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# CORONADO RESOURCES LTD.

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

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2016

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The following Management's Discussion and Analysis ("MD&A") is dated January 30, 2017, for the nine month period ended November 30, 2016 and should be read in conjunction with the Coronado Resources Ltd. ("Coronado" or the "Company") accompanying condensed consolidated interim financial statements for the nine month period ended November 30, 2016 and the audited consolidated financial statements for the year ended February 29, 2016.

These condensed consolidated interim financial statements for the nine month period ended November 30, 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 nine month period ended November 30, 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.

## Table of Contents

CURRENT DEVELOPMENTS .....	3
Corporate.....	3
COMPANY OVERVIEW .....	3
OVERALL PERFORMANCE .....	4
Mining Exploration and Development.....	4
Madison Property, Montana .....	4
FINANCIAL RESULTS OF OPERATIONS.....	5
RESULTS FOR THE QUARTER.....	5
Summary of Quarterly Results.....	5
Sales .....	5
Sales from Discontinued Operations .....	5
Gross Profit .....	6
Gross Profit, from Discontinued Operations .....	6
Loss for the Period .....	6
LIQUIDITY AND CAPITAL RESOURCES .....	6
RELATED PARTY TRANSACTIONS.....	7
SHARE CAPITAL.....	7
SUBSEQUENT EVENTS .....	7
CAPITAL MANAGEMENT .....	8
COMPETITION .....	8
CRITICAL ACCOUNTING ESTIMATES.....	8
CHANGES IN ACCOUNTING POLICIES .....	8
PROPOSED TRANSACTIONS.....	8
FINANCIAL INSTRUMENTS RISK.....	9
FINANCIAL INSTRUMENTS .....	10
RISKS .....	10
OFF-BALANCE SHEET ARRANGMENTS .....	11
ADDITIONAL INFORMATION.....	11
FORWARD LOOKING STATEMENTS .....	11

## CURRENT DEVELOPMENTS

### Corporate

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

### 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 OTCQB under the symbol “CRDAF”.

During the current reporting period and in the last reported fiscal year, the Company operated three business units in two separate industry segments. These are as follows:

#### Mining

- 1) Lynx Platinum Limited – Platinum exploration and evaluation assets in New Zealand.
- 2) Coronado Resources USA LLC – The Madison Property, exploring for gold, silver and copper.

#### Electricity Production and Sales

- 1) Opunake Hydro Limited (“OHL”) – A natural gas power generation and sales retailer in New Zealand.

The Company, management and the board of directors (the “Board”) determined after considerable review that given the condition of the economy and the possible lack of positive cash flow in the foreseeable future that it was in the best interest of the Company and its shareholders to divest of the current business units and seek out more attractive opportunities.

During fiscal 2016, the Company completed an extensive analysis and discussion of the opportunity for growth and ability to raise financing for each business unit. This resulted in the decision to surrender all of its platinum exploration permits, as well as selling part of its generation equipment at market value and then selling all of its shares in OHL to a suitable purchaser for total proceeds of \$2,017,653.

In the current fiscal year, the Company entered into an APA to sell the Madison Property and that transaction closed on October 13, 2016, when all requisite approvals were received by the parties. 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.

There have been no significant changes in the composition of the Company’s management and Board during the quarter.

## OVERALL PERFORMANCE

The Company's objectives have been to reduce the level of losses and stabilize working capital to allow it to pursue value generation opportunities for the shareholders. The overall performance for the nine month period ended November 30, 2016, reflected a net loss of \$5,318,897, a working capital of \$1,453,010 and is in a position to fund its operations for a further 12 months.

The primary focus for the period was the sale of the Madison Property.

### Mining Exploration and Development

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Sales	\$ -	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -	\$ -
Gross profit percentage	0%	0%	0%	0%	0%
Loss for the period	\$ (614,297)	\$ (4,640,815)	\$ (173,812)	\$ (5,318,897)	\$ (823,359)

The Company's loss from mining exploration and development included the operations of the head office. In the current quarter the four largest expenses, management fees, transfer and filing fees, loss on sale of exploration and evaluation asset and write-off of property and equipment of \$12,908, \$13,238, \$28,933 and \$543,983 respectively were predominately related to the monthly operations and the sale of the Madison Property.

### Madison Property, Montana

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Amortization	\$ 8,165	\$ 12,316	\$ 15,173	\$ 32,797	\$ 45,859
Assessment and taxes	-	-	545	68,046	87,117
Camp costs	2,214	-	4,084	3,815	9,066
Consulting engineering	-	-	-	-	1,249
Fieldwork and wages	17,030	37,718	29,554	91,210	99,408
Permits, assay and testing	1,526	32	1,048	6,438	4,902
Power utilities	-	260	1,495	1,367	3,630
Net expenditures in period	\$ 28,935	\$ 50,326	\$ 51,899	\$ 203,673	\$ 251,231

The Madison Property was sold 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. The expenditures were down roughly \$21,000 from the previous quarter largely due to the elimination of ongoing costs.

## FINANCIAL RESULTS OF OPERATIONS

### RESULTS FOR THE QUARTER

#### Summary of Quarterly Results

	Three Months Ended			
	November 30, 2016	August 31, 2016	May 31, 2016	February 29, 2016
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (614,297)	\$ (4,640,815)	\$ (63,785)	\$ (156,833)
Net loss from discontinued operations	\$ -	\$ -	\$ -	\$ (272,013)
Loss for the period	\$ (614,297)	\$ (4,640,815)	\$ (63,785)	\$ (428,846)
Loss per share	\$ (0.11)	\$ (0.82)	\$ (0.01)	\$ (0.08)

  

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Sales	\$ -	\$ -	\$ -	\$ -
Gross profit	\$ -	\$ -	\$ -	\$ -
Loss from continuing operations	\$ (173,812)	\$ (470,244)	\$ (179,302)	\$ (269,619)
Net loss from discontinued operations	\$ (5,805,978)	\$ (65,598)	\$ (484,453)	\$ (325,294)
Loss for the period	\$ (5,979,790)	\$ (535,842)	\$ (663,755)	\$ (594,913)
Loss per share	\$ (1.06)	\$ (0.09)	\$ (0.12)	\$ (0.11)

#### Sales

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Mining Exploration and Development	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

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

#### Sales from Discontinued Operations

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Electricity generation and retail power <sup>(1)</sup>	\$ -	\$ -	\$1,059,766	\$ -	\$5,187,647
	\$ -	\$ -	\$1,059,766	\$ -	\$5,187,647

(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	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Mining Exploration and Development	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

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

## Gross Profit, from Discontinued Operations

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Electricity Generation and Retail Power <sup>(1)</sup>	\$ -	\$ -	\$ 62,453	\$ -	\$ 230,145
	\$ -	\$ -	\$ 62,453	\$ -	\$ 230,145

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

## Loss for the Period

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
<b>Loss from operations,</b>					
Mining Exploration and Development	\$ (614,297)	\$ (4,640,815)	\$ (173,812)	\$ (5,318,897)	\$ (823,359)
<b>Loss from discontinued operations,</b>					
Electricity Generation and Retail Power	-	-	(5,805,978)	-	(6,356,028)
	\$ (614,297)	\$ (4,640,815)	\$ (5,979,790)	\$ (5,318,897)	\$ (7,179,387)

The Company's operations for the three months ended November 30, 2016 produced a loss of \$614,297 compared to loss of \$5,979,790 (which includes the loss from discontinued operations of the electricity generation and retail power segment of \$5,805,978) for the same quarter in the previous year.

The current loss for mining exploration and development includes the loss on sale of the Madison Property, the write-off of the property and equipment and the costs of maintaining the corporate operations of the Company. Included in the period were management fees of \$6,908 incurred for services provided by a related party. These services are provided as needed on a cost plus basis for operational support in assisting in further advances and evaluating mining exploration opportunities and activities.

## LIQUIDITY AND CAPITAL RESOURCES

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Cash and cash equivalents	\$1,399,821	\$1,253,643	\$ 937,914	\$1,399,821	\$ 937,914
Working capital	\$1,453,010	\$1,212,393	\$ (141,120)	\$1,453,010	\$ (141,120)

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

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Issued and outstanding shares	5,662,340	5,662,340	5,662,340	5,662,340	5,662,340
Issued and outstanding shares, fully diluted	5,662,340	5,662,340	5,662,340	5,662,340	5,662,340

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

During the nine months ended November 30, 2016, the Company did not issue any common shares and did not issue or grant any stock options.

The absence of an active business may affect the Company's ability to raise capital to acquire properties and/or pursue other opportunities in the future.

## RELATED PARTY TRANSACTIONS

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

	2017	2017	2016	Nine months ended November 30,	
	Q3	Q2	Q3	2016	2015
Consulting fees	\$ -	\$ 6,000	\$ 6,000	\$ 12,000	\$ 31,000
Directors fees	250	500	250	750	1,250
Management fees	6,000	15,000	15,000	36,000	44,194
	\$ 6,250	\$ 21,500	\$ 21,250	\$ 48,750	\$ 76,444

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.

## SHARE CAPITAL

The Company's outstanding share position as at January 30, 2017, is 5,662,340 common shares, and the Company has no share purchase warrants or incentive stock options currently outstanding.

## SUBSEQUENT EVENTS

None noted.

## **CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support future business opportunities. The Company defines its capital as shareholders' equity, 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**

Management is required to make decisions with respect to estimates and assumptions for certain accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses. These accounting policies are discussed below and are included to highlight the critical accounting policies and practices used by the Company. Note the use of different policies and practices could create different results being reported. The Company's management reviews these estimates regularly. New information and changes in circumstance may result in changes to estimated amounts that differ materially from current estimates.

The following assessment of significant accounting policies and associated estimates is not meant to be exhaustive. In the future, the Company might realize different results from the application of new accounting standards issued by regulatory bodies.

To recognize the share based payment expense, the Company estimates the fair value of stock options granted using assumptions related to interest rates, expected life of the option, volatility of the underlying security and expected dividend yields. These assumptions may vary over time.

The accrual method of accounting requires management to incorporate certain estimates of costs as at a specific reporting date.

## **CHANGES IN ACCOUNTING POLICIES**

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)

## **PROPOSED TRANSACTIONS**

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



## 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.

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

	Fair Value Level	November 30, 2016		February 29, 2016	
		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.

## 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 APA transaction are intended to result in the Company having cash and cash equivalents, the Company has no active business. The Company has adequate cash for its current obligations, but may not have sufficient cash to sustain operations indefinitely. With limited financial resources and no revenue, there is no assurance that future funding will be available to the Company to pursue future endeavours. There is a risk that the Company could be forced to cease operations and become insolvent.

Following completion of the APA 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 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.

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

## OFF-BALANCE SHEET ARRANGEMENTS

As part of the terms of the sale of OHL, the Company guaranteed a debt of NZ\$348,650 from OHL owing to a subsidiary of TAG. As at November 30, 2016, the amount of the debt is NZ\$177,586.

## ADDITIONAL INFORMATION

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

## FORWARD LOOKING STATEMENTS

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

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

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