 common shares or 49.18% interest of the Company. During the nine month period ended November 30, 2016, the Company through its wholly owned subsidiary, Coronado Resources USA LLC ("Coronado USA"), sold its copper and gold mining property located in Silverstar, Montana and related assets (the "Madison Property") (see Note 4). During the year ended February 29, 2016, the Company sold its interest in the electrical generation and sales business (see Note 9). The Company continues to review its options to solidify an action plan and is focused on maximizing shareholder value and minimizing capital expenditures, while assessing potential growth opportunities where practical.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of presentation

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

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

(b) 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.

(c) Basis of consolidation

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

The Company's subsidiaries at November 30, 2016 are:

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

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Discontinued operations

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

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

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

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

(e) New accounting standards and recent pronouncements

Certain pronouncements were issued by the IASB or the IFRIC, but not yet effective as at November 30, 2016. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

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

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

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

3. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro equipment	Generation equipment	IT Dev. in Progress	Office equipment	Buildings	Total
Cost								
February 28, 2015	\$ 321,213	\$ 667,005	\$ 999,707	\$ 5,646,296	\$ 1,282,848	\$ 74,087	\$ 90,332	\$ 9,081,488
Additions	-	-	-	-	673,961	4,462	-	678,423
Sale of assets	-	-	(756,667)	(5,236,417)	(1,885,540)	(40,932)	-	(7,919,556)
Foreign exchange movement	-	-	(44,509)	(409,879)	(71,269)	(2,145)	-	(527,802)
February 29, 2016	321,213	667,005	198,531	-	-	35,472	90,332	1,312,553
Sale of P&E	(321,213)	(667,005)	(198,531)	-	-	(35,472)	(90,332)	(1,312,553)
November 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated amortization								
February 28, 2015	\$ -	\$ 413,985	\$ 452,714	\$ 250,139	\$ -	\$ 25,215	\$ 75,649	\$ 1,217,702
Additions	-	50,464	44,161	135,326	-	10,561	2,929	243,441
Sale of assets	-	-	(312,118)	(371,568)	-	(13,210)	-	(696,896)
Foreign exchange movement	-	-	(16,223)	(13,897)	-	(352)	-	(30,472)
February 29, 2016	-	464,449	168,534	-	-	22,214	78,578	733,775
Additions	-	27,192	4,027	-	-	1,998	1,578	34,795
Sale of P&E	-	(491,641)	(172,561)	-	-	(24,212)	(80,156)	(768,570)
November 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net book value								
February 29, 2016	\$321,213	\$ 202,556	\$ 29,997	\$ -	\$ -	\$ 13,258	\$ 11,754	\$ 578,778
November 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

On October 13, 2016, the Company sold its Property and Equipment relating to the Madison Property. A resulting loss of \$543,983 was realized. See also Note 4(a).

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

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

	True North Property, Quebec	Madison Property, Montana	Platinum Property, New Zealand	Total
Balance, February 28, 2015	\$ 1	\$ 4,418,400	\$ 341,391	\$ 4,759,792
Expenditures during the year				
Amortization	-	60,867	-	60,867
Assessment and taxes	-	87,423	-	87,423
Camp costs	-	9,066	-	9,066
Consulting engineering	-	1,249	72,000	73,249
Fieldwork and wages	-	139,979	-	139,979
Permits, assay and testing	-	7,047	-	7,047
Power utilities	-	4,198	-	4,198
	-	309,829	72,000	381,829
Write-off of exploration and evaluation asset	(1)	-	(390,324)	(390,325)
Foreign exchange movement	-	-	(23,067)	(23,067)
Net expenditures in year	(1)	309,829	(341,391)	(31,563)
Balance, February 29, 2016	-	4,728,229	-	4,728,229
Expenditures during the period				
Amortization	-	32,797	-	32,797
Assessment and taxes	-	68,046	-	68,046
Camp costs	-	3,815	-	3,815
Fieldwork and wages	-	91,210	-	91,210
Permits, assay and testing	-	6,438	-	6,438
Power utilities	-	1,367	-	1,367
	-	203,673	-	203,673
Proceeds on sale of exploration and evaluation asset	-	(354,832)	-	(354,832)
Loss on sale of exploration and evaluation asset	-	(4,577,070)	-	(4,577,070)
Net expenditures in period	-	(4,728,229)	-	(4,728,229)
Balance, November 30, 2016	\$ -	\$ -	\$ -	\$ -

(a) Madison Property, Montana

In April 2005, the Company entered into an agreement to purchase the Madison Property. 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 later 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 replaced 7 previous claims that were allowed to lapse, to increase the overall acreage and cover any non-contiguous boundaries.

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

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

On October 13, 2016, the Company and Coronado USA, completed the asset purchase and sale agreement with Broadway Gold Mining Ltd. (formerly Carolina Capital Corp.) ("Broadway"), pursuant to which Coronado USA sold the Madison Property, in exchange for the following:

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

In addition to the \$250,000 received, the Company estimated and recorded gross proceeds of \$104.802 for the 1,000,000 shares of Broadway to be received. The fair value of the Broadway shares was used and discounted to estimate the value.

As a result of the Madison Property sale, the Company recognized a loss of \$4,577,070.

(b) Platinum Property, New Zealand

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

5. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the period ended November 30, 2016:

No common shares were issued.

During the year ended February 29, 2016:

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

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

5. 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. Unless otherwise specified by the Board of Directors at the time of granting an option, and subject to other term limits on option grants set out in the Plan, all options granted under the plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three month period.

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

There were no stock options outstanding as of November 30, 2016 and February 29, 2016.

(d) Share-based compensation

There were no stock options issued during the nine months ended November 30, 2016 and the year ended February 29, 2016.

6. RELATED PARTY TRANSACTIONS

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

	November 30, 2016	November 30, 2015
Consulting	\$ 12,000	\$ 31,000
Director fees	750	1,250
Management fees	36,000	44,194
	<u>\$ 48,750</u>	<u>\$ 76,444</u>

During the nine month period ended November 30, 2016, the Company recorded discontinued operations sales in the amount of \$nil (2015 - \$671,300) from New Zealand related companies of which \$nil (2015 - \$82,017) was outstanding in the accounts receivable of assets held for sale at period end. For the nine month period ended November 30, 2016, the Company recorded \$nil (2015 - \$432,870) in discontinued operations purchases from related companies. At November 30, 2016, \$nil (2015 - \$714,133) was outstanding in the accounts payable and accrued liabilities of liabilities held for sale.

During the nine month period ended November 30, 2016, the Company was charged by a Canadian related company with significant influence \$33,698 (2015 - \$344,655) for management fees. At November 30, 2016, \$12,289 (2015 - \$1,066,661) 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.

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS RISK

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

Credit Risk

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

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

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company does not have an allowance for doubtful accounts. As at November 30, 2016, there were no significant amounts past due or impaired.

Market Risk

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

Liquidity Risk

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

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

Interest Rate Risk

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

Fair Value of Financial Instruments

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

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

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS RISK (Continued)

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

		November 30, 2016		February 29, 2016	
	Fair Value Level	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost
		\$	\$	\$	\$
<i>Financial assets:</i>					
Cash and cash equivalents	1	1,399,821	-	1,532,920	-
Reclamation deposits and restricted cash		-	92,312	-	92,692
Shares receivable		-	104,832	-	-
		1,399,821	197,144	1,532,920	92,692
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-	19,695	-	59,264
		-	19,695	-	59,264

The Company's cash and cash equivalents are classified as level 1. During the nine month period ended November 30, 2016 and the year ended February 29, 2016, there were no transfers between level 1, level 2 and level 3.

8. CAPITAL MANAGEMENT

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

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

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

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

9. DISPOSAL GROUP SALE AND DISCONTINUED OPERATIONS

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

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

a. Results of discontinued operation

	November 30, 2016	November 30, 2015
Electricity sales	\$ -	\$ 5,187,647
Cost of sales	-	(4,957,502)
	-	230,145
General and administrative expenses	-	(1,306,441)
Other items	-	(519,452)
Impairment on remeasurement of disposal group	-	(4,760,280)
Net loss for the period	\$ -	\$ (6,356,028)
Loss per share, basic and diluted	\$ -	\$ (1.12)

b. Cash flows from (used in) discontinued operation

	November 30, 2016	November 30, 2015
Net cash used in operating activities	\$ -	\$ (822,658)
Net cash from investing activities	-	284,704
Net cash flow for the period	\$ -	\$ (537,954)

c. Impairment losses relating to the remeasurement of disposal group

In 2015, the impairment losses of \$4,760,280 related 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.

CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Month Period Ended November 30, 2016
(Unaudited - Expressed in Canadian Dollars)

9. DISPOSAL GROUP SALE AND DISCONTINUED OPERATIONS (Continued)

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

During the nine month period ended November 30, 2015, there were no cumulative income or expenses included in OCI relating to the disposal.