

NEWS RELEASE

Vancouver, B.C. - War Eagle Mining Company Inc. (TSX Venture Exchange - WAR) (the "Company") announces that it has closed its non-brokered private placement of 833,333 flow-through units of the Company at a price of \$0.60 per unit and 8,000,000 non flow-through units at a price of \$0.50 per unit for total gross proceeds of \$4,500,000. Each flow-through unit consists of one flow-through common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share for a period of two years at a price of \$0.80 per share. Each non flow-through unit consists of one flow-through common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share for a period of two years at a price of \$0.60 per share.

The Company paid a finders' fee of \$4,000 and 8,333 Agents' Options to Bob Faris, \$176,200 and 429,833 Agents' Options to Power One Capital Markets Limited, \$20,000 and 50,000 Agents' Options to Novadan Capital Ltd., \$7,800 and 18,500 Agents' Options to Main Street Advisors, \$128,000 and 311,666 Agents' Options to Inversioners Y Negocios Estrategion and \$24,000 and 65,000 Agents' Options to Murdock Capital Partners Corp.

Each Agents' Option issued in connection with the flow-through units is exercisable for one year from closing and entitles the holder to purchase one unit of the Issuer at a price of \$0.60 per unit, each unit consisting of one common share and one-half of one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.80 per share for a period of two years from closing.

Each Agents' Option issued in connection with the non flow-through units is exercisable for one year from closing and entitles the holder to purchase one unit of the Issuer at a price of \$0.50 per unit, each unit consisting of one common share and one share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.60 per share for a period of two years from closing.

The securities issued pursuant to the private placement to the placees and the finders are subject to restrictive legends expiring on July 8, 2006.

The proceeds of the private placement will be used for exploration of the Company's Tres Marias, Mexico project and its George's Lake gold property and for general working capital purposes.

For further information contact: Bob Faris, Vice President, Corporate Development at 1-800-877-1626 or 604-606-7973.