WAR EAGLE MINING COMPANY INC.

Management's Discussion and Analysis

For The Year Ended March 31, 2017

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The following is management's discussion and analysis ("MD&A") of War Eagle Mining Company Inc. prepared as of July 26, 2017. This MD&A should be read together with the audited consolidated financial statements for the year ended March 31, 2017 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise specified.

The terms "War Eagle", "the Company", "we", "us" and "our" refer to War Eagle Mining Company Inc. and its subsidiaries, unless the context otherwise requires.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. Forward-looking statements include references to potential joint venture opportunities for the Company's properties.

To the extent that this MD&A contains "forward-looking statements" they are subject to risk factors set out in this MD&A.

The Company's audited consolidated financial statements for the year ended March 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Standards Interpretations Committee.

Additional information related to War Eagle is available on the Company's website www.wareaglemining.com or for view at the Company's profile on SEDAR at www.sedar.com.

OUR BUSINESS

We are involved in the acquisition, exploration and, if warranted, development of mineral properties and plan to focus our exploration activities on developing base and precious metal properties in Mexico and in other geologically attractive and mine friendly jurisdictions in the Americas. That focus might include a business combination with another similarly focused junior company. In fiscal 2014, we sold our interest in the small Tres Marias zinc-germanium-lead project in Chihuahua, Mexico.

INCORPORATION AND ORGANIZATION OF THE COMPANY

The Company was incorporated under the laws of British Columbia on March 6, 1984. The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "WAR".

Our head office is located at Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6 and our registered office is located at Suite 700 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

As of the date of this MD&A, we have two subsidiaries: Andromeda Resources Inc. ("Andromeda"), a wholly-owned Ontario corporation and its wholly-owned Mexican subsidiary, RD Minerals S.A. de C.V ("RDM").

In December 2013, we sold Tombstone Exploration de Mexico S.A. de C.V. ("Tombstone Mexico"), a 100% owned Mexican corporation.

CORPORATE DEVELOPMENTS

- In December 2013, we sold all of the shares of Tombstone Mexico, which was the owner of the Tres Marias property in Mexico to Contratista Y Operaciones Mineras S.A. de C.V.

(COMSA) for a consideration of US$2,500,000 ($2,710,032, based on the exchange rate in effect in December 2013), payable over a three year term.

- In August 2016, the Company entered into a new agreement with COMSA for the payment of US$1,700,000, the balance of the US$2,500,000 consideration for the sale of Tres Marias, where COMSA agreed to make payments every quarter starting on December 31, 2016, with the final payment on March 31, 2018.
- On August 15, 2016, Paul A. Carroll QC was appointed as the Company's president and chief executive officer replacing Thomas R. Atkins. Mr. Carroll has had a lengthy business career in the mining industry, both as a lawyer and as a director and officer of mining companies. He has been engaged in mineral exploration and mining in Canada, the US, Mexico, Central and South America, Africa, China, Russia and Kazakhstan. Companies with which he has been involved include Dundee Corporation, Corona Corporation and World Wide Minerals Ltd., among others.
- In October 2016, the Company's shareholders approved all resolutions at its annual general meeting, including the appointment of William S. Hamilton as a new independent director of the Company. Mr. Hamilton is a Toronto-based geologist with extensive exploration experience in Canada and Mexico. Since the 1970's he has been a practicing exploration geologist for several mining companies in those regions and has held senior executive positions with several mining companies including Corona Corporation (now Barrick Gold Corp.), Campbell Resources Inc. and Campbell Chibougamau Mines Ltd. Since 2001, he has been a private consultant, providing exploration services for a number of companies, principally in Mexico. In earlier years he was employed as a senior geologist with the Geological Survey of Canada and the New Brunswick Department of Mines. He is a registered Professional Geologist in Ontario. The directors of the Company after the annual general meeting include: Paul A. Carroll, Donald Padget, Malcolm P. Burke and William S. Hamilton.

MANAGEMENT AND BOARD

In 2012 we increased the depth of our operating and financing expertise with the appointment of Paul A. Carroll to the board of directors and as Chairman, Mr. Malcolm Burke to the board of directors in 2015 and Mr. William S. Hamilton to the board of directors in 2016.

Mr. Carroll has had a lengthy business career in the mining industry, both as a lawyer and as a director and officer of mining companies. He has been engaged in mineral exploration and mining in Canada, the US, Mexico, Central and South America, Africa, China, Russia and Kazakhstan. Mr. Carroll is President of Carnarvon Capital Corporation, a corporate management and advisory company based in Toronto, Canada.

Mr. Burke is the founder and CEO of Primary Ventures Corporation, a company providing financing and advisory services to promising start-up and development stage ventures. His proven ability to raise capital coupled with his wealth of business and financial experience is a valuable asset to the Company.

Mr. Hamilton is a Toronto-based geologist with extensive exploration experience in Canada and Mexico. Since the 1970's he has been a practicing exploration geologist for several mining companies in those regions and has held senior executive positions with several mining companies including Corona Corporation (now Barrick Gold Corp.), Campbell Resources Inc. and Campbell Chibougamau Mines Ltd. Since 2001, he has been a private consultant, providing exploration services for a number of companies, principally in Mexico. In earlier years he was employed as a senior geologist with the Geological Survey of Canada and the New Brunswick Department of Mines. He is a registered Professional Geologist in Ontario.

With the reconstitution of the board and management we have reviewed our assets and disposed of or dropped non-core assets. We sold the Tres Marias zinc-germanium mine in Chihuahua, Mexico for proceeds of up to US$5.8 million ($6.3 million based on the exchange rate in effect in December 2013).

FINANCIAL

CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of certain selected financial information that is qualified by the more detailed information appearing in the audited consolidated financial statements of the Company.

SELECTED ANNUAL AND QUARTERLY INFORMATION

The Company's fiscal period ends on March 31 of each year. Set out below is a summary of certain selected audited consolidated financial information for the Company's three most recently completed fiscal years ended, March 31, 2017, 2016 and 2015. All financial amounts were determined in accordance with IFRS.

	March 31		
	2017	2016	2015
	$	$	$
Net income (loss)	2,212,519	(107,782)	(17,938)
Net income (loss) per share, basic and diluted	0.10	(0.00)	(0.00)
Total assets	2,177,272	373,035	216,133
Total long-term debt	-	-	-
Cash dividends	-	-	-

The following is a summary of our eight most recently completed quarters:

Quarter ended	Income (loss) for the period	Income (loss) per share *	Total assets
	$	$	$
June 30, 2015	(128,738)	(0.01)	36,268
September 30, 2015	(110,860)	(0.01)	19,859
December 31, 2015	(111,852)	(0.01)	6,395
March 31, 2016	243,668	0.01	373,035
June 30, 2016	194,253	0.01	416,360
September 30, 2016	2,133,950	0.10	2,503,700
December 31, 2016	1,074	0.00	2,355,821
March 31, 2017	(116,758)	(0.01)	2,177,272

* Basic and fully diluted

During this period, we did not generate any revenues other than certain royalties from Tres Marias property or have discontinued operations. Apart from the exploration and evaluation asset write-downs the main factors contributing to variations in the quarterly income (loss) were share-based compensation awards, and receipt of proceeds from sale of a subsidiary.

Other attributable variations include:

- March 31, 2017 – we received US$1,000,000 during the year ended March 31, 2017 from the sale of Tombstone Mexico. We also recognized the outstanding amount of $1,464,100 (US$1,100,000) from COMSA as receivable as of March 31, 2017. Accordingly, we booked a gain on sale of subsidiary of $2,422,526 during the year ended March 31, 2017. We incurred minimal expenses while maintaining our corporate activities as we continue to seek new opportunities in Mexico and elsewhere.

RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2017

All fiscal 2017 and comparative financial amounts discussed below are determined in accordance with IFRS.

We incurred a net income before and after tax of $2,212,519 or $0.10 per share, for the year ended March 31, 2017, compared to a loss of $107,782 or $0.00 per share, for the year ended March 31, 2016.

This following section discusses significant operating expenses for the year ended March 31, 2017 as compared to the year ended March 31, 2016, unless described otherwise:

- Consulting fees – These fees are paid to consultants not acting in a management or staff capacity.
- Insurance – The insurance expense is prepaid for a 12 month period and expensed at each quarter end.
- Investor relations – In view of poor capital markets and few corporate developments, the Company limited investor relations activities to a minimum.
- Management fees and salaries – This expense represents amounts paid to officers and contractors that administer the operations of the Company.

- Professional fees – Professional fees comprise audit and legal fees. Professional fees increased in the current year primarily due to increase in the legal fees relating to the law suit with an ex-consultant.
- Rent – Rent expense comprises the cost of the Company's storage facility.

CHANGE IN FINANCIAL POSITION

Changes in our financial position since March 31, 2017 primarily relate to the use of cash to fund operations in the ordinary course of business.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2017

We incurred a net loss in the fourth quarter of fiscal 2017 in the amount of $116,758. Operating expenses were $95,888, a decrease from $127,877 in the fourth quarter of fiscal 2016. Operating expenses were lower in the fourth quarter primarily due to lower management fee paid or accrued during the year.

In March 2017, we received a US$200,000 payment from COMSA as partial payment from the sale of Tres Marias as per the new agreement with COMSA.

EXPLORATION EXPENDITURES

During the fiscal year ended March 31, 2017, the Company decided not to pursue the Terrazas project and absolved itself of any further commitments.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2017, we had a working capital of $1,837,141. We estimate that we have sufficient resources to maintain our continuing administrative costs, however, we may have a cash shortfall if we were to acquire any new projects in fiscal 2018. We are considering our options to attract investment in the Company, however, we can provide no assurance we will be able to do so.

In August 2016, we entered into a new agreement with COMSA for the payment of US$1,700,000, the balance of the US$2,500,000 consideration for the sale of Tres Marias, where COMSA has agreed to make payments every quarter starting on December 31, 2016, with the final payment on March 31, 2018. During the year ended March 31, 2017, we received a total of US$1,000,000 from COMSA as per the new agreement.

We have not paid any dividends since incorporation and have no plans to pay dividends in the immediate future. We expect to retain our earnings, if any, to finance further growth. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the common shares of the Company are entitled to an equal share in any dividends declared and paid.

We have a history of losses and our ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, our ability to obtain necessary financing to complete their development, and future profitable production or proceeds from the sale of the property.

TOMBSTONE MEXICO TRANSACTION

In December 2013, we completed the sale of Tombstone Mexico, the owner of the Tres Marias zinc-germanium mine in Chihuahua, Mexico to COMSA. Total consideration for the sale was

US$2,500,000 cash in the form of partial repayment of loan advances to Tombstone Mexico, of which, we've received US$1,700,000 and royalties of US$55,342 as of the date of this MD&A. We will receive additional US$400,000 if sales of product are US$20 million or more, (iii) a further US$400,000 if sales of product are US$25 million or more and (iv) a 2% net smelter return royalty to a maximum of a further US$2,500,000. The result would be total sales proceeds of up to US$5,800,000.

SHARE OPTIONS

We have a 10% floating option plan which provides that the aggregate number of common shares of the Company's capital issuable pursuant to options granted may not exceed 10% of the number of outstanding shares at the time of the grant. The Company's shareholders approved the 2014 Plan at its annual general and special meeting held on January 15, 2015.

RELATED PARTY TRANSACTIONS

We entered into the following transactions with related parties not disclosed elsewhere in this MD&A as follows:

Key management personnel compensation

Payee	Relationship	Nature of Transaction	2017 $	2016 $
Carnarvon Capital Corporation	Company controlled by Paul A. Carroll, Chairman & Director	Compensation including fee and share-based payments	75,000	120,000
L&D Holdings Inc. (formerly, "1091096 Ontario Inc.")	Company controlled by Don Padgett, Director	Compensation including fee and share-based payments	36,000	36,000
Primary Venture Corporation	Company controlled by Malcolm Burke, Director	Compensation including fee and share-based payments	36,000	36,000
W. S. Hamilton Geological Consulting Ltd.	Company controlled by William S. Hamilton, Director	Compensation including consulting fee and share-based payments	19,734	-
Koios Corporate Financial Services Ltd.	Company controlled by Salil Dhaumya, CFO	Compensation including fee and share-based payments	48,000	48,000

As at March 31, 2017, $69,000 (March 31, 2016 - $528,500) in total is owing to officers and consultants for services. The total amount of $69,000 (March 31, 2016 - $351,500) owing to companies owned by officers and directors of the Company. These amounts owing have been included in accounts payable and accrued liabilities. Subsequent to March 31, 2017, the Company paid the $69,000 to officers and consultants from the partial proceeds received from the Tres Marias sale.

During the year ended March 31, 2017, Mr. Carroll agreed to reduce the amount owed to his company by $64,000. The Company recognized a gain on settlement of debt of $64,000 in the condensed consolidated interim statement of comprehensive income.

Related party balances are due on demand, bear no interest, and are unsecured.

Transactions with related parties were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

We do not have any contractual relationships with directors or officers other than employment and consulting contracts in the ordinary course of business.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND RECENT DEVELOPMENTS

Standards, amendments and interpretations not yet effective

a) IFRS 9 Financial Instruments

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets;
- establishes two primary measurement categories for financial assets: amortized cost and fair value;
- prescribes that classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset;
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

This Standard is to be adopted for accounting periods beginning or after January 1, 2018, with early adoption permitted. We are currently evaluating the impact on the the Company's consolidated financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and specified how and when an entity will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

This Standard is effective January 1, 2018. We are currently evaluating the impact on the consolidated financial statements.

c) IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

This standard is effective for reporting periods beginning on or after January 1, 2019. The Company is currently evaluating the impact on the consolidated financial statements.

The Company does not expect to early adopt standards, amendments, and interpretations not yet effective.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Information about financial instruments is disclosed in note 15 of the March 31, 2017 consolidated financial statements.

RISKS

- We have limited cash resources and there can be no assurance we will be able to raise sufficient cash to develop or joint venture our properties.
- We continue to seek complementary joint venture opportunities for our projects and require additional financing to fund our plans and any possible transactions.
- We will incur significant operating losses for the foreseeable future.
- Our success is dependent on future mineral prices.
- In order to develop our mineral properties, we will need to add experienced senior management, personnel and consultants. Furthermore, we will be substantially dependent upon the services of a few key individuals for the successful operation of our business.
- The development of mines is subject to extensive laws and regulations by various government agencies that may make mine development uneconomical or impossible.
- There can be significant political risk to operating in foreign jurisdictions.

LITIGATION

In August 2016, we terminated the services of Mr. Thomas Atkins, the former CEO, for non-performance. In October 2016, Mr. Atkins filed a lawsuit in the Supreme Court of Ontario for damages of $205,000 and also claimed damages of $500,000 for undisclosed claims. We also counter-claimed for $500,000 for damages suffered by the Company. We have offered to settle all the claims plus legal costs for the sum of $100,000. The offer has not been accepted at the time this MD&A was filed. At March 31, 2017, we have recorded $160,000 of payable owed to Mr. Atkins.

OUTSTANDING SHARE DATA

As of July 26, 2017, we have issued:

- 21,990,276 common shares issued and outstanding.
- Stock options to purchase 1,748,000 common shares to directors, officers, employees and consultants which are outstanding and exercisable.

All of the options are out of the money but if those were exercised, the maximum number of shares potentially issuable is therefore 1,748,000.