

CORONADO RESOURCES LTD.

Consolidated Financial Statements February 28, 2011 and February 28, 2010

<u>Index</u>	<u>Page</u>
Management's Responsibility for Financial Reporting	1
Auditors' Report to the Shareholders	2
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Deficit	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 23

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Coronado Resources Ltd. are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal controls through an audit committee, which is comprised primarily of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The 2011 consolidated financial statements have been audited by De Visser Gray LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"Eugene Larabie"

..... President
Eugene Larabie

Vancouver, British Columbia
June 27, 2011

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Shareholders of Coronado Resources Ltd.

We have audited the accompanying consolidated financial statements of Coronado Resources Ltd. ("the Company") and its subsidiary, which comprise the consolidated balance sheets as at February 28, 2011 and 2010, and the consolidated statements of operations and deficit and cash flows for each of the years in the two-year period ended February 28, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coronado Resources Ltd. and its subsidiary as at February 28, 2011 and 2010 and their financial performance and their cash flows for each of the years in the two year period ended February 28, 2011 in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has negative working capital, has no extractive activities operating in a commercial manner and is dependent upon its ability to maintain its cash flows from ore sales on a feasibility basis, and to secure new sources of financing. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS
Vancouver, Canada
June 27, 2011

CORONADO RESOURCES LTD.**Consolidated Balance Sheets****As at**

	February 28, 2011	February 28, 2010
Assets		
Current		
Cash	\$ 26,729	\$ 162,358
Accounts receivable	10,245	10,177
Prepaid expenses	9,099	6,302
	46,073	178,837
Property and Equipment, net (note 4)	543,396	598,942
Mineral Property Interests (note 5)	5,050,066	5,072,517
Deposits for Reclamation	51,965	53,300
	\$ 5,691,500	\$ 5,903,596
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 127,622	\$ 57,071
Advance payable (note 15)	-	84,344
	127,622	141,415
Shareholders' Equity		
Capital Stock (note 6)	9,070,141	8,879,581
Contributed Surplus (note 6(b))	1,699,512	1,833,072
Deficit	(5,205,775)	(4,950,472)
	5,563,878	5,762,181
	\$ 5,691,500	\$ 5,903,596

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 16)

On behalf of the Board:

"Brian Welch"..... Director
Brian Welch*"Miles Desharnais"*..... Director
Miles Desharnais

See notes to consolidated financial statements.

CORONADO RESOURCES LTD.**Consolidated Statements of Operations and Deficit
Years Ended**

	February 28, 2011	February 28, 2010
General and Administrative Expenses		
Stock-based compensation (note 6(e))	\$ -	\$ 105,110
Management fees	58,400	49,300
Consulting fees	64,100	88,702
Director fees	-	1,300
Office rent and administration	41,911	39,600
Audit and accounting	15,985	25,360
Business development	4,533	64,050
Listing and regulatory fees	14,599	20,238
Legal	3,329	18,363
Office and sundry	21,592	12,322
Insurance	11,293	10,461
Telephone	3,022	2,819
Travel	2,087	11,631
Printing and shareholder information	14,544	9,953
Property examination	1,330	10,369
Interest and bank charges, net	714	26,592
Loss Before Other Items	257,439	496,170
Other Items		
Foreign exchange gain	(2,136)	(21,548)
Write-down of mineral property interest (note 5(c))	-	120,349
Net Loss and Comprehensive Loss for Year	255,303	594,971
Deficit, Beginning of Year	4,950,472	4,355,501
Deficit, End of Year	\$ 5,205,775	\$ 4,950,472
Loss Per Share, Basic and Diluted	\$ 0.01	\$ 0.03
Weighted Average Number of Common Shares Outstanding	24,182,089	23,361,234

CORONADO RESOURCES LTD.
Consolidated Statements of Cash Flows
Years Ended

	February 28, 2011	February 28, 2010
Operating Activities		
Net loss	\$ (255,303)	\$ (594,971)
Items not involving cash:		
Write-down of mineral property interest	-	120,349
Stock-based compensation	-	105,110
Shares issued as loan fee	-	25,600
Foreign exchange on reclamation bonding	1,335	(2,600)
	(253,968)	(346,512)
Changes in non-cash working capital:		
Accounts receivable	(68)	(231)
Prepaid expenses	(2,797)	(5,055)
Accounts payable and accrued liabilities	30,480	(25,560)
	27,615	(30,846)
Cash used in Operating Activities	(226,353)	(377,358)
Financing Activities		
Loans repaid	-	(160,000)
Private placement proceeds	-	153,600
Cash received for stock options exercised	48,000	-
Cash received for warrants exercised	9,000	5,400
Cash provided by (used in) Financing Activities	57,000	(1,000)
Investing Activities		
Mineral property recovery	1,057,896	1,308,130
Mineral property expenditures	(1,024,172)	(797,010)
Cash provided by Investing Activities	33,724	511,120
Net inflow (outflow) of Cash	(135,629)	132,762
Cash, Beginning of Year	162,358	29,596
Cash, End of Year	\$ 26,729	\$ 162,358
Supplemental Cash Flow Information		
Shares issued for mineral property interest	\$ -	\$ 64,000
Accounts payable included in mineral property interests	\$ 77,142	\$ 37,071
Advances payable included in mineral property interests	\$ -	\$ 84,344

See notes to consolidated financial statements.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is an exploration stage company incorporated under the *Business Corporations Act* of Yukon on March 1, 1999, engaged in the exploration and development of mineral property interests. On September 22, 2005, the Company changed its name to Coronado Resources Ltd. and now trades on the TSX Venture Exchange under the symbol "CRD".

At February 28, 2011, the Company has working capital deficiency of \$81,549 (February 28, 2010 – working capital of \$37,422). At February 28, 2011, the Company also has an accumulated deficit of \$5,205,775 (February 28, 2010 - \$4,950,472). The Company has no property interest in commercial production and is therefore likely to be reliant upon future equity financing to advance its projects to a feasibility stage of development

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern and to meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and expected growth, if necessary, or alternatively to dispose of its interests in certain properties. To date the Company has been able to fund operations by the sale of ore on a pre-commercial basis and the completion of equity financings. However, in the event that the Company is unable to continue to obtain such financing, on terms that are acceptable to its shareholders, management would be required to curtail the Company's operations. The outcome of these matters cannot be predicted at this time.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its mineral interests. The recoverability of amounts shown for mineral property interests is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. The carrying value of the Company's mineral property interests reflects historical costs incurred and is not intended to reflect current or future values.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Consolidation

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are stated in Canadian dollars. The consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiary, Coronado Resources USA LLC. All significant intercompany balances and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property and Equipment

Hydro and mining equipment and trailer are recorded at cost and amortized using a declining-balance method at a rate of 20% annually. Additions during the year are amortized at one-half the annual rate. Amortization of exploration-related assets is included within deferred mineral property costs.

(c) Mineral Property Interests

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Asset Retirement Obligation

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at February 28, 2011, the Company did not have any asset retirement obligations.

(e) Impairment of Long-Lived Assets

Long-lived assets of the Company are reviewed annually or when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

(f) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(g) Stock-Based Compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged either to operations or mineral property interests, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts are transferred from contributed surplus to capital stock.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Basic and Diluted Loss Per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

(i) Foreign Currency Translation

The functional and reporting currency of the Company is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i)** Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii)** Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii)** Income and expenses (excluding amortization, which is translated at the same rate as the related asset), at the average rate of exchange by quarter.

Gains and losses arising from the translation of foreign currency are included in net loss for the year.

(j) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the collectability of accounts receivable, the rates of amortization for property and equipment, the recovery of mineral property interests, valuation of accrued liabilities, assumptions used in the determination of the fair value of stock-based compensation and determination of the valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income (loss). Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value.

Comprehensive income or loss is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income or loss calculated in accordance with Canadian generally accepted accounting principles.

(l) Share Capital

Common shares issued for non-monetary consideration are recorded at the fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange on the date of the agreement to issue the shares. The proceeds of cash unit offerings are split such that the share purchase warrant is independently fair-valued and recorded within contributed surplus, and the residual cash proceeds are allocated to share capital.

(m) Advances Payable

Advance payment received for the sale of copper and gold is deferred until the product is delivered to the buyer's plant, at which time, the amount is recognized as recovery against the deferred expenditures of mineral property.

3. CHANGES IN ACCOUNTING POLICIES

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2009, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to the Company's fiscal years beginning on or after March 1, 2011. The effective date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending February 28, 2012. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

In January 2010, the CICA issued Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2009).

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2009).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after March 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

4. PROPERTY AND EQUIPMENT

2011				
	Cost		Accumulated Amortization	Net
Land	\$ 321,213		-	321,213
Mining equipment	202,230		107,379	94,851
Hydro equipment	198,531		107,047	91,484
Buildings	90,332		54,484	35,848
	\$ 812,306		268,910	543,396
2010				
	Cost		Accumulated Amortization	Net
Land	\$ 321,213	\$	-	321,213
Mining equipment	202,230		83,666	118,564
Hydro equipment	198,531		84,176	114,355
Buildings	90,332		45,522	44,810
	\$ 812,306	\$	213,364	598,942

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

5. MINERAL PROPERTY INTERESTS

The Company's mineral property interests are comprised of properties located in Quebec, Canada, and Montana, USA. Capitalized expenditures are as follows:

	True North Property, Quebec	Madison Property, Montana	Total
Balance, February 29, 2009	\$ 120,350	\$ 5,170,591	\$ 5,290,941
Acquisition costs	-	184,640	184,640
Expenditures during year			
Drilling	-	38,934	38,934
Camp costs	-	15,035	15,035
Surface contracting	-	11,992	11,992
Underground work	-	352,185	352,185
Fieldwork and wages	-	65,660	65,660
Consulting and engineering	-	98,925	98,925
Assessment and taxes	-	28,280	28,280
Permits, licensing and assay	-	38,931	38,931
Trucking and transport	-	146,667	146,667
Crushing and tests	-	22,579	22,579
Power utilities	-	17,631	17,631
Amortization	-	69,431	69,431
Ore development cost	-	119,165	119,165
		1,025,415	1,025,415
Mineral recoveries in year	-	(1,308,130)	(1,308,130)
Write down of mineral property	(120,349)	-	(120,349)
	(120,349)	(282,715)	(403,064)
Balance, February 28, 2010	\$ 1	\$ 5,072,516	\$ 5,072,517
Acquisition costs	-	-	-
Expenditures during year			
Camp costs	-	38,478	38,478
Drilling	-	48,698	48,698
Surface contracting	-	13,891	13,891
Underground work	-	376,977	376,977
Fieldwork and wages	-	81,131	81,131
Consulting and engineering	-	105,709	105,709
Assessment and taxes	-	71,623	71,623
Permits, assay and testing	-	3,788	3,788
Travel	-	24,291	24,291
Trucking and transport	-	132,035	132,035
Crushing and tests	-	83,278	83,278
Amortization	-	55,546	55,546
		1,035,445	1,035,445
Mineral recoveries in year	-	(1,057,896)	(1,057,896)
	-	(22,451)	(22,451)
Balance, February 28, 2011	\$ 1	\$ 5,050,065	\$ 5,050,066

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

5. MINERAL PROPERTY INTERESTS (Continued)

(a) Madison Property, Montana

In April 2005, the Company entered into an agreement to purchase a 100% interest in 7 patented and 12 unpatented mineral claims situated in Madison County, Montana. The Company has since made payments totaling US \$300,000 and issued 2,700,000 common shares, and during the comparative fiscal year completed its purchase of the property.

During the year ended February 28, 2007, the Company staked 8 additional claims in proximity to the other 19 claims.

The Company has extracted ore on a pre-commercial basis as a by-product of its exploration work. Accordingly, the proceeds realized on the sale of this ore have been offset against the exploration and development costs incurred to date and deferred on the balance sheet.

(b) True North Property, Raglan Mine District, Ungava Region, Quebec

In May 2003, the Company acquired a 100% interest in 304 mining claims, and in 2005 granted an option to NovaWest Resources Inc. ("NovaWest") whereby NovaWest acquired a 70% interest in the property over an initial three year period (completed).

During the comparative fiscal year the Company's costs incurred were written down to a nominal amount on the basis of its lack of intention to advance the property.

(c) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

(d) Realization of Assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the obtaining of permits, the satisfaction of governmental requirements and possible aboriginal claims, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards of an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

5. MINERAL PROPERTY INTERESTS (Continued)

(e) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

6. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and Outstanding

	Number of Common Shares	Amount	Contributed Surplus
Balance, February 28, 2009	21,949,048	\$ 8,683,365	\$ 1,675,578
Issued during the year:			
Shares issued for loan (note 8)	320,000	25,600	-
Acquisition of mineral property interest (note 5(b))	800,000	64,000	-
Stock-based compensation for stock options granted	-	-	105,110
Private placement of units*	1,024,000	99,635	53,965
Exercise of warrants	30,000	6,981	(1,581)
Balance, February 28, 2010	24,123,048	\$ 8,879,581	\$ 1,833,072
Issued during the year:			
Exercise of warrants	50,000	11,635	(2,635)
Exercise of stock options	320,000	178,925	(130,925)
Balance, February 28, 2011	24,493,048	\$ 9,070,141	\$ 1,699,512

**each unit is comprised of one common share and one warrant to acquire an additional common share for \$0.18 until October, 2010.*

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

6. CAPITAL STOCK (Continued)

(c) Stock Options

The Company has a stock option plan (the "Plan") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The term of any stock option granted under the Plan may not exceed five years and the exercise price may not be less than the discounted market price on the grant date. All options granted under the Plan shall vest and become exercisable in full upon grant, except options granted to consultants performing investor relations activities, which options must vest in stages over twelve months with no more than one quarter of the options vesting in any three-month period.

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

Details of the status of the Company's stock options and changes during the years then ended are as follows:

	February 28, 2011		February 28, 2010	
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Outstanding and exercisable, beginning of year	2,300,000	0.15	2,050,000	0.44
Cancelled/Expired	(590,000)	0.15	(50,000)	0.15
Granted	-	-	300,000	0.15
Exercised	(320,000)	0.15	-	-
Outstanding and exercisable, end of year	1,390,000	0.15	2,300,000	0.15

All stock options issued vested immediately. Stock options outstanding are as follows:

Expiry Date	Exercise Price (\$)	February 28, 2011	February 28, 2010
March 7, 2011	0.15	290,000	410,000
May 27, 2011	0.15	1,100,000	1,300,000
September 23, 2010	0.15	-	290,000
Outstanding, end of year		1,390,000	2,300,000
Weighted average outstanding life of options		0.25 years	1.35 years

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

6. CAPITAL STOCK (continued)

(d) Share Purchase Warrants

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

	February 28, 2011		February 29, 2010	
	Number of Warrants	Weighted Average Exercise Price (\$)	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding, beginning of year	994,000	0.18	-	N/A
Issued	-	-	1,024,000	0.18
Exercised	(50,000)	0.18	(30,000)	0.18
Expired	(944,000)	0.18	-	-
Outstanding, end of year	-	-	994,000	0.18

(e) Stock-Based Compensation

During the year ended February 28, 2011, the Company granted no stock options. For the year ended February 28, 2010, the Company granted 300,000 stock options with a fair value of \$45,272 or weighted average fair value of \$0.15 per option, calculated using the Black-Scholes option pricing model.

The following assumptions were used for the Black-Scholes option pricing model calculations:

	February 28, 2011	February 28, 2010
Risk-free interest rate	-	1.26%
Expected dividend yield	-	-
Expected stock price volatility	-	156% - 175%
Expected option life in years	-	2 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

7. INCOME TAXES

The Company has accumulated losses for Canadian tax purposes of approximately \$1.99 million that expire in various years to 2031 as follows:

	2011
2015	132,000
2026	158,000
2027	292,000
2028	381,000
2029	291,000
2030	517,000
2031	221,000
	\$ 1,992,000

Future income tax assets and liabilities are recognized for temporary differences between the carrying amounts of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	February 28, 2011	February 28, 2010
Net loss for the year	\$ (255,303)	\$ (594,971)
Expected income tax recovery	(71,970)	(178,491)
Non deductible expenses for tax purposes	8,323	68,268
Unrecognized benefit on non-capital losses and exploration expenditures	63,647	110,223
	\$ -	\$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	February 28, 2011	February 28, 2010
Future income tax rates	25%	26%
Non-capital loss carry forwards	\$ 542,750	\$ 507,000
Mineral property interests	(226,192)	(242,611)
Share issuance costs	-	7,514
	316,558	271,903
Valuation allowance	(316,558)	(271,903)
	\$ -	\$ -

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

8. LOAN PAYABLE

During fiscal 2009, two arm's length individuals loaned the Company an aggregate of \$160,000 (paid) to fund the Company's Montana mining operations. The loans were repayable, without interest if paid on or before June 30, 2009. During fiscal 2010, the Company paid, as consideration for making the loans, a 20% bonus to each lender, payable in common shares in the capital of the Company at \$0.10 per share, with 160,000 bonus shares to be issued to each lender for an aggregate of 320,000 bonus shares. The shares were issued with a market value of \$0.08 per share. Refer also to note 16.

9. RELATED PARTY TRANSACTIONS

During the year ended February 28, 2011, the Company paid \$26,840 (2010 - \$27,600) for rent and administrative services and \$58,400 (2010 - \$47,706) for consulting services to a private company controlled by a director. At February 28, 2011 the Company owes \$25,000 (2010 - nil) for the consulting services to this private company for the unpaid portion of these amounts.

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.

10. RISK MANAGEMENT

The Company classifies its cash as held-for-trading; accounts receivable as loans and receivables, deposits for reclamation as held-to-maturity; accounts payable and accrued liabilities and advances payable as other financial liabilities.

The carrying values of cash, accounts receivable, deposits for reclamation, accounts payable and accrued liabilities, and advances payable approximate their fair values due to the expected maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

The Company manages credit risk in respect of cash holding at a major Canadian financial institution in accordance with the Company's investment policy.

Concentration of credit risk exists with respect to the Company's cash as the majority of amounts are held at a single major Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	February 28, 2011	February 28, 2010
Cash	\$ 26,729	\$ 162,358
	\$ 26,729	\$ 162,358

The credit risk associated with cash and cash equivalents is minimized by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

10. RISK MANAGEMENT (Continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash and short-term investments to meet the Company's business requirements. At February 28, 2011 the cash balance of \$26,729 was insufficient to meet the Company's general administrative, property and exploration requirements for the coming year. However, subsequent to the year end the Company received \$109,500 for 730,000 stock options exercised and a \$100,000 US advance towards concentrate to be shipped to a smelter. At February 28, 2011, the Company had accounts payable and accrued liabilities of \$127,622 (February 28, 2010 - \$57,071); and advances payable of \$Nil (February 28, 2010 - \$84,344). Accounts payable are due within three months. Accrued liabilities and advances payable are due within six months. Advances payable are repaid by offsetting the related revenue from the sale of ore against the balance due.

(c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company's cash consists of cash held in bank accounts. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk as its mineral exploration activity is mainly through its US subsidiary where transactions are denominated in US dollars. The Company considers the Canadian dollar to be its functional currency and translates the results of foreign operations into Canadian currency using approximately the average exchange rate for the year. The exchange rate may vary from time to time. The Company has not entered into any foreign currency contracts to mitigate this risk. Management has concluded that due to the short-term maturity of these financial instruments, the effect of any exchange rate fluctuations to be immaterial.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign exchange risk. The Company's investments are carried at market value, and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company is not exposed to significant other price risk.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- 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 carrying values, fair market values, and fair value hierarchical classification of the Company's financial instruments as at February 28, 2011 are as follows:

	Level 1	Level 2	Level 3
Cash	26,729	-	-

12. 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 and loans and advances payable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has revenues from the incidental sale of copper and gold, but there is no long-term contract in place; as such, the Company is dependent upon external financing or the sale of assets (or an interest therein) to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. 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.

13. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition and exploration of resource properties. Geographic information is as follows:

	February 28, 2011	February 28, 2010
Assets		
Canada	\$ 35,160	\$ 118,598
United States	5,656,340	5,784,998
	\$ 5,691,500	\$ 5,903,596

14. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

CORONADO RESOURCES LTD.
Notes to Consolidated Financial Statements
Years Ended February 28, 2011 and February 28, 2010

15. ADVANCE PAYABLE

During the comparative year the Company received an advance in connection with the shipment, during the current year, of copper mineralization to Korea. During the current year the residual balance of US \$378,000 was received and the Company recorded the aggregate of these amounts as a recovery of mineral property costs incurred.

16. SUBSEQUENT EVENTS

A total of 730,000 shares were issued for cash proceeds of \$109,500 pursuant to the exercise of stock options.

The Company has received a \$100,000 advance related to shipments of gold/copper concentrate subsequent to February 28, 2011.

Two shareholders, including one related party, provided the Company with a \$137,000 loan, which is non-interest bearing and without fixed terms of repayment.

**CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011**

June 27, 2011

Coronado Resources Ltd. ("Coronado") is a resource exploration company with a focus on mineral exploration opportunities in North America. Coronado's head office is located in Vancouver, BC, Canada. Coronado's common shares trade on the TSX Venture Exchange under the symbol "CRD". The Company's current property interests are a gold/copper property in Montana and a base metal prospect in Quebec. This management's discussion and analysis ("MD&A") focuses on significant factors that affected Coronado during the year ended February 28, 2011 and to the date of this report. The MD&A supplements do not form part of the audited financial statements of the Company and the notes thereto for the year ended February 28, 2011. Consequently, the following discussion and analysis should be read in conjunction with the audited financial statements for the year ended February 28, 2011 and the notes thereto.

The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Significant Events, Transactions and Activities on Mineral Properties

In order to better understand Coronado's financial results, it is important to gain an appreciation for the significant events, transactions and activities on mineral properties which had occurred during the year ended February 28, 2011 and to the date of this MD&A.

Summary of Activity

Madison Gold Property – Silverstar, Montana

In April 2005, the Company entered into an agreement to acquire a 100% interest in seven patented and twelve unpatented claims in a gold-copper property in Montana. The Company paid \$25,000 US to secure the option. The agreement calls for option payments totaling \$275,000 US, issuances of 2,700,000 shares and work commitments of \$1,000,000. All option payments, share issuances and work commitments have been made and completed.

Current Development

For the year ended February 28, 2011 the Company received \$1,057,896 in mineral recoveries and had \$1,035,444 in exploration and development costs. In April 2010 a copper shipment was made in which the company received \$532,368 net proceeds on final settlement. In June, 2010 the Company started to extract the gold mineralization accessed and started underground drilling to further define and expand the limits of this gold zone. In July, 2010 the Company shipped 1305 tons of gold ore averaging .481 oz/ton for net milling proceeds of \$525,528. The Company completed driving underground development to the gold mineralization and established draw points for mining the ore. An agreement was secured with a nearby mill for producing a gold/copper concentrate ready for smelter. Batch testing and metallurgical work was completed to establish optimum recovery values of the concentrate. In 2011, the Company engaged an underground mining crew to extract underground mineralization for shipment and processing.

**CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011**

Current Development- cont'd

In the year ended February 28, 2010 the Company received proceeds of \$484,967 for May and July, 2009 gold shipments processed, and proceeds of \$823,163 for copper mineralization made in April, May August, and September of 2009 for total recovery proceeds of \$1,308,130. Total exploration, mining, processing and transportation expenditures in the period were \$1,025,415. Extraction of mineralization continues as it is encountered in the underground development. In the fall of 2009 the Company initiated an underground diamond drill program to test the downward expansion of the gold zone below the lowest level in the decline.

Madison Gold Property - History

In 2005, a 43-101 Geological Summary Report on the Madison Gold Property was completed recommending continued exploration. Diamond drilling in 2005 and 2006 was undertaken to examine the extent of the higher-grade gold and copper intercepts from previous drilling. The Company has compiled historical and new drill data into digital form to outline the higher-grade gold, copper and silver resource on the property. The Company acquired an additional eight unpatented mineral claims bordering the Madison gold Property for the cost of staking.

The Fall 2006 exploration program consisted of eight diamond drill holes. Mineralized intercepts of gold, copper and silver were found in all eight holes completed to depth. Full results of gold, copper and silver assays reported can be found on by visiting the Company's website at www.coronadoresourcesltd.com.

The focus in 2007 was driving an underground ramp to access the high-grade zones of oxide gold and copper mineralization. Drill stations were cut in the underground ramp to further test and expand the mineralized zones. The underground decline has been driven over 1500 feet at a -15% slope. The Company extracted, separately, the high grade gold and copper being encountered in the underground workings. A Crushing Plant and certified weigh scale were also installed on the property.

A contract was secured with Barrick's Golden Sunlight Mine allowing oxide gold mineralization to be shipped for processing. Oxide gold mineralization totalling 2280 tons with grades varying from 0.183 to 0.694 oz/ton was shipped for recovery proceeds of \$303,923 to February 28, 2008. Gold and copper mineralization is being brought to surface as it is being encountered in the continuing underground development.

In 2008 the underground development reached its planned destination below the high grade copper zone which had an intercept of 27 feet of 42% copper from previous drilling. In June 2008 a contract was secured with a metals broker in New York for copper mineralization to be delivered by container to a west coast port for shipment to a smelter in China. The first three shipments totalling 1310 dry short tons grading 17% to 24% copper were made in the fall of 2008. Recovery proceeds are dependent on commodity prices at settlement dates, less freight, brokerage and smelter costs. Due to the dramatic downturn in commodity prices in 2008, only \$181,313 was received for settlement of these shipments.

The Company, in the fall of 2008, brought approximately 800 tons of sulphide gold mineralization grading .650 oz/ton to surface. The Company signed a contract in 2008 with an offsite refining facility in Republic, Washington to process the sulphide gold mineralization. Shipment of 826 tons of gold mineralization to Republic, Washington that was made in January and February, 2009 secured proceeds of \$525,902 from the processing facility less \$73,600 for trucking costs.

**CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011**

True North Property - Raglan Mine Properties Raglan Mine District, Ungava Region, Quebec

In May 2003, the Company purchased a 100% interest in 304 mining claims, known as the Raglan 1 Property. The property is immediately northwest of Falconbridge's property containing the five-year-old Raglan Mine and six outlined nickel/copper deposits. The nickel deposits in the Raglan camp stretch across 55km east west, and consists of clusters of discrete sulphide lenses associated with periodotitic flow bodies at the base of the Chakotat rock group. Ore lenses in the area consist of a narrow zone of massive sulphides along the footwall contact overlain with net-textured and disseminated sulphides.

On March 31, 2004, the Company entered into an agreement with Novawest Resources Inc. on the property which was renamed the True North Property. Novawest can earn a 70% interest in the property by expending \$440,000 cumulative over five years in development expenditures. Exploration by Novawest included an airborne electromagnetic survey over the property to identify anomalies. Mineralization outlined in the Raglan Mine camp is nickel, copper, cobalt and platinum group elements. The Company wrote down their investment, in the Raglan Property to a nominal amount at February 28, 2010, due to exploration inactivity.

Board Appointments

There have been no recent changes or appointments to the Board of Directors.

FINANCIAL RESULTS OF OPERATIONS

Selected Annual Information

	For the Years Ended		
	February 28, 2011	February 28, 2010	February 28, 2009
Total revenues (interest & other income)	\$ NIL	\$ NIL	\$ 6,392
Loss before write-off/gain on sale of mineral properties	255,303	474,622	1,074,623
Write-down mineral properties	0	120,349	0
Loss for the year	255,303	594,971	1,074,623
Loss for the year per share	0.01	0.03	0.05
Total assets	5,688,245	5,903,596	6,576,705
Total liabilities	127,622	141,415	573,263
Total long-term financial liabilities	0	0	0
Shares outstanding – end year (millions)	24.49	24.12	21.95
Dividends declared	0	0	0

CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011

Summary of Quarterly Results

	February 28, 2011	For Quarters Ended November 30, 2010	August 31, 2010	May 31, 2010
Loss before write-off/gain on the following:	\$ 75,641	\$ 64,541	\$ 54,277	\$ 60,844
Loss (gain) on disposal of : - Mineral properties	-	-	-	-
Loss for the period	75,641	64,541	54,277	60,844
Loss per share	0.01	0.00	0.00	0.00

	February 28, 2010	For Quarters Ended November 30, 2009	August 31, 2009	May 31, 2009
Total revenues	\$ -	\$ -	\$ -	\$ -
Loss before write-off/gain on sale of mineral properties	\$ (67,046)	434,853	57,881	48,934
Loss (gain) on disposal of: - Mineral properties	120,349	-	-	-
Loss for the period	187,046	434,853	57,881	48,934
Loss per share	0.01	0.02	0.00	0.00

Results for the Quarter

The Company's operations for the year ended February 28, 2011 produced a net loss of \$78,896 compared to a loss of \$53,303 for the same three-month period in the previous year. The larger expenditures in the quarter were \$15,000 for management fees, \$15,000 for consulting, \$6,610 for listing and regulatory fees, and \$8,926 for rent and \$4,147 for office expenses. In the quarter, the Company had net exploration costs of \$162,300 from mineral processing recoveries of \$Nil and exploration expenditures of \$162,300. These expenditures were mainly for continuing exploration and development on the Madison Gold Property. The Company expended \$29,517 for underground and ore development, \$20,192 for geological field work and \$19,617 for consulting and engineering, in the quarter. For the year ended February 28, 2011, the Company received \$1,057,896 in mineral processing recovery proceeds and paid \$1,035,444 for all exploration costs, for net exploration recoveries of \$22,451. As the Company does not own any revenue producing mineral properties, no mining revenues have been recorded to date. Mineral processing recoveries are netted to exploration expenditures when they are received.

**CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011**

Liquidity and Capital Resources

Working capital deficiency as at February 28, 2011 was \$81,549 compared to working capital of \$37,422 at February 28, 2010. Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. At February 28, 2011, the Company had 24,493,048 (26,173,048 fully diluted) common shares issued and outstanding compared to 24,123,048 (27,417,048 fully diluted) as at February 28, 2010. In September, 2009 the Company completed a private placement of 1,024,000 shares at \$.15 per share for net proceeds of \$153,600. In the year ended February 28, 2011 a total of 370,000 shares were issued for cash proceeds of \$66,000 from stock options and warrants exercised.

The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may affect the Company's ability to raise capital to acquire and explore resource properties. Management believes it will be able to raise the capital required to develop resource properties by various means of equity issuances, debenture financing or securing joint venture partners for projects.

Related Party Transactions

The Company paid \$26,840 for rent and paid \$58,400 in the year for consulting services to private companies controlled by the President.

Subsequent Events

A total of 730,000 shares were issued for cash proceeds of \$109,500 pursuant to the exercise of stock options.

The Company has received a \$100,000 advance related to shipments of gold/copper concentrate subsequent to February 28, 2011.

Two shareholders provided the Company with a \$137,000 loan, which is non-interest bearing and without fixed terms of repayment.

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 and loans and advances payable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently has revenues from the incidental sale of copper and gold, but there is no long-term contract in place; as such, the Company is dependent upon external financing or the sale of assets (or an interest therein) to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. 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.

**CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011**

Competition

The resource industry in which the Company is engaged is in general, highly competitive. Competitors include well-capitalized resource companies, independent resource companies and other companies having financial and other resources far greater than those of the Company, thus a degree of competition exists between those engaged in the resource industry to acquire attractive resource properties.

Risks

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that Coronado's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Changes in Accounting Policies including Initial Adoption

International Financial Reporting Standards ('IFRS')

In February 2008 the Accounting Standards Board ("AcSB") announced that publicly accountable enterprises are required to adopt IFRS beginning on or before January 1, 2011. The company will issue its first financial statements prepared under IFRS for the interim periods ending May 31, 2011 and for the fiscal period ending February 28, 2012. Financial statement numbers for comparison purposes will be restated for presentation purposes.

The transition to IFRS will impact the Company's accounting policies, as noted below, and to a lesser extent the information technology and data systems, internal control over financial reporting and disclosure controls and training requirements.

The Company's transition will include the traditional 4 phases being scoping and planning, detailed assessment, implementation and review and post implementation. The scoping and planning established a project leader and team, obtaining organizational approval, identifying key areas affected, and developing a plan to implement and communicate. Phase 2, involved the identification of key accounting differences between IFRS and Canadian GAAP, a selection of the accounting policies under IFRS, transitional exemptions, quantification of financial statement impact and preparation of shell financial statements and impact on the business processes. To date the Company has completed all the items up to transition exemptions and is working on the remaining items of quantification and preparation of shell financial statements. The company has determined that there will be minimal impact on the business processes such as information systems, internal control over financial reporting and disclosure controls and training. Phase 3 includes the implementation of the required changes necessary for IFRS compliance. Final decisions on accounting policies and IFRS 1 exemptions, preparation of the opening

CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011

balance sheet at March 1, 2010, comparative fiscal 2011 and thereafter, training of personnel, and assessment and monitoring of the effectiveness of internal controls are being conducted throughout 2010. Phase 4 on post implementation will include sustainable IFRS financial information and processes for fiscal 2011 and beyond.

IFRS 1 – First time adoption of IFRS

IFRS governs the first time adoption of IFRS, which allows for certain exemptions from retrospective application.

IFRS 1 allows a company to measure property, plant and equipment at transition to fair value, which exemption can be applied on an asset by asset basis. The Company expects to use the exemption to continue to record its property, plant and equipment at cost.

IFRS 1 allows a first time adopter of IFRS to apply IFRS 2 to all equity instruments that were granted before November 7, 2002 or were granted after that date but vested before the Company's transition date. This basically allows the Company to retrospectively apply IFRS 2. The company plans to elect for this exemption and apply this retrospectively only for share based payments which were granted after November 7, 2002 and had not vested at the transition date.

IFRS allows certain other exemptions but the Company expects that these will be immaterial to the Company's financial statements.

IFRS and Canadian GAAP Differences

An analysis of the Company's differences between IFRS and Canadian GAAP has determined a number of differences, some of which will not have a material difference to the Company's financial statements. There may be other differences which could arise over time but have not been determined to be material currently. The differences which could have a material difference are as follows.

Reclamation and Closure Cost Obligations

Under IFRS the Company's obligation for closure and reclamation is based on management's best estimate of such future expenditures discounted for the country specific risk free rates. Under Canadian GAAP the obligation is determined based on the fair value of future estimated expenses using quoted market prices and discounted using the Company's current credit adjusted risk free rate. The change in accounting policy is not expected to have a material impact on the financial statements.

Impairment of Mining Interests

Under IFRS impairment is a one-step process whereby the carrying amount is compared to the recoverable amount which is calculated as the estimated discounted future pre-tax cash flows or fair value less costs to sell. Under Canadian GAAP there is a two step process whereby the Company must first compare the net realizable value to the carrying value and if net realizable value is less then carrying value management must discount the cash flows to calculate impairment. The change in accounting policy is not expected to have a material impact on the financial statements.

CORONADO RESOURCES LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1
FOR THE YEAR ENDED FEBRUARY 28, 2011

Share Based Payments (Stock Based Compensation under Canadian GAAP)

When stock options vest at different periods under IFRS each grant is treated as an individual grant vest on a straight line basis over each individual vesting period. Under Canadian GAAP the entire grant of stock options is currently being treated as a pool and vest on a straight line basis over the vesting period. The Company is currently quantifying the effect of the change in accounting policy on its financial statements.

In addition, under IFRS the Company must make an estimate of stock options that are forfeited before they vest whereas under Canadian GAAP the Company can make estimates of forfeiture. The change in accounting policy is not expected to have a material impact on the 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.

Additional Information

Additional information relating to the Company and results of its exploration program is available on SEDAR at www.sedar.com or on the corporate website at www.coronadoresourcesltd.com.