WAR EAGLE MINING COMPANY INC.

Management's Discussion and Analysis

June 30, 2015

1111 MELVILLE STREET – SUITE 1100
VANCOUVER, BC V6E 3V6

TELEPHONE: 604-681-7010

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The following is management's discussion and analysis ("MD&A") of War Eagle Mining Company Inc. ("War Eagle" or the "Company"), prepared as of August 27, 2015. This MD&A should be read together with the unaudited consolidated interim financial statements for the three months ended June 30, 2015 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise specified.

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.

The Company's unaudited consolidated interim financial statements for the three months ending June 30, 2015 have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

This MD&A contains "forward looking statements" that are subject to risk factors set out in this MD&A.

Additional information related to War Eagle is available on SEDAR at www.sedar.com.

WAR EAGLE'S BUSINESS

The Company is involved in the acquisition, exploration and, if warranted, development of mineral properties. In fiscal 2014 the Company sold its interest in Tres Marias property in Chihuahua, Mexico. The Company plans to focus its exploration activities on developing base metal properties in Mexico and elsewhere.

INCORPORATION AND ORGANIZATION OF THE COMPANY

The Company was incorporated under the laws of British Columbia on March 6, 1984 and changed its name to "War Eagle Resources Ltd." on April 10, 1984 and then changed its name again to "War Eagle Mining Company Inc." on May 25, 1987. 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 and its registered office is located at Suite 700 - 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

As of the date of this MD&A, the Company has 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 April 2014, the Company dissolved its 100% owned US subsidiary, War Eagle Resources Corporation, an Idaho corporation.

In May 2014, the Company dissolved its 100% owned British Virgin Islands subsidiary, Tombstone Mining Inc.

CORPORATE DEVELOPMENTS

- In December 2013, the Company sold all of the shares of its wholly owned subsidiary, Tombstone Exploration de Mexico S.A. de C.V., which was the owner of Tres Marias property in Mexico for a consideration of US $2,500,000 ($2,710,032), payable over a term to July 2016.

- In August 2014, the Company closed a non-brokered private placement consisting of 2,008,540 units at a price of $0.05 per unit for gross proceeds of $100,442.
- In October 2014, the Company granted 798,000 options to directors, officers and consultants of the Company. In addition, the Company cancelled an aggregate of 897,000 stock options previously granted to certain directors and officers of the Company.
- In October 2014, the Company agreed to settle creditor debt in the aggregate of $227,000, by issuing 4,540,000 common shares at a deemed price of $0.05 per share to insider and non-insider creditors of the Company. The transactions contemplated by the debt settlements were subject to certain conditions and approvals, including but not limited to the approval of the TSX Venture Exchange, which was obtained except for the issue of 1,400,000 shares which was approved at the Company's annual general meeting in January 2015 by its disinterested shareholders.
- In January 2015, the Company's shareholders approved all resolutions at its annual general meeting, including the approval of a new stock option plan (the "2014 Option Plan") and the appointment of Malcolm P. Burke as a new independent director of the Company. The directors of the Company after the annual general meeting include: Thomas R. Atkins, Paul A. Carroll, Donald Padget and Malcolm P. Burke.

MINERAL PROPERTIES

TRES MARIAS

On December 23, 2013 the Company sold Tombstone Mexico, the owner of the Tres Marias property, to Contratista y Operaciones Mineras SA de CV ("COMSA"), a private Mexican mining company. The sale price was (i) US$2,500,000 in cash, with US$65,000 paid on closing of the sale, US$35,000 paid in July 2014, an additional US$300,000 paid in February 2015, with the balance in periodic loan repayments over a period to July 2016, (ii) an 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.

TERRAZAS

In February 2013 War Eagle acquired Andromeda Resources Inc. (Andromeda), now a wholly-owned subsidiary, that had been a party to an option agreement with a Mexican private company, Minera Rio Tinto SA de CV (MRT), to acquire the mining rights to the Terrazas oxide zinc / copper property in Chihuahua, Mexico. The property is located within a 30 minute drive from the State capital Chihuahua City (1.0 million population), in a mining-friendly State, and it has extensive infrastructure in place, including railway, power, water and a nearby four-lane highway. In 2012, after expenditure by Andromeda of $1.2 million on option payments, the option agreement had lapsed for failure of Andromeda to raise the requisite additional capital at that time. Currently Andromeda holds an option to purchase the surface rights to the Terrazas property. To date, in excess of $18 million has been spent on the project by War Eagle, Andromeda and its predecessors.

FINANCIAL

CONSOLIDATED FINANCIAL INFORMATION

In the following discussion, financial amounts other than per-share amounts have been rounded to the nearest dollar. 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 QUARTERLY INFORMATION

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

Quarter ended	Asset Impairment	Loss for the period	Loss per share *	Total assets
	$	$	$	$
September 30, 2013	(37,900)	(164,268)	(0.01)	45,169
December 31, 2013	(46,735)	(121,496)	(0.01)	89,837
March 31, 2014	(24,750)	(177,109)	(0.01)	36,857
June 30, 2014	-	(103,776)	(0.01)	4,919
September 30, 2014	(24,014)	(107,800)	(0.01)	28,049
December 31, 2014	(23,808)	(81,557)	(0.00)	3,004
March 31, 2015	-	275,195	0.01	216,133
June 30, 2015	(27,797)	(156,535)	(0.01)	36,268

* Basic and fully diluted

During this period, the Company did not generate any revenues or have discontinued operations or extraordinary items. Apart from mineral property write-downs (discussed below) the main factors contributing to variations in the quarterly loss were share-based compensation awards, sale of equipment and sale of a subsidiary.

Other attributable variations include:

- December 31, 2013 – The Company sold Tombstone Mexico to COMSA and recognized a gain on sale of $42,056 from the first installment payment.
- March 31, 2015 – The Company received US$ 335,000 during the year ended March 31, 2015 from the sale of Tombstone Mexico and recognized a gain on sale of $412,488. The Company incurred minimal expenses while maintaining its corporate activities as it continued to seek new opportunities in Mexico and elsewhere.

RESULTS OF OPERATIONS

All fiscal 2016 and comparative financial amounts discussed below are determined in accordance with IFRS.

The Company incurred net loss before and after tax of $156,535 or $0.01 per share, for the three months ended June 30, 2015, compared to a loss of $103,776 or $0.01 per share, in the three months ended June 30, 2014. The Company's operating expenses increased in the three months of fiscal 2016 due to higher consulting fees and travel expenses.

This following section discusses significant operating expenses for the three months ended June 30, 2015 as compared to the three months ended June 30, 2014, unless discussed elsewhere:

- 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 and news dissemination – The Company has incurred negligible investor relations expense during the current and prior period while the Company continues to seek new opportunities in Mexico and elsewhere.
- Management fees and salaries – This expense represents amounts paid or payable to officers and consultants that administer the operations of the Company. The Company's Executive Chairman and CEO are currently paid $10,000 each per month since November 2012 the bulk of which has been being accrued and not paid in cash in order to preserve corporate capital and, in part, paid in shares. The Company entered into compensation agreements with certain management and directors in February 2013.
- Professional fees – Professional fees comprise audit and legal fees. The professional fees decreased in the current year primarily due to decrease in the legal fees component thereof because the Chairman, being a lawyer, has assumed certain legal functions for the Company.
- Rent – Rent expense comprises the cost of a storage facility.

CHANGE IN FINANCIAL POSITION

Changes in the Company's financial position since March 31, 2015 primarily relate to the use of cash to fund operations and maintain its assets in the ordinary course.

EXPLORATION EXPENDITURES

In December 23, 2013, the Company completed the sale of the Company's Mexican subsidiary Tombstone Mexico, the owner of the Tres Marias property to COMSA. The proceeds of sale are being received by the Company as a return of the advances to Tombstone Mexico which were invested in the property.

The Company continues to impair its exploration expenditures due to the uncertain outlook and has deferred any immediate development plans on its properties while it focuses on seeking joint venture opportunities.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2015, the Company had a working capital deficiency of $425,631. As a result of continuing administrative and property maintenance costs, we estimate that we have a cash shortfall to fund operations in fiscal 2016. 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 January 2015, the Company issued 1,400,000 common shares at a deemed price of $0.05 per share, relating to a debt settlement in October 2014 of $70,000 to insider creditors of the Company. To comply with the rules of the TSXV, these shares for debts were issued at $0.05 per share whereas the then market price per share was $0.03 per share.

In October 2014, the Company agreed to settle creditor debt in the aggregate of $157,000, by issuing 3,140,000 common shares at a deemed price of $0.05 per share to insider and non-insider creditors of the Company.

War Eagle has not paid any dividends since incorporation and it 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.

The Company 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, the ability of the Company 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, which was 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 as to (i) US$65,000 cash received on closing of the sale, US$35,000 received in July 2014, an additional US$300,000 received in February 2015, with the balance in periodic loan repayments over a period to July 2016 (ii) an 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.

As of the date of this MD&A, the Company has not received the 4th instalment payment from COMSA, which was due in July 2015.

The Company is recognizing a gain on sale of the Mexican subsidiary on receipt of each instalment as the timing of the receivable is uncertain. If the purchase price is not paid in full when due then after a grace period the Company has the right to reacquire the Tres Marias property.

SHARE CAPITAL

PRIVATE PLACEMENTS

In August 2014, we raised $100,442 in a non-brokered private placement offering of 2,008,840 units. Each unit was priced at $0.05 consisting of one common share of the Company and one common share purchase warrant exercisable at $0.10 for a period of 12 months.

OTHER SHARE ISSUANCES

In October 2014, we issued 3,140,000 common shares at a price of $0.05 to insiders and non-insiders, settling debt obligations of $157,000 and in January 2015, we issued 1,400,000 common shares at a price of $0.05 to insiders, settling debt obligations of $70,000. These issuances represent partial payments for services provided by consultants and management since August 2013. To comply with the rules of the TSXV these shares for debts were issued at $0.05 per share whereas the then market price per share was $0.03 per share.

SHARE OPTIONS

The Company has 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.

In October 2014, the Company granted 798,000 options at an exercise price of $0.10 to certain directors, officers and consultants expiring in October 2019. In addition, the Company cancelled an aggregate of 897,000 stock options previously granted to certain directors and officers of the Company.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties not disclosed elsewhere in these consolidated financial statements as follows:

Key management personnel compensation

Three Months ended June 30	2015	2014
	$	$
Management fees	72,000	72,000
Consulting fees	18,000	9,000
	90,000	81,000

As at June 30, 2015, $258,500 (March 31, 2015 - $291,850) in total is owing to officers and consultants for services. The total amount includes: $119,500 (March 31, 2015 - $193,850) owing to companies owned by officers and directors of the Company. These amounts owing have been included in accounts payable and accrued liabilities.

Related party balances are due on demand, bear no interest, are unsecured and have no fixed payment terms.

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.

In February 2013, the Company approved 12 month compensation agreements for two individuals in management at $10,000 each per month and for two consultants who are directors of the Company, at $3,000 each per month. The initial term of the agreements was 12 months to January 2014 which are automatically renewed for further incremental periods of 6 months at a time unless terminated by either party prior to expiry of the then term.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Information about financial instruments is disclosed in note 13 of the June 30, 2015 financial statements.

RISKS

- The Company has limited cash resources and there can be no assurance it will be able to raise sufficient cash to develop or joint venture its properties.

- The Company continues to seek opportunities and requires additional financing to fund its plans and any possible transactions.
- The Company will incur significant operating losses for the foreseeable future.
- The Company's success is dependent on future mineral prices.
- In order to develop its mineral properties, the Company will need to add experienced senior management, personnel and consultants. Furthermore, it will be substantially dependent upon the services of a few key individuals for the successful operation of its business.
- The development of mines is subject to extensive laws and regulations by various government agencies that may make mine development uneconomic or impossible.
- There can be significant political risk to operating in foreign jurisdictions.

OUTSTANDING SHARE DATA

As of August 27, 2015, the Company had:

- 21,990,276 common shares issued and outstanding.
- Stock options to purchase 2,098,000 common shares to directors, officers, employees and consultants.

All of the options are out of the money but if those were exercised, the maximum number of shares potentially issuable is therefore 2,098,000.