



WAR EAGLE MINING COMPANY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2017



**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of War Eagle Mining Company Inc. for the six months ended September 30, 2017 have been prepared by and are the responsibility of the Company's management and have been approved by the Company's audit committee.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Financial Position
Expressed in Canadian Dollars

	Note	September 30 2017 \$	March 31 2017 \$
ASSETS			
Current assets			
Cash		834,717	682,272
Receivables	4	1,006,824	1,489,299
Prepaid expenses and deposits		4,111	5,701
Total assets		1,845,652	2,177,272
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 14	193,801	340,131
Total current liabilities		193,801	340,131
EQUITY			
Share capital	7	40,252,361	40,252,361
Reserves	7	3,397,698	3,397,698
Deficit		(41,998,208)	(41,812,918)
Total equity		1,651,851	1,837,141
Total liabilities and equity		1,845,652	2,177,272

Corporate information and going concern (note 1)

The condensed consolidated interim financial statements of the Company for the six months ended September 30, 2017 were approved and authorized for issuance by the audit committee on November 15, 2017.

On behalf of the board of directors:

<u>"William S Hamilton"</u>	Director	<u>"Don Padgett"</u>	Director
William S Hamilton		Don Padgett	

See accompanying notes

WAR EAGLE MINING COMPANY INC.**Condensed Consolidated Interim Statements of Comprehensive Income (Loss)**

Unaudited – Prepared by Management

Expressed in Canadian Dollars

		Three Months Ended September 30		Six Months Ended September 30	
	Note	2017	2016	2017	2016
		\$	\$	\$	\$
Operating expenses					
Consulting fees	9	11,000	16,529	30,248	32,610
Insurance		1,538	1,008	2,690	1,304
Investor relations		1,981	1,601	1,981	1,601
Management fees and salaries	9	71,000	45,000	137,000	135,000
Office and miscellaneous		1,145	3,634	3,215	4,051
Professional fees		13,418	11,815	16,202	12,286
Rent		649	618	1,277	1,235
Transfer agent and filing fees		7,069	2,387	7,821	3,026
Travel		-	-	-	440
Loss before other income (expenses)		(107,800)	(82,592)	(200,434)	(191,553)
Other income (expense)					
Gain on sale of subsidiary	4	-	2,233,970	-	2,428,310
Gain on settlement of debt	9	-	-	-	64,000
Gain on extinguishment of debt		79,822	-	79,822	-
Foreign exchange gain (loss)		(74,129)	(1,441)	(121,944)	933
Realized gain on marketable securities	6	-	6,613	-	6,613
Royalty income		20,896	-	57,266	-
Unrealized gain (loss) on marketable securities	6	-	(22,600)	-	19,900
		26,589	2,216,542	15,144	2,519,756
Income (loss) and total comprehensive income (loss) for the period		(81,211)	2,133,950	(185,290)	2,328,203
Basic and diluted income (loss) and comprehensive income (loss) per common share					
		(0.00)	0.10	(0.01)	0.11
Weighted average number of common shares outstanding, basic and diluted					
		21,990,276	21,990,276	21,990,276	21,990,276

See accompanying notes.

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited – Prepared by Management
Expressed in Canadian Dollars

Six months ended September 30	Note	2017 \$	2016 \$
Operating activities			
Income (Loss) for the period		(185,290)	2,328,203
Adjustments for			
Foreign exchange		78,476	(4,048)
Gain on sale of subsidiary		-	(2,428,310)
Gain on settlement of debt		-	(64,000)
Gain on extinguishment of debt		(79,822)	-
Unrealized gain on marketable securities		-	(19,900)
Changes in non-cash operating working capital			
Accounts receivable		16,775	65,899
Prepaid expenses		1,590	(2,696)
Marketable securities		-	8,160
Accounts payable and accrued liabilities		(66,508)	(197,538)
Cash used in operating activities		<u>(234,779)</u>	<u>(314,230)</u>
Investing activities			
Proceeds from sale of Tombstone		391,800	778,730
Cash provided by investing activities		<u>391,800</u>	<u>778,730</u>
Foreign exchange effect on cash		<u>(4,576)</u>	4,048
Increase (decrease) in cash and cash equivalents		152,445	468,548
Cash, beginning of period		<u>682,272</u>	544
Cash, end of period		<u>834,717</u>	<u>469,092</u>
Cash paid (received) for interest		\$ -	\$ -
Cash paid (received) for income tax		\$ -	\$ -

See accompanying notes.

WAR EAGLE MINING COMPANY INC.
Condensed Consolidated Interim Statements of Changes in Equity
Expressed in Canadian Dollars

	Note	Common shares \$	Reserves \$	Deficit \$	Total equity \$
Balance March 31, 2016	7	40,252,361	3,396,198	(44,025,437)	(376,878)
Income for the period		-	-	2,328,203	2,328,203
Balance September 30, 2016		40,252,361	3,396,198	(41,697,234)	1,951,325
Balance March 31, 2017	7	40,252,361	3,397,698	(41,812,918)	1,837,141
Loss for the period		-	-	(185,290)	(185,290)
Balance September 30, 2017	7	40,252,361	3,396,198	(41,998,208)	1,651,851

See accompanying notes.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

1. Corporate Information

War Eagle Mining Company Inc. (the “Company”) was incorporated under the laws of British Columbia on March 6, 1984. The Company is involved in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company is listed on the TSX Venture Exchange (the “TSX-V”), under the symbol “WAR”, as a Tier 2 mining issuer.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

The address of the Company’s corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6.

2. Basis of Presentation

a) Statement of compliance

These condensed consolidated interim financial statements for the six month period ended September 30, 2017 have been prepared in accordance with *IAS 34 Interim Financial Reporting* and should be read in conjunction with the Company’s March 31, 2016 audited annual financial statements which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s March 31, 2017 audited annual financial statements except for income tax expense which is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets and at fair value through profit or loss (“FVTPL”). The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in note 3.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

Adoption of New Accounting Pronouncements and Recent Developments

Standards, amendments and interpretations adopted on April 1, 2017

a) 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 adoption of this standard did not have any impact on the condensed consolidated interim financial statements.

Standards, amendments and interpretations not yet effective

b) 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 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. The Company is currently evaluating the impact on its 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.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

3. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Critical Judgments

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes it has adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

3. Critical Accounting Estimates and Judgments (continued)

Estimates

Information about significant estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recoverability of receivables

The Company monitors its exposure for credit losses on its receivables on an ongoing basis and records related allowances for doubtful accounts. Allowances are estimated based on the identification of specific balances where a risk of default has been identified based upon historical experience.

4. Sale of a subsidiary

In December 2013, the Company sold all of the shares of its then wholly-owned subsidiary, Tombstone Exploration de Mexico S.A. de C.V., which was the owner of 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 six year term. Due to uncertainty regarding the timing and amount of future cash flows, management had determined that the gain on sale would be recorded on receipt of cash. The consideration is a partial recovery of funds that were advanced to the subsidiary. If the purchase price is not paid in full when due then after the grace period, the Company has the right to reacquire the Tres Marias property.

In August 2016, the Company entered into a new agreement with COMSA for the payment of US\$1,700,000, the remaining balance of the US\$2,500,000 from the sale of Tres Marias, where COMSA has agreed to make payments every quarter starting on September 30, 2016, with the final payment on March 31, 2018. In the new agreement, the Company also negotiated additional royalty payments as below:

- COMSA will pay War Eagle 25% of the germanium value recovered from any zinc-germanium concentrate sales starting September 30, 2016.
- COMSA will pay War Eagle 25% of the lead value recovered from any lead concentrate sales after June 30, 2016.
- COMSA will pay War Eagle 25% of the zinc sales for price received in excess of \$1.00 per pound of zinc sales after December 31, 2016.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

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Six months ended September 30, 2017

4. Sale of a subsidiary (continued)

The payment schedule as per the new agreement is:

	US\$
September 30, 2016 (received)	200,000
December 31, 2016 (received)	200,000
March 31, 2017 (received)	200,000
June 30, 2017 (received)	300,000
September 30, 2017	300,000
December 31, 2017	300,000
March 31, 2018	200,000
Total	1,700,000

As of September 30, 2017, the Company has received the quarterly payments up to June 30, 2017 and the balance of the receivable is US\$800,000. (See note 16)

During the year ended March 31, 2017, the Company's management reassessed the expected future benefit of the receivable from COMSA to reflect US\$1,100,000 as collectible. Originally, the Company was recognizing each receipt of payment as gain on sale of subsidiary because management had substantial doubt about COMSA's ability to pay and there was uncertainty about the timing of the payments. Based on the new agreement with COMSA in August 2016 and the evidence of up to date payments received from COMSA, the management is confident that COMSA will continue to make timely payments as per the schedule. Accordingly, the Company has recognized the outstanding amount as receivable as of March 31, 2017 and September 30, 2017.

5. Exploration and Evaluation Assets

Terrazas

During the fiscal year ended March 31, 2013, the Company acquired Andromeda which held an option to purchase surface rights to the Terrazas project located in the State of Chihuahua, Mexico. During the fiscal year ended March 31, 2017, the Company decided not to pursue the Terrazas project and absolved itself of any further commitments.

6. Marketable Securities

As at September 30, 2017, the Company held Nil common shares (March 31, 2017 – Nil) in a publicly-traded company with a fair value of \$Nil (March 31, 2017 – \$Nil). During the year ended March 31, 2017, the Company sold all of the 500,000 common shares in the publicly-traded company.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

7. Share Capital and Reserves

Authorized capital

Unlimited common shares, without par value.

Issued capital

	Number of Shares	Common Shares \$
September 30, 2017, March 31, 2017 and March 31, 2016	21,990,276	40,252,361

Reserves

The reserves recorded in equity on the Company's statement of financial position comprise the fair value of share-based compensation and warrants prior to exercise, and obligations to issue shares in accordance with debt settlement agreements.

8. Share-Based Compensation

In October 2016, the shareholders of the Company renewed the incentive stock option plan (the "2014 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 issued and outstanding shares. If the aggregate number of options granted exceeds the maximum allowed under the 2014 Plan, exercise of the options will require War Eagle shareholder approval. Options granted under the Plan may have a maximum term of five years and the exercise price of options granted will not be less than the discounted market price of the common shares as of the award date. The board of directors has the authority to set the vesting terms of options granted, subject to the rules of the TSX-V regarding options granted for investor relations services.

	Number of options	Weighted average exercise price \$
March 31, 2016	1,498,000	0.10
Granted	250,000	0.10
March 31, 2017 and September 30, 2017	1,748,000	0.10

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

8. Share-based Compensation (continued)

The Company's outstanding and exercisable stock options at September 30, 2017 were:

Expiry Date	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
November 14, 2017	190,000	0.12	0.10	190,000	0.10
December 20, 2017	400,000	0.22	0.10	400,000	0.10
April 25, 2018	210,000	0.57	0.10	210,000	0.10
October 31, 2019	948,000	2.08	0.10	948,000	0.10
	1,748,000	1.26	0.10	1,748,000	0.10

9. 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

Six months ended September 30	2017 \$	2016 \$
Management fees	135,000	90,000

As at September 30, 2017, \$nil (March 31, 2017 - \$69,650) in total is owing to companies owned by officers and directors for services. These amounts owing have been included in accounts payable and accrued liabilities.

During the six months ended September 30, 2017, an officer (and director) of the Company agreed to reduce the amount owed to his company by \$nil (September 30, 2016 - \$64,000).

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.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

10. Capital Management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company considers its capital to include equity and working capital. In order to maintain financial flexibility, the Company may from time to time issue shares and adjust its spending to manage current and projected capital levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital which is calculated as follows:

	September 30 2017	March 31 2017
	\$	\$
Current assets	1,845,652	2,177,272
Current liabilities	193,801	340,131
Working capital	1,651,851	1,837,141

The Company is an exploration stage company. The Company monitors its forecasted working capital requirements on a quarterly basis. The Company prepares expenditure budgets, which are updated as necessary depending on varying factors including current and forecast prices, successful capital deployment and general industry conditions. The Company's board of directors approves annual budgets.

The Company is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There were no changes to the Company's approach to capital management during the six months ended September 30, 2017.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

11. Financial Instruments

Fair Value

The Company's financial instruments include cash, receivables, deposits and accounts payable. 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 six levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The six 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.

The Company has no assets or liabilities in this category.

Level 2 - include financial assets and liabilities using valuation technical 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, accounts payable and accrued liabilities, and other 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 zinc and lead. 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 zinc and lead production from mines developed or expanded as a result of current metal price levels.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements
Unaudited – Prepared by Management
Six months ended September 30, 2017

11. Financial Instruments (continued)

Foreign currency exchange rate risk

The Company is exposed to foreign currency fluctuations as it has cash, denominated in Canadian dollars and a certain portion of the Company's investing activities are conducted in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately \$182,000.

Financial instruments denominated in foreign currency are:

At September 30, 2017	US Dollars
Cash	658,375
Receivables	800,000
Accounts payable and accrued liabilities	3,725
Exchange rate - \$1.00 =	0.8013

At March 31, 2017	US Dollars
Cash	502,386
Receivables	1,100,000
Accounts payable and accrued liabilities	26,216
Exchange rate - \$1.00 =	.7513

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on cash and cash equivalents, which receive interest based on market interest rates. In the six months ended September 30, 2017, the Company did not receive any income from interest on its 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 September 30, 2017, the Company has a working capital of \$1,651,851.

Credit Risk

Credit risk is the risk of loss associated with 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. As of September 30, 2017, COMSA owes US\$800,000 to the Company.

Originally, the Company was recognizing each receipt of payment as gain on sale of subsidiary because management had substantial doubt about COMSA's ability to pay and there was uncertainty about the timing of the payments. Based on the new agreement with COMSA in August 2016 and the evidence of up to date payments received from COMSA, the management is confident that COMSA will continue to make timely payments as per the schedule. Accordingly, the Company has recognized the outstanding amount as receivable as of September 30, 2017.

WAR EAGLE MINING COMPANY INC.

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Unaudited – Prepared by Management

Six months ended September 30, 2017

12. Segment Reporting

The Company's activities are all in one industry segment of mineral property acquisition and exploration. Substantially all administrative expenses are incurred in Canada.

13. Supplemental Cash Flow Information

Six months ended September 30	2017	2016
	\$	\$
Non-cash financing/investing activities:		
Fair value of marketable securities from sale of exploration and evaluation asset	-	51,740

14. Contingencies and Commitments

Former CEO Litigation

In August 2016, the Company 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. The Company has also counter-claimed for \$500,000 for damages suffered by the Company. The Company believes the lawsuit is without merit and has adequate defence. The Company has made a provision of \$160,000 for this contingency.

Compensation Agreements

In February 2013, the Company approved 12 month compensation agreements for two individuals in management at \$10,000 each per month and for two individuals in management at \$3,000 each per month. The initial term of the contracts 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. Effective June 30, 2016 the compensation was reduced to \$5,000 per month for one individual and the other individual's services were terminated. During the six months ended September 30, 2017, the compensation was increased to \$10,000 per month for the CEO.

15. Income (loss) Per Share

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
Net income (loss) for the period (\$)	(81,211)	2,133,950	(185,290)	2,328,203
Income (loss) per share, basic and diluted (\$ per share)	(0.00)	0.10	(0.01)	0.11
Weighted average number of common shares outstanding	21,990,276	21,990,276	21,990,276	21,990,276

Stock options are not included in the computation of loss per share for the three and six months ended September 30, 2017 as such inclusion would be anti-dilutive.

At September 30, 2017, the Company had stock options outstanding that could result in the issuance of up to 1,748,000 additional common shares. All the options outstanding as of September 30, 2017 were out of the money.

WAR EAGLE MINING COMPANY INC.

Notes to the Condensed Consolidated Interim Financial Statements

Unaudited – Prepared by Management

Six months ended September 30, 2017

16. Subsequent Events

Subsequent to the six months ended September 30, 2017, the Company received the US\$300,000 payment from COMSA.