

# **CORONADO RESOURCES LTD.**

Condensed Consolidated Interim Financial Statements

Second Quarter ended August 31, 2017

Unaudited

(Expressed in Canadian dollars)

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

	August 31, 2017	February 28, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,402,751	\$ 1,463,241
Amounts receivable	1,341	12,293
Prepaid expenses	667	4,667
Shares receivable (Note 4)	56,590	54,812
	1,461,349	1,535,013
Restricted cash	11,642	11,601
Shares receivable (Note 4)	53,090	51,423
	\$ 1,526,081	\$ 1,598,037
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 15,747	\$ 50,167
	15,747	50,167
<b>Shareholders' equity</b>		
Capital stock (Note 5(b))	20,127,801	20,127,801
Contributed surplus (Note 5(d))	1,657,109	1,657,109
Deficit	(20,274,576)	(20,237,040)
	1,510,334	1,547,870
	\$ 1,526,081	\$ 1,598,037

Nature of operations and going concern (Note 1)  
Subsequent event (Note 9)

See accompanying notes.

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

"Giuseppe (Pino) Perone"

.....Director

Giuseppe (Pino) Perone

"Ashley Garnot"

.....Director

Ashley Garnot

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

	<b>Three Months Ended August 31,</b>		<b>Six Months Ended August 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>General and administrative expenses</b>				
Amortization	\$ -	\$ 669	\$ -	\$ 1,337
Audit and accounting	-	27,875	3,000	28,010
Bank charges	185	422	269	810
Consulting and director fees	500	16,500	500	27,500
Insurance	2,000	2,261	4,000	4,522
Legal	-	11,760	1,124	16,043
Management fees	10,904	23,246	23,935	56,790
Office and administration	143	2,330	170	4,426
Office rent (recovery)	(1,905)	4,969	(1,905)	10,317
Shareholder relations	1,310	240	1,310	240
Transfer and filing fees	5,604	3,802	8,423	5,358
	(18,741)	(94,074)	(40,826)	(155,353)
<b>Other items</b>				
Foreign exchange loss	(6,549)	(1,015)	(4,456)	(10,051)
Interest and accretion	3,934	2,411	7,746	8,941
Write-off of exploration and evaluation asset	-	(4,548,137)	-	(4,548,137)
	(2,615)	(4,546,741)	3,290	(4,549,247)
<b>Net loss and comprehensive loss for the period</b>	\$ (21,356)	\$ (4,640,815)	\$ (37,536)	\$ (4,704,600)
<b>Loss per share, basic and diluted</b>	\$ (0.01)	\$ (1.64)	\$ (0.01)	\$ (1.66)
<b>Weighted average number of common shares outstanding</b>	2,831,410	2,831,410	2,831,410	2,831,410

See accompanying notes.

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

<b>For the six months ended August 31,</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss for the period	\$ (37,536)	\$ (4,704,600)
Items not involving cash:		
Amortization	-	1,337
Interest and accretion	(3,486)	(172)
Write-off of exploration and evaluation asset	-	4,548,137
Foreign exchange	-	2,489
	(41,022)	(152,809)
Changes non-cash working capital:		
Amounts receivable	10,952	21,051
Prepaid expenses	4,000	3,478
Accounts payable and accrued liabilities	(34,420)	(5,526)
	(19,468)	19,003
<b>Cash used in operating activities</b>	<b>(60,490)</b>	<b>(133,806)</b>
<b>Investing activity</b>		
Exploration and evaluation asset expenditures	-	(145,471)
<b>Cash used in investing activity</b>	<b>-</b>	<b>(145,471)</b>
<b>Net outflow of cash and cash equivalents</b>	<b>(60,490)</b>	<b>(279,277)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,463,241</b>	<b>1,532,920</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,402,751</b>	<b>\$ 1,253,643</b>
<b>Supplemental cash flow information</b>		
Accounts payable included in exploration and evaluation assets	\$ -	\$ 5,891
Interest received	\$ 4,260	\$ 3,976
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 260,251	\$ 93,361
Short-term deposits	1,142,500	1,160,282
	<b>\$ 1,402,751</b>	<b>\$ 1,253,643</b>

See accompanying notes.

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

	<u>Common Shares</u>			Foreign Currency Translation Reserve	Deficit	Total
	Number	Amount	Contributed surplus			
<b>Balance, March 1, 2017</b> <sup>(1)</sup>	2,831,410	\$20,127,801	\$1,657,109	\$ -	\$ (20,237,040)	\$ 1,547,870
Net loss for period	-	-	-	-	(37,536)	(37,536)
<b>Balance, August 31, 2017</b>	2,831,410	\$20,127,801	\$1,657,109	\$ -	\$ (20,274,576)	\$ 1,510,334
<b>Balance, March 1, 2016</b> <sup>(1)</sup>	2,831,410	\$20,127,801	\$1,657,109	\$ (75,827)	\$ (14,794,073)	\$ 6,915,010
Net loss for period	-	-	-	-	(4,704,600)	(4,704,600)
<b>Balance, August 31, 2016</b>	2,831,410	\$20,127,801	\$1,657,109	\$ (75,827)	\$ (19,498,673)	\$ 2,210,410

(1) On October 20, 2017, the Company consolidated the outstanding share capital of the Company on the basis of two (2) pre-consolidation common shares for one (1) post consolidation common share. Comparatives have been adjusted retrospectively.

See accompanying notes.

## **CORONADO RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Six Month Period Ended August 31, 2017  
(Unaudited - Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Coronado Resources Ltd. (the "Company" or "Coronado") 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 the common shares trade on the NEX as of March 1, 2017, a separate board of the TSX Venture Exchange, under the symbol "CRD.H" and on the OTCQB under the symbol "CRDAF". On May 25, 2017, TAG Oil Ltd. completed the distribution of its approximately 2,785,029 common shares of Coronado to its shareholders of record. During the year ended February 28, 2017, 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). Management is currently considering various alternatives for the future of the Company.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Statement of compliance and basis of presentation**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended February 28, 2017, which have been prepared in accordance with IFRS issued by the IASB.

The accounting policies applied by the Company in the condensed consolidated interim financial statements are the same as those applied by the Company in its most recent annual consolidated financial statements for the year ended February 28, 2017.

#### **(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.

## CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (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 are:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Coronado Resources USA LLC	USA	100%	Holding Company
Lynx Clean Power Corp.	Canada	100%	Holding Company
Lynx Gold Corp.	Canada	100%	Holding Company
Lynx Petroleum Ltd.	Canada	100%	Holding Company

#### (d) New accounting standards issued

Certain pronouncements were issued by the IASB or the IFRIC, but not yet effective as at August 31, 2017. 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, 2018:

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

### 3. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro equipment	Office equipment	Buildings	Total
<b>Cost</b>						
February 29, 2016	\$ 321,213	\$ 667,005	\$ 198,531	\$ 35,472	\$ 90,332	\$ 1,312,553
Sale of assets	(321,213)	(667,005)	(198,531)	(35,472)	(90,332)	(1,312,553)
February 28, 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
August 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accumulated amortization</b>						
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 assets	-	(491,641)	(172,561)	(24,212)	(80,156)	(768,570)
February 28, 2017	-	-	-	-	-	-
Additions	-	-	-	-	-	-
August 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net book value</b>						
February 28, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August 31, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

On October 13, 2016, the Company sold the Madison Property. A resulting loss of \$543,983 was realized. See also Note 4.

## CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 4. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation asset had included a property located in Montana, USA. Capitalized expenditures were as follows:

	Madison Property, Montana
Balance, February 29, 2016	\$ 4,728,229
Expenditures during the year	
Amortization	32,797
Assessment and taxes	68,046
Camp costs	3,815
Fieldwork and wages	85,130
Permits, assay and testing	6,438
Power utilities recovered	(7,999)
	188,227
Proceeds on sale of exploration and evaluation asset	(354,832)
Loss on sale of exploration and evaluation asset	(4,561,624)
	(4,728,229)
Balance, February 28, 2017	\$ -
Balance, August 31, 2017	\$ -

#### Madison Property, Montana

In April 2005, the Company entered into an agreement to purchase the Madison Property. The acquisition was completed in 2010 and subsequently increased and consolidated its claims since the original acquisition.

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 (received); 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 \$104,832 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 \$4,561,624 during the year ended February 28, 2017 (see also Note 3).

## CORONADO RESOURCES LTD.

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### 5. CAPITAL STOCK

#### (a) Authorized

Unlimited number of common shares without par value.

#### (b) Issued and outstanding

*During the period ended August 31, 2017:*

No common shares were issued. Subsequent to period end, the Company consolidated the outstanding share capital of the Company on the basis of two (2) pre-consolidation common shares for one (1) post consolidation common share.

*During the year ended February 28, 2017:*

No common shares were issued.

#### (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 August 31, 2017 and February 28, 2017.

#### (d) Share-based compensation

There were no stock options issued during the six months ended August 31, 2017 and the year ended February 28, 2017.

### 6. RELATED PARTY TRANSACTIONS

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

	August 31, 2017	August 31, 2016
Consulting	\$ -	\$ 12,000
Director fees	500	500
Management fees	12,000	30,000
	<u>\$ 12,500</u>	<u>\$ 42,500</u>

## **CORONADO RESOURCES LTD.**

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### **6. RELATED PARTY TRANSACTIONS** *(Continued)*

During the six month period ended August 31, 2017, the Company was charged \$11,935 (2016 - \$26,790) by a Canadian related company with similar key management personnel for management fees. At August 31, 2017, \$10,477 (2016 - \$5,036) is owing to the Canadian related company with similar key management personnel and 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.

### **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 August 31, 2017, 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.

#### *Foreign Exchange Risk*

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 that are expected to be carried out in United States dollars will be limited.

## CORONADO RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements  
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### 7. FINANCIAL INSTRUMENTS RISK (Continued)

#### *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:

		August 31, 2017		February 28, 2017	
	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	1,402,751	-	1,463,241	-
Restricted cash		-	11,642	-	11,601
Shares receivable		-	109,680	-	106,235
		1,402,751	121,322	1,463,241	117,836
<i>Financial liability:</i>					
Accounts payable and accrued liabilities		-	15,747	-	50,167
		-	15,747	-	50,167

The Company's cash and cash equivalents are classified as level 1. During the six month period ended August 31, 2017 and the year ended February 28, 2017, there were no transfers between level 1, level 2 and level 3.

## **CORONADO RESOURCES LTD.**

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Month Period Ended August 31, 2017

(Unaudited - Expressed in Canadian Dollars)

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### **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 to cover administrative and operating cost.

### **9. SUBSEQUENT EVENTS**

On October 6, 2017, Mr. Hugh Rogers resigned as Chief Executive Officer and a director of the Company, and was subsequently replaced by Mr. Giuseppe (Pino) Perone. Mr. Perone now serves as Chief Executive Officer, Corporate Secretary and a director of the Company.

See also Note 5(b).