WAR EAGLE MINING COMPANY INC.

Management's Discussion and Analysis

For The Three Months Ended June 30, 2018

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Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") of financial position and results of activities is prepared as at August 22, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of War Eagle Mining Company Inc. (the "Company" or "War Eagle") for the three months ended June 30, 2018 and related notes.

The Company's unaudited condensed consolidated interim financial statements for the three months ending June 30, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with IAS 34. All dollar amounts included in this MD&A are in Canadian dollars. These documents and other information relevant to the Company's activities are available for viewing on the Company's SEDAR profile 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.

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 operations office at 25 Adelaide Street East, Suite 1400, Toronto, Ontario, Canada, M5P 3A1 as of June 1, 2018.

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. War Eagle is proposing to change its name to Warrior Gold Inc., such change to be implemented at its annual meeting of shareholders to be held on September 5, 2018.

Company Overview

War Eagle is engaged in the acquisition, exploration and, if warranted, development of mineral properties in mining friendly jurisdictions in the Americas with a current focus on precious metal properties in Ontario, Canada. The Company's main property, Goodfish Kirana, is located five kilometres north of Kirkland Lake, Ontario in Morrissette, Bernhardt, Teck and Lebel townships within the Larder Lake Mining Division. The Goodfish Kirana property comprises 66 claims totaling 184 units, as well as 28 patented claims for a total of 3,418 hectares ("Goodfish Kirana", "Goodfish Kirana Project" or the "Property"). The Property has a strike length of 10 km of which 6 to 8 km host the Kirana Deformation Zone (DZ), a significant geological structure that is known to host gold mineralization. Historical work dates back to the early 1900's when high grade gold was first discovered at Goodfish and at Kirana by hand digging exploration pits and mine shafts. There are 18 historical mine shafts and pits on the Property. The Property had never been fully explored due to its fragmented historical land ownership.

War Eagle is technically advancing the Goodfish Kirana Project with a Phase One Exploration program as summarized below under Exploration and also described in the Company's NI 43-101 technical report filed on SEDAR.

Corporate Developments

Pursuant to an amalgamation agreement entered into on January 15, 2018, on February 9, 2018, War Eagle completed the amalgamation with Champagne Resources, through a "triangular amalgamation" whereby Champagne Resources merged with War Eagle's subsidiary Andromeda and War Eagle issued 21,990,276 common shares and 6,086,045 share purchase warrants to the former shareholders of Champagne Resoures and stock options to purchase 1,215,659 common shares to former Champagne Resources directors and officers.

On July 19, 2018, the Company announced that it had completed the purchase of the Deloye Family Claims ("Deloye Claims" or "the Claims") located in the northeast corner of Teck and the northwest corner of Lebel townships, Ontario, 3.1 km north of the Kirkland Main Break.

The Deloye Claims land package consists of eight patented mining claims, a total of 122 ha, with mineral rights on all eight claims and surface rights on four of the eight, bringing the current Goodfish Kirana land package to 3,418 ha from 3,296 ha. These claims contain the old shafts and trenches of the historical Kirana Kirkland Lake Gold Mine "Kirana Kirkland Mine", which stopped production in 1936. The reported historical grades for the Kirana Kirkland Mine from the Ontario Department of Mines Vol.1 LVII include "narrow high-grade streaks of $20 to $150 per ton in gold". The 2018 estimated equivalent is between 30 g/t and 145 g/t gold.

Under the terms of the acquisition, War Eagle:

- Paid Diane Deloye ("Deloye"), the sum of $155,000 upon the closing of the Transaction. The Company also agreed to pay the vendor's reasonable legal fees.
- Granted to Deloye a 1.5% royalty based on net smelter returns ("NSR" or "Royalty") on all mineral products produced from the Claims. The Company has the right to buy back 1% of the NSR for $1 million dollars as per terms of the NSR Agreement.

Exploration

In the first quarter ended June 30, 2018, the Company undertook an intial round of exploration - Phase One - which focused on the Goodfish Kirana Patents and which included 45 km of line cutting and ground geophysics (magnetics and VLF), 7 km of IP, and 3D modelling of historical data from the Goodfish A zone. A property wide airborne survey (magnetics and VLF) was flown in April 2018 and results were delivered in late May 2018. In connection with this initial round of exploration the Company applied for and was granted support under the Ontario Junior Exploration Assistance Program ("JEAP") providing for reimbursement of an estimated $100,000 in expenditures, approximately 30% of the exploration budget. The JEAP report was submitted during the Quarter and audited by the JEAP geology expenditures team of the Ontario Prospectors Asscoiation (OPA) in late July. Funds are anticipated by mid to late September.

The Phase One drilling exploration work on the Goodfish Project drilled in late March, was designed to test three of four structural zones identified by previous work (NI43-101-Tom Setterfield, PhD. Geo. January 31, 2018). These holes were designed to verify and interpret the structure, lithology and pathfinder elements of the Kirana Deformation Zone (KDZ) (DDHs GK18-001 and 002), the Goodfish 'A' Zone (DDH GK-003) and the Goodfish B Zone (GK18 -004 and 005) (Figure 1). Highlights from Phase One exploration diamond drilling include:

- All holes intersected mineralization which is in general structurally associated with the contacts of the Quartz Feldspar Porphry (QFP) dykes that are sheared. For the most part, the mineralization is associated with pyrite which is indicated by IP anomalies; and
- The Goodfish 'A' Zone/Goodfish 1934 Mine returned the most interesting values of 1.20 g/t Au over 10.53 m within a wider zone of 0.87 g/t Au over 16.0 m (hole GK-003).

Terrane GeoScience Inc. (Terrane) completed an oriented core training exercise during the drilling, QA/QC'd the oriented core data and provided recommendations for additional structural assessment on the Goodfish Kirana property. The object of the excercise was to identify as many structural controls as possible other than those that had already been identified from historical mapping and interpretation: Kirana DZ (NE-EW), Fidelity (SE), Link-St. Pierre (EW), Goodfish 'A' (ESE), Goodfish 'B' & 'C' (NNE), O'Connor/Goodfish Lake NW (NE).

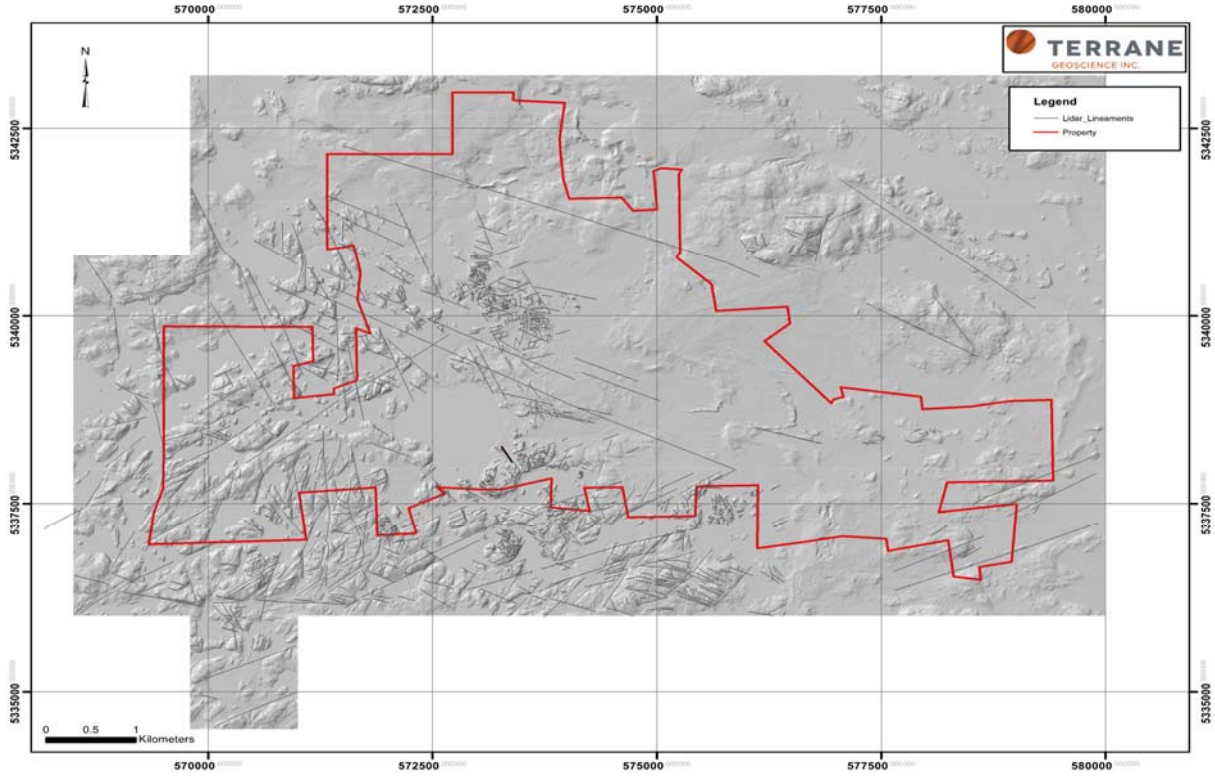
As well, Terraine carried out a structural lineament analysis over the property using available LiDAR imagery and geophysicalsurvey data. This work was completed to validate the down hole orientation data collected during drilling and to identify possible structural controls on mineralization.

Their general observations include:

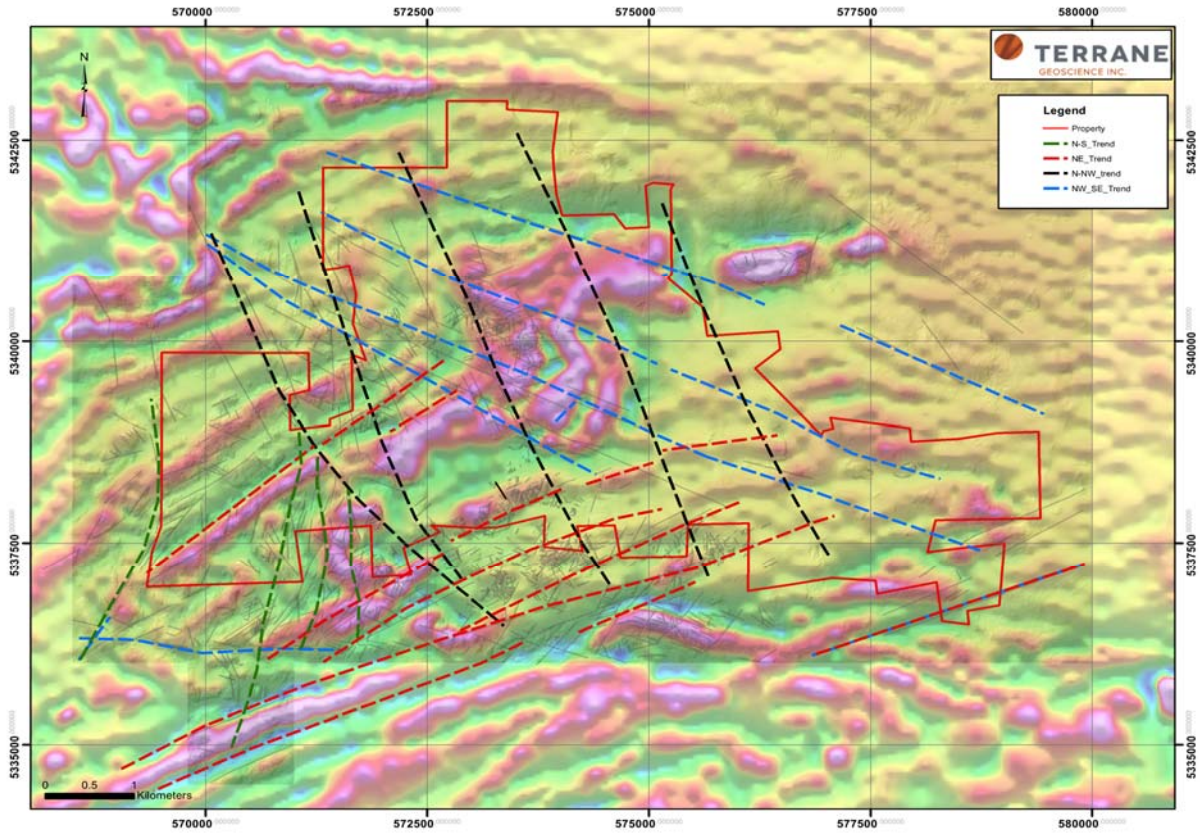
i) A dominant ENE trend that parallels the Kirana Deformation Zone-(Map 1).
ii) A N-NW Trend - a series of spaced lineaments trending approximately 350° that are the dominant structures that control the disruption of the magnetic data that underlies the Goodfish block (Map 2). This parallels the strike of pillows mapped by the Ontario Department of Mines (1970) which suggests a stratigraphic control.
iii) A NW-SE Trend - a secondary trend that bisects the NW trending lineaments in the area underlying Goodfish Lake and to the south. This 305° trend is dominant at an outcrop scale and may be coincident with the Goodfish 'A' Zone in the Goodfish block (Map 2).
iv) Magnetic Lows - there appears to be a possible correlation between zones of magnetic lows and mineralization (Map 3). Magnetic lows or disruption mainly appear to be occurring where regional N-NE and NW-SE structures cross major NE-trending lineament/lithological layers, suggesting possible exploration potential in these areas. These magnetic lows may be due to shearing and sheared Quartz Feldspar (QFP) Dykes.
v) E-W Trend – this trend identified in the core logging was not identified in the lineament analysis.

Terrane GeoScience suggesed that ongoing and follow-up exploration work should include focusing on the examination of gold grades relative to the three orientations: 1) NE trending lineaments consistent with the property scale Kirana Break and regional Cadillac Larder Lake Break; 2) N-NW trending lineaments especially in the Goodfish block and; 3) lesser NW-SE trending features that appear to have mainly influenced the Goodfish block. In addition, Terrane recommends that the Company complete an analysis of the historical data and remapping historical trenches within the context of this data.

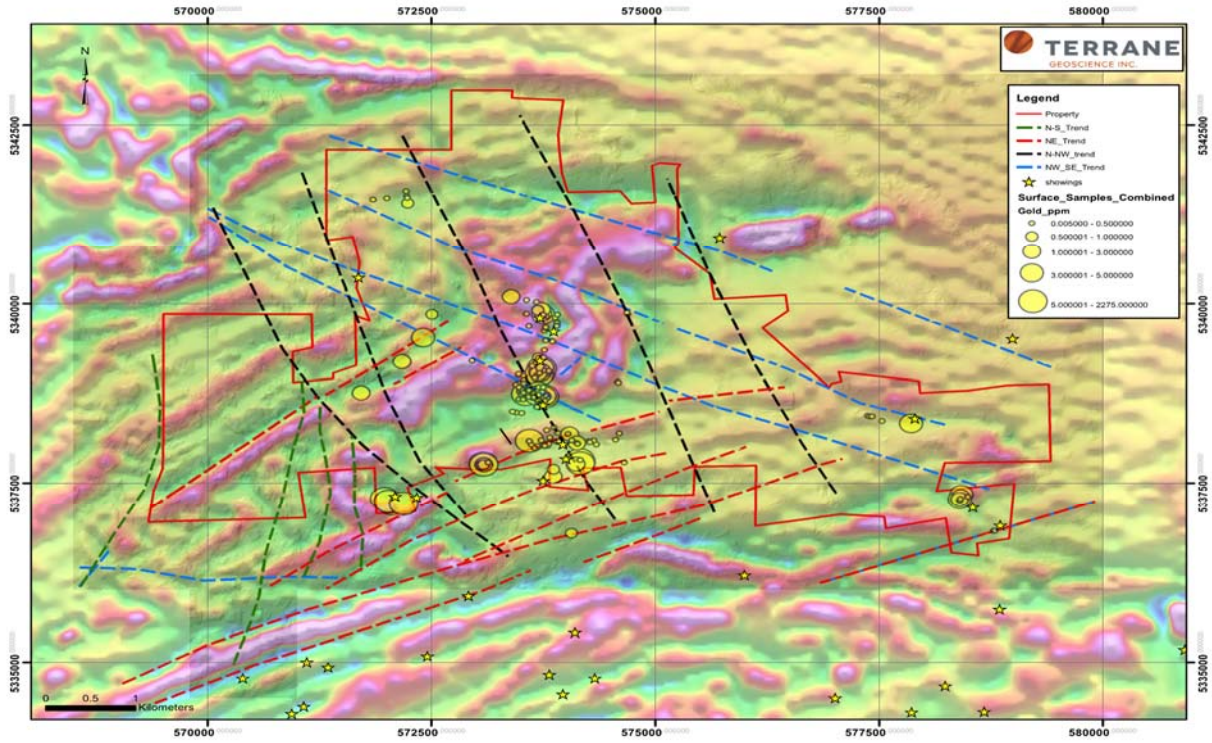
Map 1. Structural LiDAR Lineaments



Map 2. Major Structural Trends



Map 3. Major Structural trends and Gold Anomalies



As a follow up to the Terrane work a preliminary structural mapping program by GeoVector Management (GeoVector) was conducted in the last week of May and first week of June which focused on collecting structural data along the Kirana Break, Goodfish Zones ('A'-'C'), Link Zone and St. Pierre showings. The program was designed to:

i) Ground truth structural data collected from oriented drill core during the 2018 winter drilling program;
ii) Ground truth structural trends identified by LiDAR lineaments (Terrane Geoscience);
iii) Identify structural controls on mineralization in areas with anomalous gold concentrations in grab samples collected during the 2016 prospecting campaign; and
iv) Continue to add structural data to the understanding of the structural controls on the property.

Data collected from the field program documented:

1) Three major trends of steeply dipping foliations (spaced cleavage, shear foliations and alteration bands) which include a NE-SW trend, an E-W trend and a NW-SE trend which are consistent with the trends identified by the Terrane LiDAR lineament interpretation and fabric orientations measured in the oriented core.
2) Stretching lineations, intersection lineations and asymmetric fold axes plunge to the N-ENE. The orientations of these lineations may be subparallel to the orientations of high-grade ore shoots along deformation zones such as the Kirana and the Goodfish.
3) Based on the surface sample gold assay data, mineralization appears to be associated with the following fabric trends:
    i) E-W trending structures such as the E-W trending part of the the Kirana deformation zone, and the high strain zone at the St. Pierre Showing and the Link Zone;
    ii) NE trending structures such as the Fidelity East;
    iii) WNW-ESE trending structures such as the Goodfish 'A' zone.
4) Elevated gold anomalies appear to be associated with:
    i) Intersecting planar structure trends;
    ii) Bends or jogs along deformation zones; and
    iii) Variably deformed contacts between QFP and mafic volcanics.

Follow up work will include:

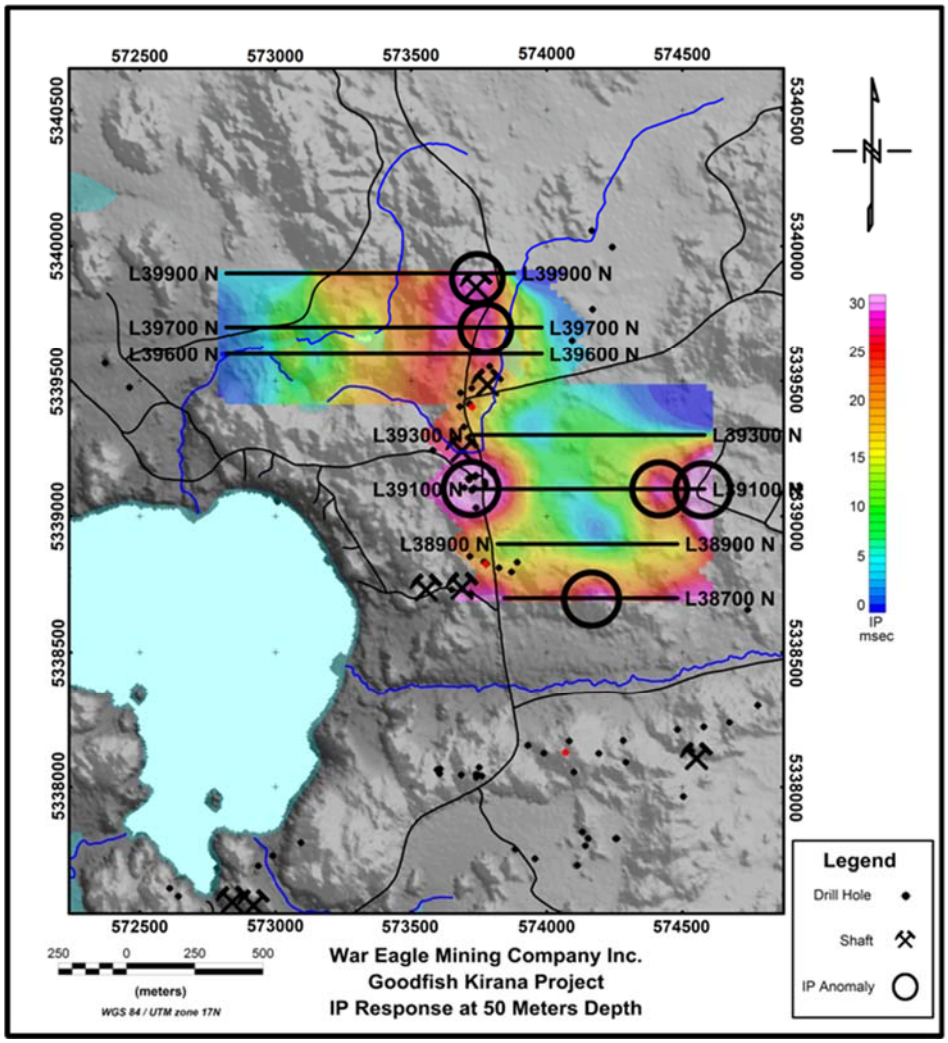
1) Stripping and channel sampling at the Goodfish 'A' zone and other anomalous zones;
2) Continued collection of structural data in areas not reviewed in this preliminary program;
3) Structural mapping of all historically mapped contacts between QFP and mafic volcanics;
4) Investigation and sampling of areas where the LiDAR lineaments intersect; and
5) Investigation and sampling along any bends or jogs along planar structures identified in outcrop or in LiDAR.

Source One Geophysics (Bill Doerner) continued processing and compiling geophysical data collected in March/April 2018. Interpretation of the Goodfish ground geophysical surveys by Canadian Exploration Services of Larder Lake, ON (CXS) has identified multiple structural corridors that are coincident with resistivity and IP responses characteristic of sulfide mineralization occurrences. Six locations exhibiting anomalous IP values have been suggested for drill testing. Two of the recommended target areas have been previously drilled with positive mineralized intercepts and the remaining four are high priority targets that remain untested. (Map 4).

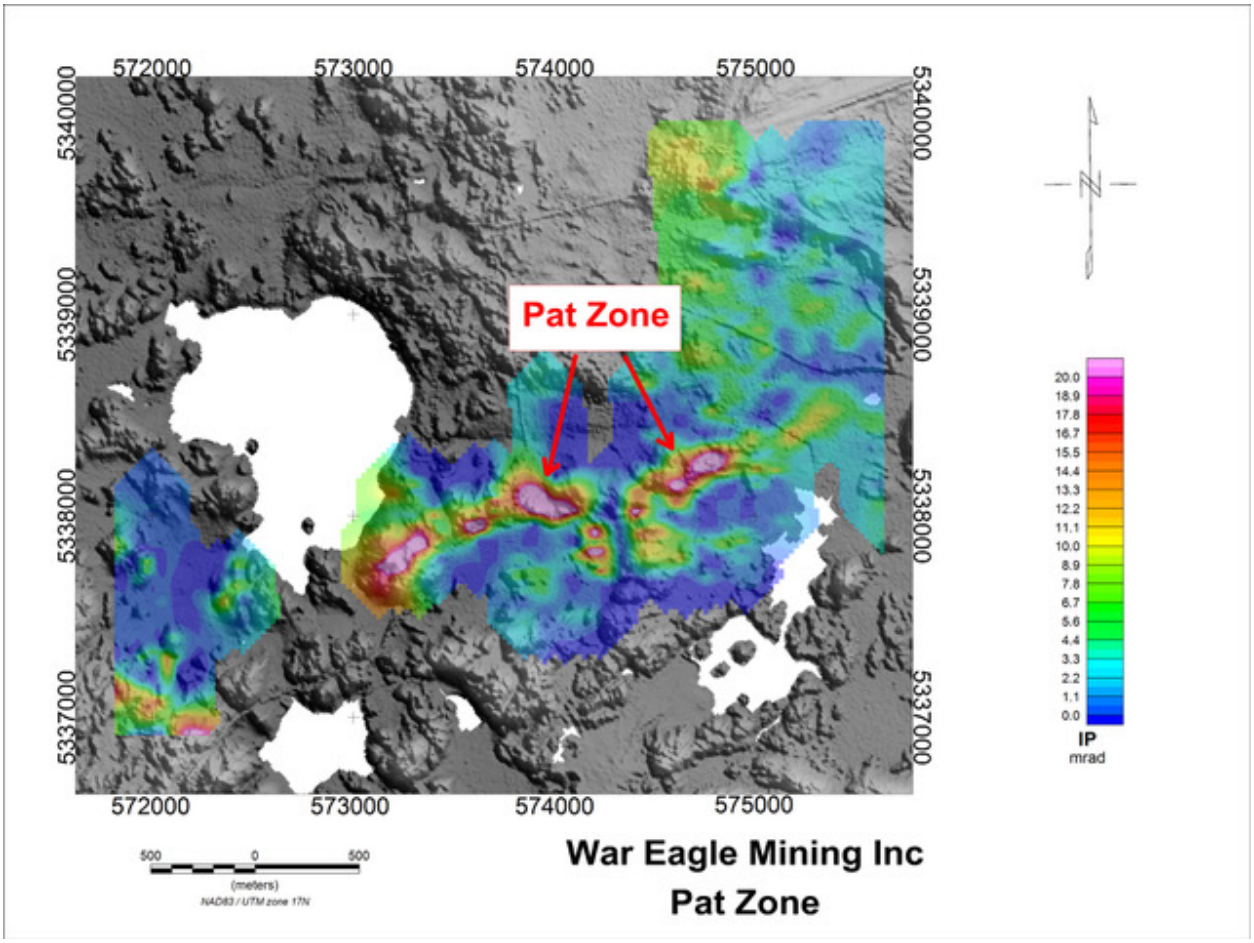
As well, work is continuing on the inversion and interpretation of the Northern Gold legacy IP dataset (2007-2008). The IP survey consists of 66 lines for a total of approximately 90 line kilometres of DC-resistivity/IP data on 25 meter spacing and covers a large portion of the Kirana property. Work completed to date indicates a strong, centrally located east-west IP anomaly associated with favorable stratigraphy for sulfide mineralization, now known as the Pat Zone (Map 5).

In addition to the IP survey, Northern Gold also conducted an airborne electromagnetic (VTEM) survey over the majority of the Kirana property. Inversion and interpretation of the newly acquired airborne magnetic/VLF survey and the previously acquired airborne VTEM survey are planned for the upcoming quarter.

Map 4. Drill hole target areas as identified by Source One

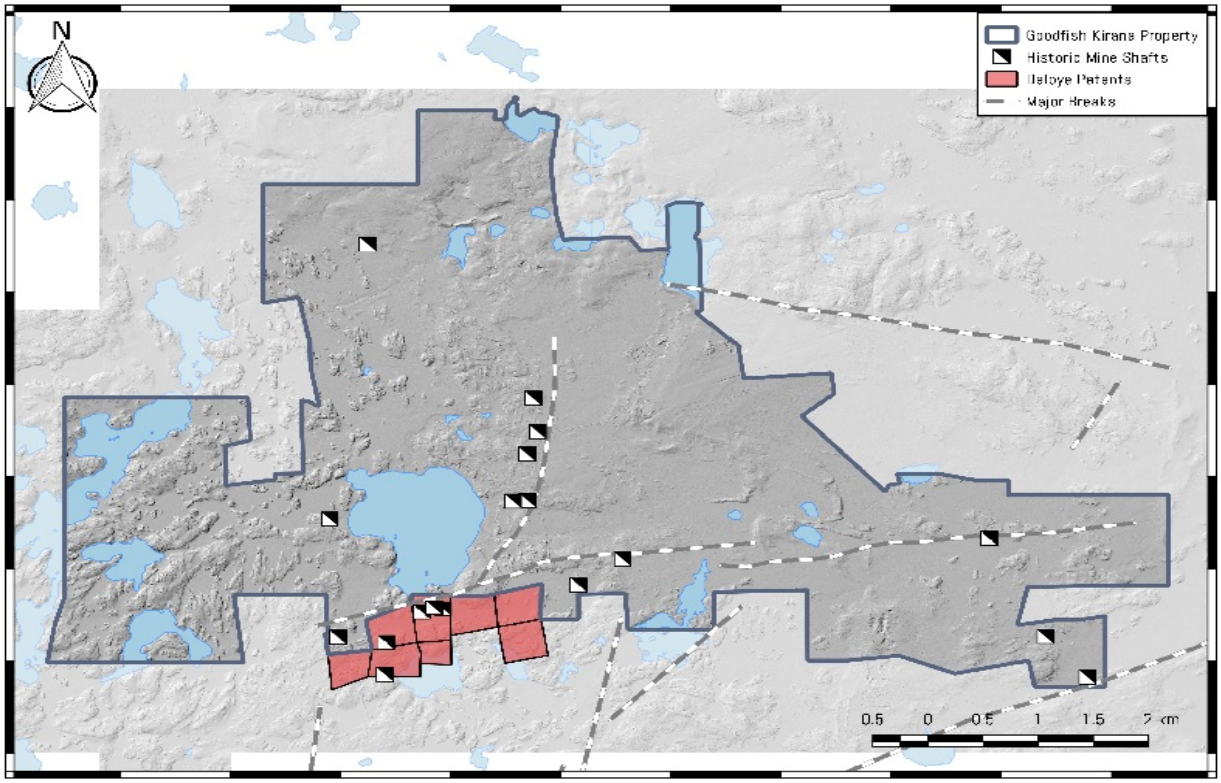


Map 5. East West IP anomaly associated with favorable stratigraphy for sulfide mineralization, the Pat Zone

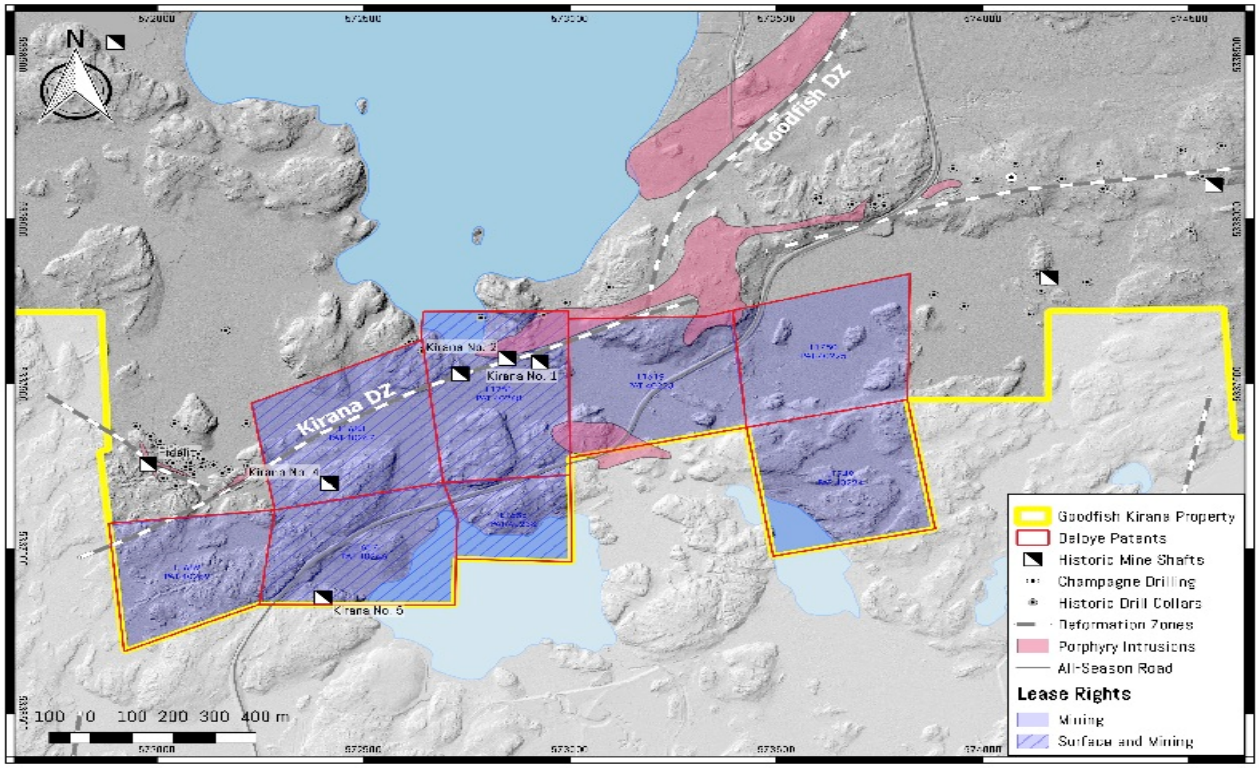


On July 19, 2018 War Eagle purchased the Deloye Family Claims ("Deloye Claims" or "the Claims") located in the northeast corner of Teck and the northwest corner of Lebel townships, Ontario, 3.1 km north of the Kirkland Main Break. Map 6 and 7 illustrates the contiguousness of the claims to the Goodfish Kirana Property, as well as the location of the historical workings, including the location of the historical Kirana Kirkland Mine (Kirana No. 1) and the intersection of the major structures.

Map 6. Property Scale Map with new Deloye Claims, historical shafts and the Goodfish Kirana Property



Map 7. Mineral and surface rights of the Deloye Patented Claims



War Eagle geological contractors continue to review historical data, compile, and plan geophysical and geological exploration work on the newly acquired Deloye ground and the entire property. Field work, including an environmental baseline program, trenching, mapping and diamond drilling, are planned for the fall of 2018.

Financial Discussion

Consolidated Financial Information

All fiscal 2018 and comparative financial amounts discussed below are determined in accordance with IFRS.

Selected Quarterly Information

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

Quarter ended	Income (loss) for the period $	Income (loss) per share * $	Total assets $
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
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
March 31, 2018	(546,980)	(0.02)	6,201,288
June 30, 2018	(316,667)	(0.01)	5,666,682

* Basic and fully diluted

War Eagle did not generate any revenues other than the royalties from the Company's former Tres Marias property located in Mexico. 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 the sale of a subsidiary,Tombstone Mexico.

Other attributable variations include:

- The Company received US$1,000,000 during the year ended March 31, 2017 from the sale of Tombstone Mexico, owner of the Tres Marias Mine. War Eagle also recognized the outstanding amount of $1,464,100 (US$1,100,000) from COMSA as receivable as of March 31, 2017 and booked a gain on the sale of this subsidiary of $2,422,526 during the year ended March 31, 2017.

Results of Operations for the three months ended June 30, 2018

War Eagle incurred a net loss before and after tax of $316,667 or $0.01 per share, for the three months ended June 30, 2018, compared to a loss of $104,079 or $0.00 per share, for the three months ended June 30, 2017. Significant operating expenses for the period ended June 30, 2018 as compared to the period ended June 30, 2017, are as follows:

- Consulting fees - fees are paid to consultants not acting in a management or staff capacity
- Exploration costs - expenses related to the exploration costs on the Goodfish Kirana Project
- Insurance - insurance expense is prepaid for a 12 month period and expensed at each quarter end
- Investor relations – the Company has initiated investor relations activities to increase market awareness of the Company's new asset and exploration activities
- Management fees and salaries - expenses relating to officers and contractors that administer the operations of the Company.
- Professional fees – expenses comprising audit and legal fees.
- Rent - expenses include the Company's storage facility in Vancouver and office rent in Toronto, Ontario.

War Eagle received $nil in royalties from COMSA during the period ended June 30, 2018 compared to $36,370 during the period ended June 30, 2017. During the three months ended June 30, 2018, the Company and COMSA came to an agreement where COMSA agreed to make two US$125,000 payments each on July 31, 2018 and September 28, 2018 to buy out the royalty payments. In July 2018, the Company received the first US$125,000 payment.

Change in Financial Position

Changes in our financial position since March 31, 2018 primarily relate to the use of cash to fund operations in the ordinary course of business.

Liquidity and Capital Resources

At June 30, 2018, War Eagle had a working capital of $737,850. The Company believes that it has sufficient resources to maintain its continuing administrative costs but will be required to raise funds to undertake its planned Phase One Exploration expenditures.

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 the Company's 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, its ability to obtain necessary financing to fund exploration and development, and future profitable production or proceeds from the sale of the property.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 44,325,552 common shares outstanding on June 30, 2018 and as of the date of this MD&A. A total of 6,086,045 share purchase warrants and 3,514,659 stock options were outstanding on June 30, 2018 and as of the date of this MD&A.

Related Party Transactions

The following table outlines all transactions with related parties:

Payee	Related Party	Nature of Transaction	June 30, 2018 $	June 30, 2017 $
Carnarvon Capital Corporation	Company controlled by Paul A. Carroll, Chairman	Compensation including fee and share-based payments	30,000	25,000
Danièle Spethmann	CEO, Director	Compensation including fee and share-based payments	45,000	-
L&D Holdings Inc. (formerly, "1091096 Ontario Inc.")	Company controlled by Don Padgett, former Director	Compensation including fee and share-based payments	-	9,000
Primary Venture Corporation	Company controlled by Malcolm Burke, Director	Compensation including fee and share-based payments	9,000	9,000
W. S. Hamilton Geological Consulting Ltd.	Company controlled by the late William S. Hamilton, Director	Compensation including consulting fee and share-based payments	-	11,000
Koios Corporate Financial Services Ltd.	Company controlled by Salil Dhaumya, CFO	Compensation including fee and share-based payments	12,000	12,000

As at June 30, 2018, $200,000 (March 31, 2018 - $200,000) in total is owing to an officer and director for services, a debt acquired by the Company as part of its amalgamation agreement with Champagne. These amounts owing have been included in accounts payable and accrued liabilities. The debt bears no interest and is unsecured. Under a new agreement, the debt is payable in annual instalments of $50,000 each, commencing December 31, 2018. Accordingly, $150,000 has been presented as non-current. The officer has agreed to convert the first $100,000 into common shares of the Company at the same price as the funds raised at the next equity financing and has the option to convert the remaining $100,000 into common shares as well.

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.

The Company has a compensation agreement with its CEO for $15,000 per month through its amalgamation with Champagne, which is automatically renewable for successive one-year terms.

In August 2016, War Eagle terminated the services of Thomas Atkins, the Company's former CEO, for non-performance. In October 2016, Thomas Atkins filed a lawsuit in the Supreme Court of Ontario for $705,000 in damages. During the three months ended June 30, 2018, the Company settled all the claims including legal costs for $210,000, of which $30,000 was reimbursed by the insurance company.

Adoption of New Accounting Pronouncements and Recent Developments

STANDARDS, AMENDMENTS AND INTERPRETATIONS IN 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.

The Company adopted IFRS 9 on April 1, 2018, and has determined that the adoption of IFRS 9 did not have a material impact on the Company's financial statements.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2015 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.

The Company adopted IFRS 15 on April 1, 2018, and has determined that the adoption of IFRS 9 did not have a material impact on the Company's financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

c) IFRS 16 Leases

IFRS 16 was issued in January 2017 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 Company's financial statements.

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

Financial Instruments and Other Instruments

FAIR VALUE

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. Fair value amounts disclosed in these consolidated financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. 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 as follows:

Level 1 - include financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 - include financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions.

The Company has no assets or liabilities in this category.

Level 3 - include financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The Company has no assets or liabilities in this category.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

MARKET RISK

The Company's profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

FOREIGN CURRENCY EXCHANGE RATE RISK

The Company is exposed to foreign currency fluctuations as it has cash, receivables and accounts payable and accrued liabilities denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately $52,000.

Financial instruments denominated in foreign currencies are:

At June 30, 2018	US Dollars
Cash	395,630
Receivables	-
Exchange rate - $1.00 =	7594

At March 31, 2018	US Dollars
Cash	704,070
Receivables	52,725
Exchange rate - $1.00 =	7756

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it did not hold any funds in interest bearing accounts.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable consists of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at June 30, 2018, the Company has a working capital of $737,850.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of receivables. Currently, COMSA owes the Company a final payment of US$125,000 as part of the agreement to buy out the royalty payments.

Off-Balance Sheet Arrangements

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

Risks

As a company involved in the exploration of mineral resources, the Company faces a number of risks, including, but not limited to:

- War Eagle has limited cash resources and there can be no assurance that the Company will be able to raise sufficient cash to develop or joint venture its properties;
- War Eagle continues to seek complementary joint venture opportunities for its Goodfish Kirana Project and will require additional financing to fund its plans and any possible transactions;
- War Eagle has a history of operating losses and the Company expects to incur significant operating losses for the foreseeable future;
- War Eagle's success is dependent on future exploration work results and mineral prices;
- In order to develop our mineral properties, the Company requires experienced senior management, personnel and consultants and is substantially dependent upon the services of a few key individuals for the successful operation of its business; and
- The development of an exploration project is subject to extensive laws and regulations by various government agencies and First Nations requirements that take time and which may make exploration and advanced exploration work more challenging.