FORM 53-901F
(Previously Form 27)

MATERIAL CHANGE REPORT UNDER
SECTION 85(1) OF THE *SECURITIES ACT*(BRITISH COLUMBIA)

1. Reporting Issuer

War Eagle Mining Company Inc.

2. **Date of Material Change**

December 31, 2004

3. **Press Release**

The Press Release dated December 31, 2004 was disseminated via Market News Publishing and Canada Stockwatch.

4. Summary of Material Change

The Company announced the completion of the acquisition by Great Western Minerals Corp. of War Eagle Mining Company Inc.'s 20% interest in the Candle Lake diamond claims.

5. **Full Description of Material Change**

See attached press release dated December 31, 2004.

6. **Reliance on Section 85(2) of the Act**

Not Applicable

7. **Omitted Information**

Not Applicable

8. **Senior Officers**

Terence Schorn, President
(604) 606-7973

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, British Columbia, on the 7th day of January, 2005.

WAR EAGLE MINING COMPANY INC.

Per: *"Terence Schorn"*

Terence Schorn, President

WAR EAGLE
MINING COMPANY INC.

December 31, 2004 | TSX Venture Symbol WAR
NEWS RELEASE | **CUSIP. No. 933901209**

CANDLE LAKE AGREEMENT COMPLETED

Vancouver, B.C. - War Eagle Mining Company Inc. (TSX Venture Exchange – WAR) War Eagle Mining Company Inc. ("War Eagle", "WAR") and Great Western Minerals Group Ltd. ("Minerals", "GWG") announces that GWG has completed the acquisition of War Eagle's undivided 20% interest in the Candle Lake Joint Venture (the "CLJV"), consisting of 34 diamond claims (the "Claims") located in the Candle Lake area of Saskatchewan. As a result of this acquisition, GWG and its affiliates now own a 100% undivided interest in the Claims and WAR will retain an over-riding royalty equal to 1.5% of the gross proceeds from the sale of minerals produced from the Claims.

In consideration for this acquisition, GWG will pay $150,000 and issue 500,000 of its common shares to WAR and an affiliate of GWG will issue 500,000 special warrants to WAR. The 500,000 common shares of GWG are subject to a four month hold period ending May 1, 2005. War Eagle has also been granted an option to repurchase an undivided 20% interest in the Claims for $100,000 in the event certain conditions are not satisfied prior to April 1, 2005.

For further information contact: Bob Faris, Vice President, Corporate Development

at 1-800-877-1626 or 604-606-7973.

"Terence F. Schorn, P. Geo"
President
War Eagle Mining Company Inc.