CORONADO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FORM 51-102F1

FOR THE PERIOD ENDED FEBRUARY 28, 2014

The following Management's Discussion and Analysis ("MD&A") is dated June 25, 2014, for the year ended February 28, 2014 and should be read in conjunction with the Coronado Resources Ltd. ("Coronado" or the "Company") accompanying audited consolidated financial statements for the years ended February 28, 2014 and February 28, 2013.

These audited consolidated financial statements for the year ended February 28, 2014 have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and its interpretation of the International Financial Reporting Interpretations Committee ('IFRIC'). These consolidated 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 preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The MD&A supplement does not form part of the audited consolidated financial statements for the year ended February 28, 2014 and the notes thereto for the year ended February 28, 2014. 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. In the preparation of these statements, estimates are necessary to make a determination of future values for certain assets and liabilities. Management believes that the estimates have been based on careful judgements and have been properly presented. The financial statements have been prepared using policies and procedures established by management and fairly represent Coronado's financial position and results of operations.

The Company was incorporated under the *Business Corporations Act* (British Columbia) and carried on its business as a resource exploration company with a focus on mineral exploration opportunities in North America. However on September 27, 2013, Coronado completed a share purchase agreement whereby it purchased all the issued and outstanding shares of a power company ("Share Purchase Agreement"). Completion of this transaction constituted a change of business for purposes of the TSX Venture Exchange ("TSX-V") Policy 5.2 ("Change of Business") and was subject to review by the TSX-V and other approvals. As of September 27, 2013, Coronado received all of the required approvals and has fulfilled all the requirements of the Share Purchase Agreement and completed the transaction. Coronado is now predominantly a generator and retailer of power and continues to maintain its mineral resource exploration properties.

Coronado's head office is located in Vancouver, British Columbia, Canada. Coronado's common shares trade on the TSX-V under the symbol "CRD" and on the OTCQX International under the symbol "CRDAF" and on the Canadian Securities Exchange ("CSE") under the symbol "CRD".

SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES

In order to better understand Coronado's financial results, it is important to gain an appreciation for the significant events, transactions and activities that have occurred during the year ended February 28, 2014 and to the date of this MD&A.

Change of Business

The Company entered into a Share Purchase Agreement dated May 13, 2013, whereby Coronado had agreed to purchase all of the outstanding shares of Opunake Hydro Limited ("OHL") from TAG Oil Ltd. ("TAG") and Opunake Hydro Holdings Limited ("OHHL") in exchange for common shares of Coronado (the "OHL Acquisition"), subject to the terms and conditions of the Share Purchase Agreement.

The Acquisition

Under the Share Purchase Agreement, Coronado agreed to issue 13,015,410 common shares to TAG, in exchange for 90% of the issued and outstanding shares of OHL and 1,446,157 common shares to OHHL in exchange for 10% of the issued and outstanding shares of OHL. At the time of the agreement the parties estimated an aggregate purchase price of $5,584,000 based on the volume weighted average price of Coronado's common shares on the TSX-V for the 20 consecutive trading days ending May 10, 2013. The eventual purchase price recorded for the transaction was $4,049,239 which was the value of the 14,461,567 shares on the close of the TSX-V on September 27, 2013.

The completion of the OHL Acquisition was subject to a number of conditions, including:

a) approval of Coronado's shareholders at a special meeting of the shareholders that was held on August 29, 2013, to consider the OHL Acquisition, including the approval of a majority of disinterested shareholders, excluding TAG and any of its affiliates;
b) receipt of all regulatory approvals, including the consent from the Overseas Investment Office of New Zealand and acceptance by the TSX-V;
c) compliance by the parties to the Share Purchase Agreement with all covenants and agreements in such agreement;
d) no material adverse effect with respect to OHL; and
e) other conditions precedent set forth in the Share Purchase Agreement.

Coronado received conditional approval from the TSX-V on August 16, 2013 and approval of the shareholders on August 29, 2013 with the Overseas Investment Office of New Zealand giving its approval on September 18, 2013. There had been no material adverse effect on OHL and both parties complied with the terms of the Share Purchase Agreement and the OHL Acquisition was completed on September 27, 2013.

The full text of the Share Purchase Agreement may be found under Coronado's SEDAR profile at www.sedar.com.

Description of Change of Business

Coronado's acquisition of OHL changed its operations from an exploration and development company to a primarily electricity generation and power retail company. OHL is engaged in generating and retailing power in New Zealand. OHL's power generation business falls into two categories; (a) hydro generation for which OHL owns the Opunake Hydro Power scheme, consisting of a 0.4 megawatt (MW) generator located on Lake Opunake in Taranaki, New Zealand, and (b) 2MW of gas fired generators located at TAG's Cheal A production site in Taranaki, New Zealand. The 2MW of generation supplies electricity to TAG's production station, located at its Cheal oil and gas field site and into New Zealand's main power grid to supply power to customers throughout New Zealand and within electricity distribution networks supplying 80% of New Zealand connections. In addition, OHL will increase the generation capacity at TAG's Cheal A production site in Taranaki to 4 MW in fiscal 2015.

A significant portion of New Zealand electricity is generated from gas fired turbines (2nd to hydro in the country) and continues to grow with electricity buyers looking for new supply sources. Coronado intends to pursue this growth opportunity with a properly executed business plan that will allow the Company to increase its electricity generation capacity and customer base in the near term with an initial focus in New Zealand.

Now that the OHL Acquisition is complete, Coronado will be classified primarily as a power production and retail company.

MADISON GOLD PROPERTY – HISTORY

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, subject only to 2% net smelter return or US$50,000 annual payment. The agreement called for option payments totaling US$300,000 and the issuance of shares and work commitments. All option payments, share issuances and work commitments have been made and completed.

During the third quarter of fiscal 2013, the mining crew was laid off and the mine was put on maintenance. Since that time, the Company continues to develop its strategy and plans for its mining property.

The Company has increased and consolidated its claims since the original acquisition by adding 8 additional claims in the year ended February 28, 2007, and in the current year ended February 28, 2014 it increased it acreage by adding 12 contiguous claim. The 12 new claims replace 6 previous claims that were allowed to lapse, to increase the overall acreage and cover any non-contiguous boundaries.

CURRENT DEVELOPMENTS

On May 13, 2013, the Company entered into a Share Purchase Agreement to purchase 100% of the outstanding shares of OHL. This served to significantly alter the business of Coronado to make power generation and sales its primary business which required an application to the TSX-V for a Change of Business. The OHL Acquisition was subject to shareholder and regulatory approvals that have been obtained, and on September 27, 2013, Coronado completed the OHL Acquisition. In February 2014 the third 1 MW generator was put into service bringing the total available capacity to 3.4 MW.

On July 16, 2013, the Company approved an Advance Notice Policy (the "Policy") to provide shareholders, directors and management with a clear framework for nominating directors of the company. The Policy will allow for the following:

i) facilitate an orderly and efficient process for the election of directors at annual general and special purpose meetings;
ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all director nominees; and
iii) allow shareholders to register an informed vote after having been afforded reasonable time for appropriate deliberation.

The full text of the Policy may be found under Coronado's SEDAR profile at www.sedar.com.

OVERALL PERFORMANCE

The Company's financial performance for the year ended February 28, 2014, reflected the expenditures of time, energy and resource necessary to obtain the regulatory and government approvals for the change of business to allow for the acquisition of OHL. This culminated with the acquisition of 100% of OHL's outstanding shares on September 27, 2013, becoming a wholly owned subsidiary. The acquisition transformed the company from a mining exploration and evaluation entity to predominantly an electricity generator and reseller of power. The overall performance of Coronado in this transition year will not necessarily be indicative of the future operations, as the nature of the expenditures will be production orientated rather than those associated with the acquisition. The operations of OHL, included in Coronado for the year ended February 28, 2014, are for the five month period ended February 28, 2014, since the acquisition. The discussion of overall performance will be by industry segment as follows:

Electricity Generation and Retail Power

OHL was acquired to provide future growth and value to Coronado's shareholders. The company provides retail customers with power purchased from the market augmented by in house generation capacity. The Company plans to sell retail power in multiples of its generating capacity and use its capacity and markets hedges to mitigate risk of fluctuations of cost of supply. There are strategic plans in place for increased generation capacity and development of critical IT infrastructure for customer relations, sales and administration to service a greater number of new customers.

At the time Coronado acquired OHL, it had 2.0 MW of capacity and in the intervening five month period it added another 1.1 MW generator and another 1.0 MW generator has been purchased and is in transit to the site. The Company has plans to acquire an additional 4.0 MW in generation capacity by December 2015 bringing the total generation capacity to 8.4 MW. This would provide a comfort level for the company to significantly increase retail sales to prospective customers at a multiple of the generation capacity. This approach has some inherent price risk involved with purchasing power on the spot market to supply customers with fluctuating demand. However, the Company will mitigate this risk by forecasting customer demand and purchasing hedge contracts.

In the period since the acquisition the Company has incurred $750,731 in expenditures on generation capacity. The sales in the five month period ended February 28, 2014 were $1,615,561 with costs of sales of $1,319,294 resulting in a gross profit of $296,264. OHL's retails sales for the eleven month period ended February 28, 2014 and the years ended March 31, 2013 and 2012 were $3,475,745 (NZ$4,053,820), $2,359,913 (NZ$2,895,243) and $807,163 (NZ$1,007,443) respectively. There is an upward trend in the sales for the periods indicated above and the company expects the trend to continue in the next year. The company will work towards matching the increase in the capacity it is creating with new customers and increased sales revenue.

Mining Exploration and Development

The Madison mine remained on maintenance while the company focused on the change in business and acquisition. This entailed minimal staffing and activity to keep the site in good standing with all its environmental permits and regulatory authorities. During the year there were two shipments that provided the company with recovery proceeds. The ore that was shipped was from part of a stockpile that had previously been mined and had been stored on site, awaiting availability of nearby processing facilities. The first was for an ore shipment to the Golden Sunlight mine in August 2013 which netted the company $37,728 after processing costs and associated trucking cost of $1,829. The second was for a batch of concentrate that was processed and shipped to china for smelting. The proceeds net of the shipping and smelting charges amounted to $663,953 of which $29,070 was received subsequent to the year end. The trucking and concentrating expenditures for the batch amounted to $74,957 and $254,544 respectively for approximately 2,300 tons of material concentrated in a mill in Philipsburg, Montana.

There are approximately 1,000 tons of ore remaining on site which the Company will schedule for milling as soon as a facility in the vicinity becomes available. There was a small amount of ore that was crushed for an adjacent mine that provided recovery proceeds of $3,147. During the year ended February 28, 2014, the Company incurred $680,539 (February 28, 2013: $730,945) in underground exploration, development, concentrating and maintenance costs and received $675,758 (February 28, 2013: $1,093,030) in recovery proceeds. Excluding the amortization, concentrating and trucking cost the overall maintenance costs amounted to $253,841 for the year which was down $314,972 from the previous year. The reduction from the previous year applied to all accounts except permits, assays and testing, which increased in the year due to fees and work carried out on water retention upgrades as part of permit renewals.

FINANCIAL RESULTS OF OPERATIONS

Selected Annual Information

	For the Years Ended		
	February 28, 2014	February 28, 2013	February 29, 2012
	$	$	$
Net sales	1,615,561	NIL	NIL
Gross profit	296,264	NIL	NIL
Income (loss) for the year	611,582	(324,893)	(818,787)
Income (loss) for the year per share	0.01	(0.01)	(0.06)
Total assets	17,198,729	11,468,973	5,897,436
Total liabilities	696,655	77,828	198,170
Total long-term financial liabilities	69,559	0	0
Shares outstanding – end of year (millions)	79.27	64.81	14.61
Dividends declared	0	0	0

Net Sales

Electricity Generation and Retail Power sales of $1,615,561 represent the revenue reported for the 5 month period ended February 28, 2014 from OHL since its acquisition September 27, 2013. The Mining Exploration and Development segment has not commenced commercial operations and has not yet produced any sales revenue to date. The only receipts have been recoveries of cost of exploration.

For the years ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 1,615,561	$ -	$ -
Mining Exploration and Development	-	-	-
	$ 1,615,561	$ -	$ -

Income (Loss) for the Year

The income from electricity generation and retail power of $1,472,117 includes the $1,225,879 gain on the bargain purchase of the OHL assets and the income of $315,797 reported from operations for the 5 month period ended February 28, 2014 from OHL, since its acquisition September 27, 2013. The loss of $(860,535) from the Mining Exploration and Development segment represents an increase from the prior year relating mostly to the cost associated with the acquisition of OHL and subsequent change of business. These are non-recurring expenditures and are not expected in the following year.

For the years ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 1,472,117	$ -	$ -
Mining Exploration and Development	(860,535)	(324,893)	(818,878)
	$ 611,582	$ (324,893)	$ (818,787)

The table below removes the electricity generating and retail sales operating results from the consolidated numbers to give the reader an understanding of the impact the acquisition on the annual results.

For the years ended	Consolidated Coronado Resources Ltd. February 28, 2014	Opunake Hydro Limited (1) February 28, 2014	Coronado for Comparative Purposes (1) February 28, 2014	Consolidated Coronado Resources Ltd. February 28, 2013
Revenues				
Electricity sales	$ 1,615,561	$ 1,615,561	$ -	$ -
Cost of sales	(1,319,297)	(1,319,297)	-	-
	296,264	296,264	-	-
General and administrative expenses				
Amortization	$ 40,438	$ 35,259	$ 5,179	$ 6,228
Audit and accounting	59,408	10,863	48,545	22,164
Bank charges	11,258	7,334	3,924	11,613
Consulting fees	166,943	22,293	144,650	35,000
Directors fees	2,500	-	2,500	12,500
Insurance	18,006	9,356	8,650	5,767
Legal	274,702	727	273,975	59,697
Management fees	118,512	-	118,512	75,440
Office and administration	27,964	10,083	17,881	36,089
Office rent	39,384	8,809	30,575	36,933
Salaries and wages	127,554	127,554	-	-
Shareholder relations and communication	28,760	255	28,505	51,244
Transfer and filing fees	264,538	-	264,538	33,735
Travel	13,600	6,202	7,398	3,210
	(1,193,567)	(238,735)	(954,832)	(389,620)
Other items				
Foreign exchange gain (loss)	35,481	-	35,481	26,425
Interest income	68,519	11,721	56,798	38,302
Gain on hedge to market	248,565	248,565	-	-
Bargain purchase gain	1,225,879	1,225,879	-	-
	1,578,444	1,486,165	92,279	64,727
Net income (loss) before income tax	681,141	1,543,694	(862,553)	(324,893)
Income taxes - deferred	(69,559)	(69,559)	-	-
Net income (loss) for the year	$ 611,582	$ 1,474,135	$ (862,553)	$ (324,893)

Note: (1) The Columns headed "Opunake Hydro Limited" and "Coronado for Comparative purposes" is shown to give the reader results of the year on a basis comparable to the operations prior to the acquisition of OHL. The column headed "Opunake Hydro Limited" is the five month results of OHL since the acquisitions date. The column headed "Coronado for Comparative purposes" represents the yearly figures with the OHL results removed.

Total Assets

The company's total assets increased in the year by $5,729,756 primarily from the acquisition of OHL by way of a share offering. During the year the company acquired 100% of the outstanding shares of OHL resulting from a share purchase agreement that called for the issuance of shares in Coronado. Coronado issued 14,461,567 common shares at $0.28 for proceeds of $4,049,239 less share issue costs of $4,929. The balance of the increase was made up of an increase in current liabilities of $549,268, foreign currency translation of $455,037 and income for the year of $681,141.

For the years ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 6,582,217	$ -	$ -
Mining Exploration and Development	10,616,512	11,468,973	5,897,436
	$ 17,198,729	$ 11,468,973	$ 5,897,436

Total Liabilities

The total liabilities increased by $618,829 in the year which was almost entirely as a result of the electricity generation and power operations increase of $606,184. The increase for the electricity generation and power consisted of the addition of trade payables resulting from the ongoing business of OHL and $69,559 in deferred income taxes. The balance of the increase of $13,003 was a combination of a reduction of the trade payable for the mining exploration and development segment of $24,235 and repayment of the loan of $20,000 with an increase in due to related party, for management services provided to Coronado, of $57,238.

For the years ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 606,184	$ -	$ -
Mining Exploration and Development	90,831	77,828	196,170
	$ 696,655	$ 77,828	$ 196,170

Shares Outstanding

The outstanding shares increased by 14,461,567 shares to bring it to a total as at February 28, 2014 of 79,273,092, up from 64,811,525 in the prior year. The shares were issued as payment for the outstanding shares of OHL. Coronado issued 14,461,567 common shares at $0.28 for proceeds of $4,049,239 less share issue costs of $4,929 which increased the capital stock from $16,083,491 to $20,127,801.

Summary of Quarterly Results

	Three Months Ended			
	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013
Sales	$ 1,074,600	$ 540,961	$ -	$ -
Gross profit	$ 168,117	$ 128,147	$ -	$ -
Income (loss) for the period	$ 56,250	$ 1,037,227	$ (329,324)	$ (152,571)
Income (loss) per share	$ 0.01	$ 0.01	$ (0.00)	$ (0.00)

	Three Months Ended			
	February 28, 2013	November 30, 2012	August 31, 2012	May 31, 2012
Sales	$ -	$ -	$ -	$ -
Gross profit	$ -	$ -	$ -	$ -
Income (loss) for the period	$ (80,291)	$ (26,779)	$ (141,794)	$ (76,029)
Income (loss) per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

RESULTS for the QUARTER

Sales

Sales for the three months ended February 28, 2014, were $1,074,600 with no sales reported in the same period from the previous year. This was an increase of $533,639 from the previous quarter sales of $540,961 which only included the results for two months subsequent to the acquisition date. There is an upward trend in sales due to an increased number of customers and in part due to an increase in the seasonal demand for electricity.

Three Months Ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 1,074,600	$ -	$ -
Mining Exploration and Development	-	-	-
	$ 1,074,600	$ -	$ -

Gross Profit

The gross profit of $168,117 for the three months ended February 28, 2014, was up $39,970 from the three months ended November 30, 2013 of $128,147 which represented only two months of operations. The gross profit percentage will fluctuate on a monthly basis depending on the various market and environmental conditions that impact the wholesale price for power. Our sales contracts are based on a fixed price for power but our purchase of power is fluctuating with the wholesale price for power. Management prepares customer usage profiles to predict consumption and will enter the hedge market to purchase forward contracts to mitigate price swings and maintain gross profit.

Three Months Ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 168,117	$ -	$ -
Mining Exploration and Development	-	-	-
	$ 168,117	$ -	$ -

Income (Loss) for the Period

The Company's operations for the three months ended February 28, 2014, produced net income of $56,250 compared to a loss of $80,291 for the same quarter in the previous year. The current quarter showed income of $266,878 from the electricity generating and retail power segment while the mining exploration and development segment recorded a loss of $141,070. The electricity generation and retail power income increased by $217,960 over the $49,918(1) earned for the three months ended November 30, 2013. This increase was due primarily to the gain on the hedge mark to market(2) of $248,565. The company does not apply the principle of hedge accounting which may result in some volatility in income and losses from period to period, due to reporting gains and losses for hedge contracts. The gains and losses will be offset with higher and lower electricity purchase prices over the term of the hedge contracts smoothing out the volatility over longer periods of time. The $141,070 mining exploration and development loss increased $60,779 over the loss in the same period in the previous year. The Company experienced a reduction in expenditures on some expense items but the increase in accounting, consulting, management, and regulatory fees accounted for the difference. The overall expenditures in the future are expected to increase as the company engages in more activities.

Three Months Ended	February 28, 2014	February 28, 2013	February 29, 2012
Electricity Generation and Retail Power	$ 266,878	$ -	$ -
Mining Exploration and Development	(141,070)	(80,291)	(293,303)
	$ 125,808	$ (80,291)	$ (293,303)

Note 1: The income shown for comparison of $48,918 for the three months ended November 30, 2013, resulted from removing the effect of the bargain purchase gain realized on the purchase of OHL in the amount of $1,225,879. The bargain purchase gain resulted from the change in market value of Coronado's common shares issued to pay for the acquisition of OHL between the agreement date of May 13, 2013 and the completion date of September 27, 2013. See the following table for details:

	Three Months Ended November 30, 2013	November 30, 2012
Net income (loss) for the period	$ 1,037,227	$ (26,779)
Deduct: Bargain purchase gain	(1,225,879)	-
Add: Net (loss) for the period, from mining exploration and development	237,570	(26,779)
OHL generation and retail power net income	$ 48,918	$ -

Note 2: The gain on the hedge mark to market is the change in the cash value of the hedges purchased to offset the risk of price increasing the cost of electricity in the spot market for power, from period to period.

LIQUIDITY AND CAPITAL RESOURCES

At February 28, 2014, the Company had $6,646,234 (February 28, 2013: $6,416,512) in cash and cash equivalents and $6,847,417 (February 28, 2013: 6,354,138) in working capital. 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 twelve months based on the current development plan for OHL and the projected mine maintenance program.

Any additional material capital expenditures or commitments may require a source of additional financing which may come from funds through equity financing and the exercise of options and warrants.

At February 28, 2014, the Company had 79,273,092 (79,365,592 fully diluted) common shares issued and outstanding compared to 64,811,525 (66,914,025 fully diluted) at February 28, 2013. During the period ended February 28, 2014, the Company issued 14,461,567 common shares for the purchase of OHL and did not issue or grant any stock options. During the period ended May 31, 2012, the Company executed a consolidation on a 1 for 2 basis and did not grant any stock options.

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

For the years ended		February 28, 2014		February 28, 2013
Consulting fees	$	39,000	$	35,000
Consulting and engineering fees		-		5,000
Directors fees		2,500		12,500
Management fees		64,000		-
	$	102,500	$	52,500

During the year ended February 28, 2014, the Company recorded sales in the amount of $362,990 (2013: $ Nil) from related companies with significant influence over the company and $148,648 (2013: $ Nil) were outstanding in accounts receivable at year end. For the year ended February 28, 2014, the Company recorded $116,711 in purchases from related companies with significant influence over the company and $86,337 (2013: $ Nil) were outstanding in accounts payable at the year end.

As at February 28, 2014, the Company included $57,238 (2013: $ Nil) in due from related parties for management fees charged in the year, from related companies with significant influence over the company.

At February 28, 2014, OHL had a credit facility of NZ$900,000 that provides security to the New Zealand Electrical Clearing Manager to guarantee payments for electricity purchases, which a related company with significant influence over the Company has guaranteed.

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 June 25, 2014, is 79,273,092 common shares, and the Company has no shares purchase warrants and incentive stock options currently outstanding.

SUBSEQUENT EVENTS

Operations

On April 16, 2014, the company received $29,070 as the final payment for a shipment of concentrate that had been processed during the third quarter of fiscal 2014 and for which the related costs were included in the exploration and evaluation assets. The payment represents the balance of the value of the processed gold, silver and copper net of associated smelting costs of $663,953.

Corporate

On May 15, 2014, Coronado Resources Ltd's common shares were called to trade on the Canadian Securities Exchange ("CSE"). The trading symbol is "CRD".

Share Capital

On June 7, 2014, 92,500 outstanding share options expired. At the date of this report, the Company has no share options issued or outstanding.

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.

COMPETITION

The power generation and retail industry in which the Company is primarily engaged is in general, highly competitive, as well as the resource industry in which the Company is still engaged. Competition in generation may come from low fuel cost, geothermal generation with peak demand met from hydro storage or batteries. Retail competition could come from other mass market suppliers moving into the electricity market, or the bundling of utility products. Competitors in the resource industry 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in preparation of the financial statements are consistent with those set forth in note 2 of the condensed consolidated interim financial statements for the year ended February 28, 2014. They are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

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 will be able to secure the funds necessary to continue to explore its mineral properties, or, even if the funds are available, will continue with the exploration of its mineral properties. There is also no assurance that any of 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 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.

Following the completion of the OHL Acquisition, Coronado changed the focus of its business from a junior mining company to a power generation and retailing company in New Zealand. Some of the additional risks that will be faced by Coronado are, among other things: the possible failure of Coronado to successfully integrate Coronado and OHL and manage the related expansion risks and to realize the anticipated benefits of the OHL Acquisition; the ability to obtain necessary financing and resources for the operation, development and/or expansion of Coronado's power generation and retailing business and mining operations; the health of the economy generally; current and future stock price volatility; electricity demand and global market factors and fluctuations in energy and input prices and market conditions; operation risks such as overcapacity risk, disruptions in production, equipment failure, supply failure, changes in hydrology, opposition to production, unexpected increases in raw materials costs; reliance on licences, permits, approvals and renewals from governmental authorities and the risks associated with the complexity of, and any changes to, the regulatory environment or delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities; political instability and arbitrary changes in law; changes in the cost of doing business as a result of any changes in the regulatory environment; dependence upon key contracts with certain counterparties and reliance on certain wholesale supply agreements; management inexperience and dependence upon key management employees; fluctuations in foreign currency exchange rates; volumetric and hedging risks; property title and investments related risks, including the potential for the existence of undetected or unregistered interests or claims over the property of Coronado; possible changes in business prospects and opportunities; transportation and construction delays; failure of plant, equipment or processes to operate as anticipated; accidents, environmental risks, labour disputes and other risks of the energy and mining industries; and availability of and access to interconnection facilities and transmission systems. The factors identified above are not intended to represent a complete list of the risks faced by Coronado. While management of Coronado believes that the foregoing risks and uncertainties are a fair indication of the risks and uncertainties material to Coronado's business; however, additional risks and uncertainties, including those currently unknown to Coronado or not considered to be material by Coronado, may also adversely affect the business of Coronado.

OFF-BALANCE SHEET ARRANGMENTS

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

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 operations may be found under Coronado's SEDAR profile at www.sedar.com or on Coronado's website at www.coronadoresourcesltd.com.

FORWARD LOOKING STATEMENTS

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

Forward-looking statements in this MD&A include, but are not limited to the use of proceeds from the private placement, the completion of, and operations of Coronado upon completion of, the OHL Acquisition, and Coronado’s overall strategic plan including statements pertaining to the Company’s proposed business plans that include the operation and development of its power generation and retail business and the operation of its mining properties for the near and mid-term range. 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 current operations, and that a business plan for the near and mid-term range can be fulfilled. 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’s operations will not continue at their current levels, and 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.

CORONADO RESOURCES LTD.

Consolidated Financial Statements

February 28, 2014
and
February 28, 2013

(Expressed in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Coronado Resources Ltd.

We have audited the accompanying consolidated financial statements of Coronado Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2014 and 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended February 28, 2014 and 2013, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board 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 about whether the consolidated financial statements are free from 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 subsidiaries as at February 28, 2014 and 2013 and their financial performance and their cash flows for the years ended February 28, 2014 and 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS
Vancouver, BC
June 25, 2014

CORONADO RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at February 28,		2014		2013
Assets				
Current assets				
Cash and cash equivalents	$	6,646,234	$	6,416,512
Amounts receivable		800,730		7,796
Prepaid expenses		27,549		7,658
		7,474,513		6,431,966
Electricity derivative (Note 4)		248,565		-
Property and equipment, net (Note 5)		5,174,956		823,942
Exploration and evaluation assets (Note 6)		4,136,949		4,132,168
Reclamation deposits and restricted cash		163,746		80,897
	$	17,198,729	$	11,468,973
Liabilities and equity				
Current liabilities				
Accounts payable and accrued liabilities	$	627,096	$	57,828
Loans payable		-		20,000
		627,096		77,828
Deferred tax liability (Note 12)		69,559		-
		696,655		77,828
Shareholders' equity				
Capital stock (Note 7(b))		20,127,801		16,083,491
Contributed surplus (Note 7(b))		1,657,109		1,657,109
Foreign currency translation		455,037		-
Deficit		(5,737,873)		(6,349,455)
		16,502,074		11,391,145
	$	17,198,729	$	11,468,973

Nature of operations and going concern (Note 1)

See accompanying notes.

These financial statements are authorized for issue by the Board of Directors on June 25, 2014.

"Daniel Brown "
…………………………………………………Director
Daniel Brown

"Ashley Garnot "
…………………………………………………Director
Ashley Garnot

CORONADO RESOURCES LTD.
Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

For the years ended February 28,	**2014**	**2013**
Revenues		
Electricity sales	$ 1,615,561	$ -
Cost of sales	(1,319,297)	-
	296,264	-
General and administrative expenses		
Amortization	40,438	6,228
Audit and accounting	59,408	22,164
Bank charges	11,258	11,613
Consulting fees	166,943	35,000
Directors fees	2,500	12,500
Insurance	18,006	5,767
Legal	274,702	59,697
Management fees	118,512	75,440
Office and administration	27,964	36,089
Office rent	39,384	36,933
Salaries and wages	127,554	-
Shareholder relations and communication	28,760	51,244
Transfer and filing fees	264,538	33,735
Travel	13,600	3,210
	(1,193,567)	(389,620)
Other items		
Foreign exchange gain	35,481	26,425
Interest income	68,519	38,302
Gain on electricity derivative	248,565	-
Bargain purchase gain (Note 3)	1,225,879	-
	1,578,444	64,727
Net income (loss) before income taxes	681,141	(324,893)
Income taxes - deferred	(69,559)	-
Net income (loss) for the year	611,582	(324,893)
Other comprehensive income		
Cumulative translation adjustment	455,037	-
Comprehensive income (loss) for the year	$ 1,066,619	$ (324,893)
Income (loss) per share, basic and diluted	$ 0.01	$ (0.01)
Weighted average number of common shares outstanding	70,913,177	41,690,428

See accompanying notes.

CORONADO RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the years ended February 28,	2014	2013
Operating activities		
Net income (loss) for the year	$ 611,582	$ (324,893)
Items not involving cash:		
Amortization	40,438	6,228
Bargain purchase gain	(1,225,879)	-
Gain on electricity derivative	(248,565)	-
Income taxes - deferred	69,559	-
Interest on reclamation deposit and restricted cash	(341)	(9,628)
Foreign exchange	181	-
	(753,025)	(328,293)
Changes non-cash working capital:		
Amounts receivable	(371,466)	11,300
Prepaid expenses	3,928	(2,521)
Accounts payable and accrued liabilities	(7,410)	(21,935)
Advances payable	-	(48,180)
	(374,948)	(61,336)
Cash used in operating activities	(1,127,973)	(389,629)
Financing activities		
Loan (repayment) advance	(20,000)	20,000
Share options exercised	-	60,000
Redemption of restricted term deposit	8,050	-
Issuance of common shares	-	6,000,000
Share issue costs	(4,929)	(43,228)
Cash provided by financing activities	(16,879)	6,036,772
Investing activities		
Cash of subsidiary on acquisition	1,604,399	-
Equipment purchases	(303,190)	(1,970)
Exploration and evaluation asset expenditures	(602,393)	(681,965)
Exploration and evaluation asset recoveries	675,758	1,093,030
Cash provided by investing activities	1,374,574	409,095
Net inflow of cash and cash equivalents	229,722	6,056,238
Cash and cash equivalents, beginning of year	6,416,512	360,274
Cash and cash equivalents, end of year	$ 6,646,234	$ 6,416,512
Supplemental cash flow information		
Accounts payable included in exploration and evaluation assets	$ 5,518	$ 22,739
Interest received	$ 77,806	$ 28,674
Cash and cash equivalents consist of:		
Cash	$ 1,161,206	$ 219,921
Short-term deposits	5,485,028	6,196,591
	$ 6,646,234	$ 6,416,512

See accompanying notes.

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

	Common shares					
	Number	Amount	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance, February 29, 2012	29,223,048	$10,015,279	$1,708,549	$ -	$ (6,024,562)	$5,699,266
Share consolidation	(14,611,524)	-	-	-	-	-
Private placement	50,000,000	6,000,000	-	-	-	6,000,000
Share issue costs	-	(43,228)	-	-	-	(43,228)
Exercise of options	200,000	60,000	-	-	-	60,000
Transfer from contributed surplus on exercise of stock options	-	51,440	(51,440)	-	-	-
Net loss for year	-	-	-	-	(324,893)	(324,893)
Balance, February 28, 2013	64,811,524	$16,083,491	$1,657,109	$ -	$ (6,349,455)	$11,391,145
Acquisition of subsidiary	14,461,568	4,049,239	-	-	-	4,049,239
Share issue costs	-	(4,929)	-	-	-	(4,929)
Currency translation adjustment	-	-	-	455,037	-	455,037
Net income for year	-	-	-	-	611,582	611,582
Balance, February 28, 2014	79,273,092	$20,127,801	$1,657,109	$ 455,037	$ (5,737,873)	$16,502,074

See accompanying notes.

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company is incorporated under the *Business Corporations Act* (British Columbia) and is an electrical generation and sales company and also is engaged in the exploration and development of exploration and evaluation assets. The Company trades on the TSX Venture Exchange under the symbol “CRD”, the OTCQX International under the symbol CRDAF and on the Canadian Stock Exchange under the symbol “CRD”. On September 27, 2013, the Company completed a change of business whereby Coronado acquired all of the outstanding common shares of Opunake Hydro Limited (“OHL”) from TAG Oil Ltd. (“TAG”) and Opunake Hydro Holdings Limited (“OHHL”) in exchange for the issuance of 13,015,410 common shares of Coronado to TAG and 1,446,158 Coronado shares to OHHL. As a result of the acquisition, TAG owns 49.18% of the issued capital of Coronado and TAG and OHHL, collectively, own 51.01%. The Company’s changed from being an exploration mining company to being predominately an electrical generation and sales company.

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.

At February 28, 2014, the Company had working capital of $6,847,417 (February 28, 2013: $6,354,138). At February 28, 2014, the Company also has an accumulated deficit of $5,737,873 (February 28, 2013: $6,349,455). The Company has working capital to fund its operations for the next twelve months, but may be reliant upon future equity financing to fund its operations and advance the development of its electrical generation and sales business.

The business of electrical generation and sales, as well as mining exploration involves a high degree of risk and there is no assurance that current electrical generation and sales, or exploration projects will result in future profitable operations. The Company has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets 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 exploration and evaluation assets. The carrying value of the Company’s exploration and evaluation assets 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) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation

The consolidated 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%	Mineral Property
Lynx Oil and Gas Limited	New Zealand	100%	Inactive
Lynx Clean Power Corp	Canada	100%	Holding Company
Opunake Hydro Limited	New Zealand	100%	Electricity Generation and Retailing

(c) Basis of Presentation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and its interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated 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 preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. The accounting policies set out below have been applied consistently by the Company and its subsidiaries.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated 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 consolidated 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.

Critical judgments in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated financial statements:

- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets and property and equipment may not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- the present value of electrical derivatives can be highly judgmental and is based on assumptions about the future impact of economic and environmental conditions on the wholesale price for electrical power in the New Zealand market, using historical data as indicators.

(e) Property and equipment

All depreciable property and equipment is recorded at cost and amortized using a declining-balance method at rates from 4% - 50% annually. Additions during the year are amortized at one-half the annual rate. Amortization of exploration-related assets is included within deferred exploration and evaluation assets.

Assets attributable to electricity operations, with the exception of the natural gas generation assets, are recorded at cost less accumulated depreciation and depreciation is calculated using the declining-balance method. Corporate assets consist primarily of office equipment and leasehold improvements and are stated at cost less accumulated depreciation. Depreciation of these corporate assets is calculated using the declining-balance method.

All costs directly associated with the acquisition, setup and commissioning of natural gas generating equipment are capitalized at cost and amortized using the units of production method based on the manufactures expected useful life.

(f) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

(g) Exploration and evaluation assets

The Company capitalizes all costs related to investments in exploration and evaluation assets on a property-by-property basis. Such costs include exploration and evaluation asset 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 exploration and evaluation assets 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

When it has been determined that a exploration and evaluation asset 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 an exploration and evaluation asset 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 exploration and evaluation asset cost. The Company recognizes in income those costs that are recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

(h) 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, 2014, the Company did not have any asset retirement obligations.

(i) Basic and diluted earnings (loss) per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings (loss) for the period attributable to equity owners by the weighted average number of common shares outstanding during the period.

Diluted EPS is not presented when it is anti-dilutive.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise share options granted to employees and directors, and warrants.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

(j) Share-based compensation

The Company's stock option plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to share capital with a corresponding increase in contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related reserves amount is transferred to share capital.

(k) Impairment

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is established to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Canadian dollars.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

(iii) Subsidiaries

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities are translated at the period-end exchange rate;
- Income and expenses for each statement of income are translated at average exchange rates for the period;
  and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

(m) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to the offset of current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial Instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

i. Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables. Amounts receivable, excluding GST, is included in this category of financial assets.

iii. Available-for-sale financial assets
Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company currently does not have any financial assets classified as AFS.

Management assesses the carrying value of AFS financial assets at each reporting period and any impairment charges are also recognized in other comprehensive income or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit and loss.

Financial liabilities

The Company's financial liabilities are classified as borrowings and other financial liabilities.

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities are included in this category of financial liabilities.

3. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Derivative financial instruments

The Company holds derivative financial instruments to hedge its commodity price risk exposures. Embedded derivatives are separated from the host contact and accounted for separately if certain criteria are met.

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(o) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and delivery has occurred, the sales price is fixed or determinable, and collectability is reasonably assured. These criteria are generally met at the time the product is consumed by the customer and, depending on the delivery conditions, title and risk have passed to the customer and acceptance of the product, when contractual requirements, have been fulfilled. Revenue is measured based on the price specified in the sales contract.

(p) New accounting standards and recent pronouncements

Application of new and revised accounting standards effective March 1, 2013

The Company has evaluated the following new and revised IFRS standards and has determined there to be no material impact on the consolidated financial statements upon adoption:

1) IFRS 7 - Financial Instruments: Disclosures
2) IFRS 10 - Consolidated Financial Statements
3) IFRS 11 - Joint Arrangements
4) IFRS 12 - Disclosure of Interests in Other Entities
5) IFRS 13 - Fair Value Measurement
6) IAS 1 - Presentation of Financial Statements
7) IAS 19 - Employee Benefits
8) IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Future accounting standards

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") but not yet effective as at February 28, 2014. 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 consolidated 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, 2014.

1) IFRIC 21 – Levies
2) IAS 32 – Financial instruments - Presentation
3) IAS 39 - Financial Instruments: Recognition and Measurement & IFRS 9 - Financial Instruments mandatory adoption date not yet finalized

(Expressed in Canadian Dollars)

3. ACQUISITION OF OPUNAKE HYDRO LIMITED ("OHL")

On September 27, 2013, the Company completed the planned change of business pursuant to the terms of a share purchase agreement dated May 13, 2013, between the Company and the shareholders' of OHL, Tag Oil Ltd. ("TAG") and Opunake Hydro Holdings Limited ("OHHL"). The Company purchased 100% of the outstanding common shares of OHL in exchange for 14,461,567 common shares of the Company.

		September 28, 2013
Purchase price consideration		
Value of 14,461,567 common shares issued	$	4,049,239
Assets acquired and liabilities assumed		
Cash	$	1,604,399
Current assets		445,287
Property, plant and equipment		3,759,101
Reclamation deposits and restricted cash		68,615
Current liabilities		(602,284)
Bargain purchase gain		(1,225,879)
	$	4,049,239

4. ELECTRICTY DERIVATIVE

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value. Changes in the fair value of derivative instruments are recognized immediately in the profit or loss.

The only derivatives the company is party to are electricity derivatives with a few established electricity wholesaler producers. The derivative contract provides for payments for differences in respect of the price of electricity, at specific grid exit points.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Land	Mining equipment	Hydro Mining equipment	Generation equipment	Office equipment	Buildings	Total
Cost							
February 29, 2012	$ 321,213	$ 667,005	$ 198,531	$ -	$ 33,502	$ 90,332	$ 1,310,583
Additions	-	-	-	-	1,970	-	1,970
February 28, 2013	321,213	667,005	198,531	-	35,472	90,332	1,312,553
Additions	-	-	733,555	4,069,215	4,450	-	4,807,220
February 28, 2014	$ 321,213	$ 667,005	$ 932,086	$ 4,069,215	$ 39,922	$ 90,332	$ 6,119,773
Accumulated amortization							
February 29, 2012	$ -	$ 172,828	$ 125,344	$ -	$ 3,350	$ 61,654	$ 363,176
Additions	-	98,835	14,637	-	6,228	5,735	125,435
February 28, 2013	-	271,663	139,981	-	9,578	67,389	488,611
Additions	-	79,068	259,859	106,243	6,447	4,589	456,206
February 28, 2013	$ -	$ 350,731	$ 399,840	$ 106,243	$ 16,025	$ 71,978	$ 944,817
Net book value							
February 28, 2013	$ 321,213	$ 395,342	$ 58,550	$ -	$ 25,894	$ 22,943	$ 823,942
February 28, 2014	$ 321,213	$ 316,274	$ 532,246	$ 3,962,972	$ 23,897	$ 18,354	$ 5,174,956

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets 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, 2012	$	1	$	4,494,252	$	4,494,253
Expenditures during the year						
Camp costs		-		44,669		44,669
Surface contracting		-		579		579
Underground work		-		30,896		30,896
Fieldwork and wages		-		298,210		298,210
Consulting and engineering		-		79,213		79,213
Assessment and taxes		-		86,280		86,280
Permits, assay and testing		-		17,149		17,149
Trucking and transport		-		42,925		42,925
Power utilities		-		11,817		11,817
Amortization		-		119,207		119,207
		-		730,945		730,945
Recoveries during the year		-		(1,093,030)		(1,093,030)
Net recoveries during the year		-		(362,085)		(362,085)
Balance, February 28, 2013	$	1	$	4,132,167	$	4,132,168
Expenditures during the year						
Camp costs		-		10,753		10,753
Fieldwork and wages		-		129,877		129,877
Consulting engineering		-		2,869		2,869
Assessment and taxes		-		85,645		85,645
Permits, assay and testing		-		20,340		20,340
Trucking and transport		-		76,787		76,787
Power utilities		-		3,968		3,968
Amortization		-		95,367		95,367
Travel exploration		-		389		389
Concentrating ore		-		254,544		254,544
		-		680,539		680,539
Recoveries during the year		-		(675,758)		(675,758)
Net expenditures during the year		-		4,781		4,781
Balance, February 28, 2014	$	1	$	4,136,948	$	4,136,949

6. EXPLORATION AND EVALUATION ASSETS (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 agreement called for cash payments totaling $300,000, share issuances, and work commitments in stages over five years. The acquisition was completed in 2010, subject to an annual payment equal to the greater of a 2% NSR or US$50,000 (US$50,000 paid for both fiscal years presented). The Company has increased and consolidated its claims since the original acquisition by adding 8 additional claims in the year ended February 28, 2007, and in the current year ended February 28, 2014 it increased its acreage by adding 12 contiguous claim. The 12 new claims replace 6 previous claims that were allowed to lapse, to increase the overall acreage and cover any non-contiguous boundaries.

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.

(b) Title to exploration and evaluation assets

Although the Company has taken steps to verify title to exploration and evaluation assets 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.

(c) Realization of assets

The investment in and expenditures on exploration and evaluation assets 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, and 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 if 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.

(d) 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 exploration and evaluation assets, 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

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

had an interest. The Company conducts its exploration and evaluation asset 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.

7. 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 29, 2012	29,223,048	$ 10,015,279	$ 1,708,549
Issued during the year:			
Share consolidation (1)	(14,611,524)	-	-
Private placement (2)	50,000,000	6,000,000	-
Share issue costs	-	(43,228)	-
Exercise of stock options	200,000	111,440	(51,440)
Balance, February 28, 2013	64,811,524	$ 16,083,491	$ 1,657,109
Issued during the year:			
Purchase of subsidiary (3)	14,461,568	4,049,239	-
Share issue costs	-	(4,929)	-
Balance February 28, 2014	79,273,092	$ 20,127,801	$ 1,657,109

(1) *On April 14, 2012, the Company consolidated its shares on a basis of one new for two old shares. Comparatives have been applied on a retroactive basis.*

(2) *On August 15, 2012, the Company completed a private placement of 50 million common shares at $0.12 per share for gross proceeds of $6 million.*

(3) *On September 27, 2013, the Company issued 14,461,568 common shares for the purchase of 100% of the issued common shares of Opunake Hydro Limited.*

(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 subsidiary with an increased incentive to contribute to the future success and prosperity of the Company.

(Expressed in Canadian Dollars)

7. CAPITAL STOCK (Continued)

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

	February 28, 2014		February 28, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	102,500	$ 0.30	812,500	$ 0.30
Exercised	-	-	(200,000)	0.30
Cancelled/expired	(10,000)	-	(510,000)	0.30
Outstanding and exercisable, end of year	92,500	$ 0.30	102,500	$ 0.30

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

Expiry Date	Exercise Price	February 28, 2014	February 28, 2013
June 7, 2014(1)	$ 0.30	92,500	92,500
June 23, 2014	0.30	-	10,000
Outstanding, end of year	$ 0.30	92,500	102,500
Weighted average outstanding life of options		0.27 years	1.28 years

(1) Subsequently expired

(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, 2014		February 28, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	2,000,000	$ 0.36	2,000,000	$ 0.36
Expired	(2,000,000)	$ 0.36	-	-
Outstanding, end of year	-	$ 0.00	2,000,000	$ 0.36

(e) Share-based compensation

There were no stock options issued during the years ended February 28, 2014 and 2013.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

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

		February 28, 2014		February 28, 2013
Consulting fees	$	39,000	$	35,000
Consulting and engineering fees		-		5,000
Directors fees		2,500		12,500
Management fees		64,000		-
	$	105,500	$	52,500

During the year ended February 28, 2014, the Company recorded sales in the amount of $362,990 (2013 - $ Nil) from related companies with significant influence over the company of which $148,648 (2013 - $ Nil) was outstanding in accounts receivable at year end. For the year ended February 28, 2014, the Company recorded $116,711 in purchases from related companies with significant influence over the company of which $80,216 (2013 - $ Nil) were outstanding in accounts payable and accrued liabilities at the year end.

Also included in accounts payable and accrued liabilities is $57,238 (2013 - $ Nil) due to a related company with significant influence over the Company.

At February 28, 2014, OHL had a credit facility of NZ$900,000 that provides security to the New Zealand Electrical Clearing Manager to guarantee payments for electricity purchases, which a related company with significant influence over the Company has guaranteed.

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.

9. 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. The most significant exposure to this risk is relative to the sale of electrical output. All of the Company's generation is sold directly to retail and commercial customers in a government regulated industry. The Company is paid for its sales on industry standard terms and has the ability to suspend power in the event of nonpayment. The Company has assessed the risk of non-collection from the customer's as low due to the regulated nature of the business.

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 February 28, 2014, there were no significant amounts past due or impaired.

9. FINANCIAL INSTRUMENTS RISK (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its power purchase 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.

Market Risk

Market risk is the risk that changes in foreign exchange rates, electricity prices 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.

Foreign Exchange Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. All of the Company's electricity sales are denominated in New Zealand dollars and operational and capital activities related to our operations are transacted primarily in New Zealand dollars and/or United States dollars with some costs also being incurred in Canadian dollars.

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 in New Zealand are expected to be carried out in New Zealand and to a lesser extent, in United States dollars.

The Company has foreign exchange risk due to its activities carried out in Montana, USA, but is not viewed to be significant by the Company.

Commodity Price Risk

Commodity Price Risk is the risk that fluctuations in the price for electricity and natural gas could have a material effect on its financial condition. Prices for electricity and natural gas fluctuate in response to changes in supply and demand, market uncertainty, and a variety of other factors beyond the company's control. Such prices may also affect the cost of purchasing of electricity for resale and the level of spending for future activities. Prices received by the Company for its sales are negotiated by the Company but purchases are based on the spot rate and are impacted by environmental and economic events that dictate the levels of supply and demand. All of the Company's sales and generation is sold at negotiated rates but the purchases are either purchased on the spot market which is subject to fluctuation or the company purchases futures contracts for power, to hedge future sales reducing exposure for the Company, to the risk of price movements.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS RISK (Continued)

The Company had future price contracts in place as at and during the year ended February 28, 2014. The impact of a $1.00 increase in the purchase price of electricity would have increased costs in the amount $22,984 for the year.

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 as at February 28, 2014 and 2013 are as follows:

		February 28, 2014		February 28, 2013	
	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
		$	$	$	$
Financial assets:					
Cash and cash equivalents	1	6,646,234	-	6,416,512	-
Electricity derivative	2	248,565	-	-	-
Reclamation deposits and restricted cash		-	163,746	-	80,897
		6,894,799	163,746	6,416,512	80,897
Financial liabilities:					
Accounts payable and accrued liabilities		-	627,096	-	57,828
Loans payable		-	-	-	20,000
		-	627,096	-	77,828

The Company's cash and cash equivalents are classified as level 1. During the years ended February 28, 2014 and 2013, there were no transfers between level 1, level 2 and level 3.

(Expressed in Canadian Dollars)

10. 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 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. During the period the company acquired an electricity generation and sales business which has long-term contracts for purchases and sales. This has resulted in the company no longer requiring equity issues to fund administration and exploration costs. The company may still require equity issues but it may not be required if cash flows from operations are sufficient to cover administrative and operating cost.

11. SEGMENTED INFORMATION

The Company now operates in three geographic regions, and has reportable sales from operations as follows:

Geographic segments

The following sales and non-current assets are located in the following countries:

	For the year ended February 28, 2014			
	Canada	United States	New Zealand	Total
Sales revenue	$ -	$ -	$ 1,615,561	$ 1,615,561

	As at February 28, 2014			
	Canada	United States	New Zealand	Total
Property and equipment	$ 20,715	$ 702,681	$ 4,451,560	$ 5,174,956
Exploration and evaluation assets	-	4,136,949	-	4,136,949
Reclamation deposits and restricted cash	11,736	65,972	86,038	163,746
	$ 32,451	$ 4,905,602	$ 4,537,598	$ 9,475,651

	As at February 28, 2013			
	Canada	United States	New Zealand	Total
Property and equipment	$ 25,894	$ 798,048	$ -	$ 823,942
Exploration and evaluation assets	-	4,132,168	-	4,132,168
Reclamation deposits and restricted casl	19,780	61,117	-	80,897
	$ 45,674	$ 4,991,333	$ -	$ 5,037,007

(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION (Continued)

The Company operates in two industry segments; electricity generating and retailing, and mining exploration and development.

	As at February 28, 2014		
	Electricity Generation and Retailing	Mining Exploration and Development	Total
Sales revenue	$ 1,615,561	$ -	$ 1,615,561
Profit (loss)	$ 1,472,117	$ (860,535)	$ 611,582
Total assets	$ 6,582,217	$10,616,512	$ 17,198,729
Liabilities	$ 678,062	$ 18,593	$ 696,655

During the year ended February 28, 2014, the Company acquired an electricity generation and retailing operation. With this addition to the existing mining exploration and development segment the company has two industry reporting segments. The results of the five months of operation since acquisition are segregated and shown above.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

As at February 28,	2014	2013
	$	$
Net income (loss) for the year before tax	681,141	(324,893)
Expected income tax expense (recovery)	208,185	(79,887)
Net adjustment for deductible and non-deductible amounts	(398,479)	(605)
Unrecognized benefit of current non-capital loss	259,853	80,492
Total income tax expense	69,599	-

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

As at February 28,	2014	2013
	$	$
Deferred income tax liabilities:		
Exploration and evaluation carrying amounts in excess of tax pools	(779,250)	(515,246)
Non-capital loss carry-forwards	1,273,790	904,630
Equipment and share issue costs	164,495	118,367
Valuation allowance	(728,594)	(507,751)
Net deferred income tax assets	(69,559)	-

(Expressed in Canadian Dollars)

12. INCOME TAXES (Continued)

As at February 28, 2014, the Company has Canadian ("CDN") and United States ("US") non-capital losses carry forward of approximately $3,750,000 and $972,000, respectively. These losses are available to be utilized as deductions against future year's CDN and US taxable income from CDN and US operations. CDN and US non-capital losses, if not utilized will expire as follows:

	CDN Losses	US Losses	Total
2015	$ 132,000	$ -	$ 132,000
2026	158,000	-	158,000
2027	293,000	8,000	301,000
2028	381,000	550,000	931,000
2029	291,000	115,000	406,000
2030	517,000	179,000	696,000
2031	250,000	-	250,000
2032	523,000	-	523,000
2033	338,000	109,000	447,000
2034	867,000	11,000	878,000
	$ 3,750,000	$ 972,000	$ 4,722,000