



War Eagle announces a merger with Champagne Resources to Acquire a Significant Stake in World Class Kirkland Lake Gold Camp

Vancouver, British Columbia – January 3, 2018 - War Eagle Mining Company Inc. (TSXV - WAR) (“War Eagle” or the “Company”) and Champagne Resources Limited (“Champagne”) are pleased to announce that they have entered into an agreement to merge the two companies. Champagne is a Toronto-based private company with a significant land position (3,296 ha) in the world class Kirkland Lake Gold Camp in the Abitibi Greenbelt 8 km from the Town of Kirkland Lake, Ontario and adjacent to Kirkland Lake Gold Inc.’s high grade producing mine. Paul Carroll, Chairman of War Eagle said “We chose this investment because the best place to find gold is where it has been found before.”

The merger will be effected by what is known as a “triangular amalgamation” whereby Champagne will merge with a subsidiary of War Eagle and become a subsidiary of War Eagle itself. On the merger, which values the companies equally, Champagne shareholders will receive an aggregate of 21,990,276 War Eagle common shares, matching the current outstanding shares of the Company. Outstanding Champagne share purchase warrants and options are expected to be exchanged on equivalent terms for War Eagle securities. War Eagle and Champagne have agreed to finalize and sign an amalgamation agreement by January 15, 2018 and the merger, which is subject to TSX Venture Exchange approval, is expected to be completed by the end of February once all conditions have been met including required Champagne shareholder and approvals. The transaction is an arms’ length transaction and no finder’s fees are payable.

Mr. Carroll explained that the acquisition represents the culmination of two years of searching for a mineral property to replace the Tres Marias and Terrazas zinc-copper projects in Chihuahua, Mexico, and is a return to Canada for the Company.

Champagne’s 100% owned Goodfish Kirana Project at Kirkland Lake is a contiguous, 10 km long by 3 km wide land package that until now has never been consolidated or systematically explored on surface or below 200 m depth. Danièle Spethmann, President and CEO of Champagne, stated “Numerous historical gold showings, significant structural breaks and a land package that has been under-explored with modern technology provide for an exciting and unique discovery opportunity. We look forward to completing a winter work program that will include airborne and ground geophysics that will better define drill targets for a Q2 exploration program.”

Geologically, the Kirkland Lake Gold Camp is favourable because of major structures and breaks that are host to world class high grade gold deposits. Historically, the Kirkland Lake Camp has been host to over 42 million ounces of gold production. Operationally, the Kirkland Lake Gold Camp is a first class location due to its long mining history which has fostered local mining-skilled personnel including supportive First Nations, year-round ease of access via local airport and three main highways, and truck and ATV accessible bush roads.

Champagne’s committed management and technical team with proven track records of discovery is led by Danièle Spethmann, an exploration geologist with over 30 years experience in northern Ontario, Canada and internationally including being the senior geologist on two projects with significant discoveries (Choco 10 – Carolina zone and Fruta del Norte) in Venezuela and in Ecuador. Ms. Spethmann is a member of the Association of Professional Geoscientists of Ontario.

Upon the merger with War Eagle, Ms. Spethmann will be appointed as President and CEO of War Eagle, and as a director and Mr. Carroll will remain Chairman. War Eagle will have three representatives on the board of

directors and Champagne will have two representatives, being Ms. Spethmann and Peter Winnell, another Champagne-appointed director. Donald Padgett is expected to resign from the Board of War Eagle on closing of the merger to accommodate the incoming Champagne representatives. War Eagle may consider an increase in the board to six directors at its next annual general meeting.

Danièle Spethmann, P. Geo., President and CEO of Champagne, is a "qualified person" within the meaning of National Instrument 43-101 and has reviewed and approved the technical information in this news release.

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This news release was prepared by management of War Eagle, which takes full responsibility for its contents as it relates to War Eagle. Information about Champagne Resources Limited has been provided by Champagne.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: This press release contains forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. The forward-looking statements are based on certain key expectations and assumptions made by the Company. Although War Eagle believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because War Eagle can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. In addition to other risks that may affect the forward-looking statements in this press release are those set out in the Company's management discussion and analysis of the financial condition and results of operations for the year ended March 31, 2017 and the second quarter ended September 30, 2017, which are available at www.sedar.com. The forward-looking statements contained in this press release are made as of the date hereof and War Eagle undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.