



War Eagle

Mining Company Inc.

Management's Discussion and Analysis December 31, 2017

General

This management's discussion and analysis ("MD&A") of financial position and results of activities is prepared as at February 27, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of War Eagle Mining Inc. (the "Company" or "War Eagle") for the nine months ended December 31, 2017 and the related notes.

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in this MD&A are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing at www.sedar.com.

Forward Looking Statements

Certain statements contained in this MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

War Eagle is involved in the acquisition, exploration and, if warranted, development of mineral properties in mind friendly jurisdictions in the Americas with a current focus on precious metal properties Ontario, Canada.

On February 9, 2018, War Eagle acquired all of the outstanding and issued common shares of Champagne Resources Limited ("Champagne Resources"), a private Ontario company with a large (3,296 ha) advanced grass roots exploration project 5 km north of the centre of the town of Kirkland Lake, Ontario in Morrisett, Bernhardt, Teck and Lebel townships within the Larder Lake Mining Division (the "Goodfish Kirana Project"). The Company plans to technically advance the Goodfish Kirana Project with a Phase One Exploration program as summarized below under Outlook and described in the Company's NI 43-101 technical report filed on SEDAR.

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". The Company's head office is located at Suite 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6, its registered office at Suite 700 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8 and its operation office at 401 Bay Street, Suite 2702, Toronto, Ontario, Canada, M5H 3Y4.

War Eagle has two wholly-owned subsidiaries, Champagne Resources Inc. (formerly Andromeda Resources Inc. ("Andromeda")), an Ontario corporation and RD Minerals S.A. de C.V., a Mexican registered company.

Champagne Resources Limited Amalgamation

On January 3, 2018, the Company announced that they entered an agreement to merge with Champagne Resources and on January 15, an amalgamation agreement was signed. On February 9, 2018, War Eagle completed the amalgamation with Champagne Resources, through a "triangular amalgamation" whereby Champagne Resources merged with Andromeda and became a subsidiary of War Eagle itself. Post the amalgamation, Andromeda filed Articles of Amalgamation and was renamed Champagne Resources Inc. Upon completion of the amalgamation, Champagne Resources shareholders received shares of War Eagle instead of shares of the amalgamated company.

The amalgamation consideration paid by War Eagle, net of HST, was \$250,000 to settle Champagne Resources outstanding payables, the assumption of \$200,000 in debt owed to Danièle Spethmann and the issuance of 21,990,276 War Eagle common shares. Post the amalgamation, War Eagle has 43,980,552 common shares on a non-diluted basis. The Company has also issued 6,086,045 share purchase warrants and stock options to purchase 1,215,659 common shares at exercise prices ranging from \$0.13 to \$0.86 with expiry dates of August 9, 2019 for the share purchase warrants and May 5, 2021 in respect of the stock options.

Champagne's significant 3,296 hectare land position in the world class Kirkland Lake Gold Camp in combination with War Eagle's financial assets will enable the company to immediately implement the first stage of a comprehensive exploration program.

On the amalgamation, War Eagle increased the board of directors by one member to accommodate the appointment of former Champagne Resources' directors, Danièle Spethmann and Peter Winnell and Donald Padgett resigned from the board. Danièle Spethmann was appointed President and CEO of War Eagle and Paul Carroll retains the position of Executive Chairman.

Financial

All financial amounts discussed below are determined in accordance with IFRS.

Selected Quarterly Information

Quarter ended	Income (loss) for the period \$	Income (loss) per share * \$	Total assets \$
March 31, 2016	243,668	0.01	373,035
June 30, 2016	194,253	0.01	416,360
December 31, 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
June 30, 2017	(104,079)	(0.00)	1,995,065
September 30, 2017	(81,211)	(0.00)	1,845,652
December 31, 2017	(73,743)	(0.00)	1,598,662

* Basic and fully diluted

The main factors contributing to variations in the quarterly income (loss) were share-based compensation awards, receipt of proceeds from sale of a subsidiary and recognition of sale of subsidiary.

The significant factor affecting quarterly income:

- December 31, 2016 – The Company recognized US\$1,700,000 (\$2,233,970) as a gain on the sale of Tres Marias, it's former zinc-germanium mine in Chihuahua, Mexico to COMSA.

Results of Operations

Overview of Three Months Ended December 31, 2017

The Company incurred net loss before and after tax of (\$73,743) or (\$0.00) per share, for the three months ended December 31, 2017, compared to a net income of \$1,074 or \$0.00 per share, in the three months ended December 31, 2016. The Company's operating expenses increased in the three months of fiscal 2017 due primarily to higher management fees and professional fees offset by lower transfer agent and filing fees.

The following section outlines significant operating expenses for the three months ended December 31, 2017 compared to the three months ended December 31, 2016, unless discussed elsewhere:

- Consulting fees are paid to consultants not acting in a management or staff capacity.
- Insurance expense is prepaid for a 12 month period and expensed at each quarter end.
- Management fees and salaries represent amounts paid or payable to officers and consultants that administer the operations of the Company.
- Professional fees comprise audit, technical consulting and legal fees. The professional fees increased in the current year due to legal fees relating to the settlement of a lawsuit with the Company's former CEO and due diligence expenses relating to the acquisition of Champagne Resources.
- Rent expense comprises the cost of a storage facility.

Overview of Nine Months Ended December 31, 2017

The Company incurred net loss before and after tax of (\$259,033) or (\$0.01) per share, for the nine months ended December 31, 2017, compared to net income of \$2,329,277 or \$0.11 per share, in the nine months ended December 31, 2016. The Company's operating expenses increased in the nine months of fiscal 2018 due primarily to higher management fees and salaries and higher professional fees.

Changes in the Company's financial position since March 31, 2017 relate to receipt of proceeds from the Company's sale of Tombstone Mexico and the use of cash to fund operations in the ordinary course.

Liquidity and Capital Resources

At December 31, 2017, War Eagle had working capital of \$1,578,108. The Company believes that it has sufficient resources to maintain its continuing administrative costs and undertake Phase One Exploration expenditures.

In December 2013, War Eagle completed the sale of its former subsidiary Tombstone Mexico, a company that holds the rights to the Tres Marias zinc-germanium mine in Chihuahua, Mexico to COMSA for US\$2,500,000 cash in the form of partial repayment of the Company's loan advances to Tombstone Mexico. In August 2016, the Company entered into a new agreement with COMSA on payment terms on the remaining US\$1,700,000 owing at the time of the new agreement, wherein COMSA agreed to make payments every quarter starting on December 31, 2016, with the final payment on March 31, 2018. As of the date of this MD&A, COMSA has paid US\$1,900,000 and royalties of US\$108,701 in accordance with the agreements. The final cash payment of US\$200,000 is expected March 31, 2018. In respect of the agreements, War Eagle is also entitled to receive an additional US\$400,000 if sales of product are US\$20 million or more, an additional US\$400,000 if sales of product are US\$25 million or more and a 2% net smelter return royalty to a maximum of a further US\$2,500,000.

War Eagle has not paid any dividends since incorporation and the Company has no plans to pay dividends in the immediate future. The Company expects to retain its 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.

War Eagle has a history of losses and its 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, and the ability to obtain necessary financing to complete development, and future profitable production or proceeds from the sale of the property.

Outlook

The Goodfish Kirana Project – Exploration Plan Q1 2018

The Goodfish Kirana Project is a large (3,296 ha) advanced grass roots exploration project 5 km north of the centre of the town of Kirkland Lake, Ontario in Morrissett, Bernhardt, Teck and Lebel townships within the Larder Lake Mining Division.

The Project occurs within the Western Abitibi Sub province and is underlain, mostly by Archean mafic volcanic rocks of the lower unit of the Blake River Assemblage, and is locally intruded by quartz-feldspar porphyry intrusions. The property is immediately north of the structural/stratigraphic package of rocks that hosts the Kirkland Lake gold mining camp. The bulk of the Property is underlain by tholeiitic mafic volcanic rocks, a prospective rock type when exploring for mesothermal gold deposits. Porphyry intrusions, quartz veins, shearing and iron carbonate alteration are abundant, and a number of significant gold showings are known to occur, in spite of the sparse exposure on the Property. Many of the gold concentrations are spatially associated with either the east-trending Kirana Break or with the north-trending zone in the Goodfish Block. A number of exploration shafts have been excavated over the years and numerous excellent gold intersections have been obtained in historical drilling. Exploration by Champagne Resources confirmed the existence of widespread anomalous gold and of local high grade gold.

The Company is undertaking a \$350,000 Phase One exploration program focused on the Goodfish area that will encompass 950 km of airborne geophysics, 45 km of IP, 45 km of ground geophysics and 3D modelling of historical data from the Goodfish A zone. War Eagle has been granted approval by the Ontario Junior Exploration Assistance Program (JEAP) which upon submission of a final report in June 2018 should result in the reimbursement of an estimated \$100,000.

In addition to the above work, the Company will analyze 386 drill core samples from a drilling program that was undertaken in late 2016 by Champagne Resources.

Results from the exploration program will determine the focus of the summer exploration program.

Share Options

War Eagle has a 10% rolling stock option plan that provides that the aggregate number of common shares issuable 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.

WAR EAGLE MINING COMPANY INC.
Management's Discussion and Analysis
For the Nine Months Ended December 31, 2017

Related Party Transactions

Following is a listing of related party transactions:

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	85,000	60,000
L&D Holdings Inc. (formerly, "1091096 Ontario Inc.")	Company controlled by Don Padgett, Director	Compensation including fee and share-based payments	27,000	27,000
Primary Venture Corporation	Company controlled by Malcolm Burke, Director	Compensation including fee and share-based payments	27,000	27,000
W. S. Hamilton Geological Consulting Ltd.	Company controlled by William S. Hamilton, Director	Compensation including consulting fee and share-based payments	31,000	10,234
Koios Corporate Financial Services Ltd.	Company controlled by Salil Dhaumya, CFO	Compensation including fee and share-based payments	36,000	36,000

As at December 31, 2017, \$nil (March 31, 2017 - \$69,000) is owing to companies owned by officers and directors of the Company for services.

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.

Litigation

In August 2016, the Company terminated the services of Thomas Atkins, the former CEO, for non-performance. In October 2016, Thomas 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. During the nine months ended December 31, 2017, the Company settled all the claims plus legal costs for the sum of \$152,750 (which aggregated over \$705,000 for claims and \$18,500 for legal costs).

Outstanding Share Data

As of February 27, 2018, the Company had 43,980,552 common shares issued and outstanding, 6,086,045 warrants outstanding and 3,619,659 stock options outstanding. If all of the warrants and options were exercised, the maximum number of shares potentially issuable would equal 9,705,704.