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HIGH RIVER GOLD

**HIGH RIVER GOLD MINES LTD.
Q3 REPORT 2005**



FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005

HIGH RIVER GOLD MINES LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS

As at September 30, 2005. Expressed in Canadian Dollars unless otherwise noted.

The following discussion and analysis of the consolidated operating results and financial condition of High River Gold Mines Ltd. (the "Company", "High River") for the three and nine month periods ended September 30, 2005 should be read in conjunction with the audited Consolidated Financial Statements and related Notes, and Management's Discussion and Analysis as at December 31, 2004. The Consolidated Financial Statements and related Notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's most recent filings are available on the SEDAR website. All figures are in Canadian dollars, unless otherwise noted.

Highlights for the Third Quarter of 2005

- Attributable gold production of 38,156 ounces at a total cash cost of US \$282 ounce
- Consolidated net loss of \$0.6 million (\$0.00 per share) after non-cash expenses of \$1.0 million
- Cash flow from operating activities of \$1.8 million (before working capital changes)
- Bought deal equity financing for gross proceeds of \$30 million
- Successful acquisition of Jilbey Gold Exploration Ltd.
- US \$2.4 million exploration programme underway at the Bissa gold project acquired from Jilbey Gold Exploration Ltd.

Subsequent Events

- Signed term sheet with Royal Gold Inc. for US \$35 million financing for Taparko-Bouroum development project
- Arranged US \$10 million bridge loan facility for Berezitovy development project

Selected Financial Results

<i>(in thousands of Canadian dollars except per share amounts)</i>	Three Months Ending		Nine months Ending	
	September 30, 2005	2004	September 30, 2005	2004
Gold revenue	\$19,796	\$25,966	\$59,317	\$76,077
Net income (loss) ¹	(554)	1,524	(2,023)	4,195
Net income (loss) per share (basic)	(0.00)	0.01	(0.01)	0.04
Cash flow from operations ²	1,775	4,646	9,649	14,544
Weighted average number of shares outstanding (basic)	195,415,663	105,986,016	179,124,346	105,978,539

1. The net loss in the third quarter of 2005 includes non-cash accounting items of \$1.0 million (3Q2004 – \$1.9 million).

2. Before changes in non-cash working capital.

RESULTS OF OPERATIONS

The Company reported a net loss of \$554,000 (\$0.00 per share) in the third quarter of 2005 compared to net earnings of \$1.5 million (\$0.01 per share) for the same period last year. This decrease is attributable to lower operating profits of \$2.6 million as a result of lower gold sales at OJSC Buryatzoloto's ("Buryatzoloto") operations and the closure of the New Britannia mine in September 2004 compounded with the strengthening of the Russian rouble and inflation. The current quarter was adversely impacted by non-cash accounting factors totalling \$1.0 million compared to \$1.9 million in the same corresponding period in 2004:

- \$78,000 mark-to-market adjustment of the Company's put option contract
- \$369,000 stock-based compensation cost (3Q2004 – \$273,000)
- \$433,000 financing cost associated with the New Britannia venture obligation (3Q2004 – \$332,000)

For the nine months ended September 30, 2005, High River incurred a net loss of \$2.0 million (\$0.01 per share) versus net income of \$4.2 million (\$0.04 per share) in 2004. The major factors contributing to this shift include a \$6.3 million reduction in operating income due to lower gold sales from the closure of the New Britannia mine and from Buryatzoloto operations, a mark-to-market adjustment of \$862,000, and a write-down of \$860,000 from the residual interest in New Britannia.

Revenues

The Company's consolidated gold revenues for the third quarter of 2005 decreased to \$19.8 million from \$26.0 million for the same period of 2004. Although the Company realized a higher gold price on gold sales, the number of ounces sold decreased by 23% to 37,455 ounces from 48,916 ounces in the third quarter of 2004 mainly as a result of the suspension of production at the New Britannia mine in September 2004 and unsold gold production at Buryatzoloto's operations during the quarter. The realized gold price on sales averaged US \$439 per ounce during the third quarter, an increase of 11% from the US \$395 per ounce realized for the same period in 2004. The gold market remained strong in the third quarter of 2005 with prices averaging US \$440 per ounce compared to US \$401 per ounce for the same period last year. The Company remains unhedged and continues to sell its gold production at spot prices.

For the nine months ended September 30, 2005, the average price realized was US \$431 per ounce on consolidated gold revenues of \$59.3 million from 112,367 ounces sold compared to US \$400 per ounce on consolidated gold revenues of \$76.1 million from 142,125 ounces sold for the first nine months of 2004.

Review of Operations, Development Projects and Exploration Activities

High River, through its Russian subsidiary Buryatzoloto, is producing gold at the Zun-Holba and Irokinda underground mines and at a small seasonal placer operation, all located in southern Siberia, Russia. With the Company's increased interest to 84.6% in Buryatzoloto, the Company's attributable gold production increased to 38,156 ounces at a total cash cost of US \$282 per ounce in the third quarter of 2005 from 32,497 ounces at a total cash cost of US \$255 per ounce in the corresponding period of 2004 (which included High River's 50% interest in the New Britannia Mine of 9,080 ounces). Mining costs in the third quarter of 2005 decreased to \$14.7 million from \$18.0 million in the same period of 2004 as a result of the closing of the New Britannia mine in late 2004.

The Company's total cash costs are calculated in accordance with the Gold Institute Production Cost Standards and include operating costs such as mining, milling, refining and transportation, by-product

credits, royalties and production taxes, and administration but exclude depreciation, reclamation and mine closure, and foreign exchange. Calculated unit costs are based on ounces of gold produced.

Buryatzoloto Operations

For the third quarter of 2005, Buryatzoloto exceeded its production objectives with 45,103 ounces of gold produced at an estimated total cash cost of US \$282 per ounce from its two underground mines and a small placer operation, which accounted for 3,586 ounces. For comparison, gold production in the third quarter of 2004 totalled 43,284 ounces at a total cash cost of US \$245 per ounce, which included 3,541 ounces from the placer operation. The higher operating costs in the third quarter of 2005 resulted mainly from scheduled works to improve water treatment in the tailings facilities of the Zun-Holba mine. Costs were also affected by inflation and the strengthening of the Russian rouble against the U.S. dollar and the increase in development work at both mines.

For the nine months ended September 30, 2005, Buryatzoloto's operations exceeded the mine plan and produced 118,905 ounces of gold at a total cash cost of US \$273 per ounce compared to 116,631 ounces at a total cash cost of US \$253 for the same period of 2004. Gold production for fiscal 2005 is forecast to exceed the budgeted 147,000 ounces at a total cash cost of less than US \$280 per ounce.

During the third quarter, due to timing issues, Buryatzoloto had an increase in inventory levels resulting, in part, from approximately 7,000 ounces of unsold gold.

Gold production from Buryatzoloto's operations is subject to seasonal fluctuations. The placer operation and one of the circuits at the Irokinda plant treating low-grade ore only operate during the summer months. Assuming normal operations on a yearly basis, gold production is highest in the third quarter and lowest in the first quarter of the calendar year.

Buryatzoloto Operational and Financial Data

	Three Months Ending September 30,		Nine months Ending September 30,	
	2005	2004	2005	2004
Tonnes mined	138,175	141,253	432,603	410,231
Tonnes milled	152,046	143,990	399,770	395,980
Head grade (g/t)	8.8	9.1	9.4	9.3
Recovery (%)	94.3	95.2	94.1	94.2
Gold production (oz) (100%) ¹	45,103	43,284	118,905	116,631
High River share of production (oz)	38,156	23,417	100,593	63,098
Direct mining cost (US \$/oz)	259	226	249	231
By-product credits (US \$/oz)	–	(5)	(4)	(3)
Mine operating cost (US \$/oz)	259	221	245	228
Royalty expense and production tax (US \$/oz)	23	24	28	25
Total cash cost (US \$/oz)	282	245	273	253

1. Includes production from the placer operation.

Zun-Holba Mine

The Zun-Holba mine is an underground operation with a cyanidation and carbon-in-pulp (CIP) processing plant. In the third quarter of 2005, the mine produced 17,992 ounces of gold compared to 16,030 ounces of gold in the same period of 2004. The mill processed 63,049 tonnes of ore at an average grade of 9.0 g/t gold. The head grade obtained was slightly lower than planned for the quarter.

In the third quarter of 2005, direct mining costs increased to US \$313 per ounce (total cash cost of US \$341 per ounce) from US \$297 per ounce (total cash cost of US \$330 per ounce) in the corresponding period of 2004. Although more ounces were produced during the third quarter of 2005 compared to the same corresponding period in 2004, the operating costs were negatively impacted by scheduled repair costs at the tailings facilities to treat excess cyanide waters, which had accumulated over time. These repairs added approximately US \$36 per ounce to the processing costs during the quarter. Other factors contributing to higher operating costs included the increase in stope development and the strengthening of the rouble against the US dollar.

Zun-Holba Operational Data

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2005	2004	2005	2004
Tonnes mined	59,375	55,110	187,698	175,023
Tonnes milled	63,049	56,599	178,803	168,890
Head grade (g/t)	9.0	9.5	9.4	9.5
Recovery (%)	93.2	93.4	92.9	93.2
Gold production (oz)	17,992	16,030	52,391	48,449

A total of 59,375 tonnes of ore was mined from Sul'phidnoye 1 and 2, Vavilovskoye 1 and 3, Severnoye 1, 2, and 3 between levels 1690 and 1590 metres. During the third quarter, Buryatzoloto completed 5,723 metres of infill drilling of the main orebodies Sul'phidnoye 1 and 2, and Severnoye 1 and 2, which confirmed the presence of economic mineralization within the Russian classified reserve blocks outlined by previous exploration work.

During the third quarter, a total of 1,028 metres of exploration drilling were completed on the Novoye-1 and Novoye-2 orebodies between levels 1540 and 1490 metres, and the Dal'nee orebody between levels 1540 and 1490 metres. One of the four holes drilled on the Dal'nee orebody intersected 24.6 metres averaging 9.3 g/t gold. Buryatzoloto has started a 4,800 metre drilling programme between levels 1490 and 1390 metres (the lowest levels of the mine).

Irokinda Mine

The Irokinda mine is an underground operation with a processing plant comprised of a conventional crushing grinding circuit followed by gravity separation and flotation of all ores. The gravity concentrate is refined to a doré on site while the flotation concentrate is dried and then transported to the CIP plant at Zun-Holba for further processing.

In the third quarter of 2005, Irokinda produced 23,525 ounces of gold compared to 23,713 ounces for the same period in 2004. The mill processed 88,997 tonnes of ore at an average grade of 8.7 g/t gold. The tonnage processed in the quarter was significantly higher than that mined as ore was stockpiled during the second quarter due to planned maintenance at the flotation circuit. The grade of the ore was as planned for the quarter. During the period, direct mining costs increased to US \$206 per ounce (total cash cost of US \$233 per ounce) compared to direct mining costs of US \$195 per ounce (total cash cost of US \$219 per ounce) in 2004. The rise in operating costs was mainly the result of the strengthening of the rouble against the US dollar, higher general expenses, expanded stope preparation and development activities.

Irokinda Operational Data

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2005	2004	2005	2004
Tonnes mined	78,800	86,143	244,905	235,208
Tonnes milled	88,997	87,391	220,967	227,090
Head grade (g/t)	8.7	8.9	9.2	9.2
Recovery (%)	95.0	95.0	95.2	95.1
Gold production (oz)	23,525	23,713	62,011	63,696

During the quarter, 78,800 tonnes were mined from 10 vein structures. Approximately 663 metres of underground development and 297 metres of infill drilling were completed on five veins. On the exploration front, work carried out at the mine included surface and underground drilling (8,698 metres), underground development, trenching and mapping of 11 veins. Further work will continue on six of them, including vein # 52 returning 22.2 g/t over 2 metres, 13.1 g/t over 0.5 metres, and 14.6 g/t over 0.3 metres in trench samples; and vein Yubileynaya yielding 28.8 g/t over 1.1 metres in a trench sample.

Project Development

Berezitovy Project, Russia

High River continued to carefully manage expenditures until the start of drawdown of the US \$32 million project loan from the European Bank for Reconstruction and Development (“EBRD”), which is now expected in early 2006. In order to continue construction activities on the project, High River has arranged a US \$10 million bridge financing through Natexis Banques Populaires with Bank Natexis (ZAO) of Moscow, Russia. It is expected that the first drawdown of US \$5 million will occur on November 16, 2005. As a prerequisite for the EBRD project loan, the Company has completed its documentation on the environmental and social assessment of the project. These documents are currently under review by the EBRD and once approved will be posted for public comments for a period of 60 days. During this period, the Company and the EBRD will be finalizing legal and regulatory matters.

During the third quarter of 2005, the Company completed the assembling of the modular camp that was purchased in Hungary and continued with site clearing and earthwork for the mill facilities.

The major components of the Mill 4 Gold Ore Processing Facility (“Mill 4”) were received at Russian ports in September and early October. Approximately 80% of the material cleared customs and has arrived at the project site. Additional container loads are making their way to the project from Vladivostok. Clean-up of the Mill 4 site in Nevada was completed during the quarter with the reclamation bond refunded to High River.

The Company presented an updated feasibility study to the Russian federal authorities in September 2005, which incorporated design improvements for Mill 4, process flowsheet modifications, and location changes for both the tailings storage facilities and the permanent camp. High River has received verbal approval by the Russian authorities but is awaiting written receipt before starting pre-stripping activities. The optimized operating costs are currently under review by independent consultants for the EBRD project financing. Overall, the Company is expecting an increase in capital expenditures mitigated by lower operating costs.

As at September 30, 2005, the Company has spent approximately US \$43.1 million on the development and construction of the project.

Based on the current project development schedule, construction of the mine is expected to be completed at the end of 2006.

Taparko-Bouroum Project, Burkina Faso

On October 18, 2005, High River announced the signing of an innovative, US \$35 million project finance facility with Royal Gold, Inc. of Denver, Colorado (“Royal Gold”) to fund completion of the construction of the Taparko-Bouroum project. Closing is anticipated before the end of November with drawdowns on the facility to be linked to specific project milestones associated with the remaining development of the project. As a result of this financing, High River concluded its discussions with ABSA Corporate & Merchant Bank (“ABSA”) regarding the previously announced initiative for financing the Taparko-Bouroum project.

Construction of the permanent camp structure is advancing with completion expected in early 2006. Site clearing and surface preparation for the plant facilities, which started in August 2005 are continuing. The Company has also completed the earthwork on the sanitary landfill. Surface clearing of the tailings facilities is complete with dam construction starting on the west side. The first shipment of liner material has arrived in Tema, Ghana, and is scheduled to arrive on site within the next two weeks. Pre-stripping activities at the Taparko deposit are also well underway with the waste being used for the construction of the tailings dam.

The pipeline material and pumps are on site and will be installed in the coming months. The Company plans to pump overflow water to the project site water containment area from the Yalogo dam, located nine kilometres from the project, during the rainy season. The used ball mill bought in the Philippines is currently being refurbished in South Africa. New crushers are being fabricated and are advancing as planned.

Following the arrangement with Royal Gold, the lump sum turnkey contract for the construction of plant and other facilities with Metallurgical Design and Management (Pty) Ltd. is being modified given the additional flexibility provided by the Royal Gold financing. Somita SA, a subsidiary of High River, anticipates taking more responsibilities in the construction activities going forward.

As at September 30, 2005, the Company has spent approximately US \$23.7 million on the development and construction of the project.

Exploration Activities

During the third quarter of 2005, the Company conducted exploration activities in Burkina Faso and Russia.

Bissa Project, Burkina Faso – In mid-September 2005, High River started a US \$2.4 million drilling programme at the Bissa project. A combination of core, reverse circulation (RC) and rotary air blast (RAB) drilling for a total of approximately 34,000 metres is testing the southwest extension of the Bissa Hill deposit, extension of the Bissa Southwest zone and other targets within the Bissa-Gonglou corridor along the Sabce shear zone. In the month of September, High River completed 125 RAB holes (5,751 metres), 15 RC holes (1,783 metres), 4 core holes (666 metres), and 2 trenches (101 metres). Results of this programme will be made public starting in November. The objective of this drilling programme is to provide the information required to calculate a new resource estimate for the Bissa property by early 2006 and build sufficient resources to support a mining operation.

In addition, the Company announced on November 10, 2005 positive results from compilation work carried out by Mercator Geological Services Limited and data review interpretation by A.C.A. Howe

International Ltd. (“ACA Howe”) on the 1,000 square kilometres Bissa group permits, which includes the Bissa project. The compilation work outlined five other major areas of gold mineralization that are targeted as priority areas for further exploration work. Review, modeling and interpretation of the available data by ACA Howe concluded that these areas, including the 6.7 kilometres Bissa-Gonglou corridor, indicate the potential for the Bissa permits to host multi-million ounce deposits and develop into a significant gold mining district.

Novophirsovskoye Ore Field Project, Russia – Following the February 2005 acquisition by auction of the property, located in the Altai region of southern Siberia, data compilation was completed and various governmental permissions were obtained to start an exploration programme. Field work started in August 2005 and by the quarter end, seven diamond drill holes (1,513 metres) and two trenches (560 metres) were completed on the highest priority areas (zones 1 and 3). Historical work on zone 1 had identified gold mineralization associated with a plunging synclinal structure and widespread argillic alteration in silicious sub-volcanic, intrusive and sedimentary rocks. Fire assays are pending. Additionally, Buryatzoloto carried out reconnaissance mapping and sampling over 16 square kilometres covering 20 mineralized areas.

Amortization and Depletion

Amortization and depletion expense decreased to \$1.7 million in the third quarter of 2005 compared to \$2.0 million in the same period of 2004. A higher amortization rate is being used in 2005 as a result of adjustments to the depreciable reserves at the Zun-Holba and Irokinda mines resulting in higher costs. In the third quarter, this cost was partially offset as a result of the recognition of purchase price adjustments associated with High River’s increase in the ownership of Buryatzoloto.

Exploration

During the third quarter of 2005, Buryatzoloto expensed approximately \$2.0 million in exploration expenditures at the Irokinda mine and nil at the Zun-Holba mine. Prior to 2005, exploration expenses incurred at the mining operations were capitalized until it was determined whether the exploration work had yielded positive results in the form of additions to mineral reserves. Starting in 2005, these expenditures are being expensed. Exploration expenses on the exploration permits in Burkina Faso and on the Novophirsovskoye project in Russia are capitalized.

Administrative Costs

General and administrative costs increased to \$936,000 in the third quarter of 2005 compared to \$829,000 in the same corresponding period of 2004, and amounted to \$2.7 million during the first nine months of 2005 compared to \$2.2 million in 2004. The increase costs resulted from an increased level of corporate activities and staffing associated with the decision to develop the Taparko-Bouroum and Berezitovy projects, corporate transactions that included an equity financing and the acquisition of Jilbey Gold Exploration Inc. (“Jilbey”), and a stronger Canadian dollar.

Financing Costs

Financing expenses were \$397,000 during the third quarter of 2005 compared to \$409,000 in the corresponding period of 2004.

Financing Costs on Venture Obligation

In the third quarter of 2005, non-cash interest expense relating to the New Britannia venture obligation amounted to \$433,000 (3Q2004 – \$332,000).

The Company intends to write down the value of the venture obligation either when High River formally relinquishes its interest in the venture or when Kinross Gold Corporation provides High River with a formal acknowledgement of the non-recourse nature of the debt and terminates the obligation.

Stock-based Compensation

The Company recorded \$369,000 of stock-based compensation expense for the third quarter of 2005 compared to \$273,000 for the same period in 2004 due to the amortization of unvested option expense on options granted in December 2004.

Unrealized Derivative Loss

During the third quarter of 2005, the Company recorded an unrealized derivative loss of \$78,000 resulting from the mark-to-market value on the put options acquired in the fourth quarter of 2004. The purchase of these put options satisfied a condition precedent for the anticipated financing agreement with ABSA for the Taparko-Bouroum development project. Discussions with ABSA have been concluded following the agreement with Royal Gold to finance the project. The loss for the first nine months of 2005 amounted to \$862,000.

Non-controlling Interest in Earnings of Subsidiary

Effective January 1, 2005, the Company increased its ownership interest in Buryatzoloto from 54.1% to 84.6%. The interest of the minority shareholders in the earnings of Buryatzoloto has decreased in the third quarter of 2005 to \$18,000 compared to \$1,216,000 the same period in 2004 as a result of their lower ownership interest and to lower earnings reported by Buryatzoloto.

Income Tax Expense

There was an income tax recovery of \$79,000 for the third quarter of 2005 compared to an expense of \$351,000 in the comparable period of 2004. Income taxes are a result of earnings from Buryatzoloto's operations in Russia. The increase in the apparent tax rate for the year reflects the inclusion of additional expenses for 2003 and 2004 based on updated calculations.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's consolidated cash flows and cash on hand:

<i>(in thousands)</i>	As at September 30, 2005	As at December 31, 2004
Cash and cash equivalents	\$ 8,860	\$ 40,709
Working capital	6,157	42,682
Long-term debt	3,580	12,048

	Three Months Ending September 30, 2005	2004
Cash (used in) / provided by operating activities	\$ (3,019)	\$ 4,743
Cash used in investing activities	(20,884)	(5,085)
Cash provided by financing activities	30,040	186

Operating Activities

Cash flow from operating activities before changes in non-cash working capital for the quarter ended September 30, 2005 decreased to \$1.8 million compared to \$4.6 million in the same quarter of 2004. The decrease during the quarter was primarily the result of lower gold production due to the closure of the New Britannia mine and an increase in gold inventory levels at Buryatzoloto's operations. Operating activities consumed approximately \$3.0 million of cash during the quarter compared to \$4.7 million of operating cash flow provided by operations in the same period of 2004. The major factors contributing to the decrease in operating cash flow include lower gold revenues, higher operating costs, and cash used for increased working capital at the Taparko-Bouroum and Berezitovy development projects.

For the year-to-date, cash flow used by operations amounted to \$346,000 compared to a cash inflow of \$16.2 million in 2004.

Investing Activities

Investing activities consumed \$20.9 million of cash in the third quarter of 2005 compared to \$5.1 million for the same period in 2004. The significant increase was due to the planned capital expenditures on the construction of the Taparko-Bouroum and Berezitovy gold projects, which totalled \$18.6 million for the quarter.

Investment in property, plant and equipment for the third quarter totalled \$1.0 million compared to \$989,000 for the same period last year. Year-over-year costs have declined as a result of a decrease in expenditures at the Russian operations and a significant investment in the seasonal flotation circuit during 2004.

On September 1, 2005, the Company completed its acquisition of Jilbey whereby High River acquired all the outstanding common shares of Jilbey not already owned by High River on the basis of 0.75 High River shares for every one share of Jilbey. Options and warrants of Jilbey will be exchanged for options and warrants of High River on a pro-rata basis. The cash cost to High River of the acquisition net of cash acquired was \$410,000.

Financing Activities

During the third quarter of 2005, the Company received proceeds of \$432,000 from the exercise of warrants assumed in the acquisition of Jilbey.

High River closed a bought deal financing on July 27, 2005 for 24,000,000 units at \$1.25 per unit. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of High River for \$1.60 at any time prior to January 27, 2007. Net proceeds were approximately \$28.4 million.

Uses of Liquidity

High River's cash requirements over the next 12 months are primarily to fund:

- Development of the Taparko-Bouroum and Berezitovy projects
- Exploration activities, primarily in Russia and West Africa
- Acquisition of new projects
- Corporate administration and working capital

Management believes the Company will be able to fund a majority of its capital requirements for its two development projects with the finalization of the loan facilities and its current working capital. However, the Company may require additional financing during the year if drawdowns of the project loans are delayed and/or to meet other corporate objectives.

BALANCE SHEET

The Company's total assets were \$282.6 million at September 30, 2005 compared to \$205.8 million at December 31, 2004.

As at September 30, 2005, working capital decreased to \$6.2 million from \$42.7 million as at December 31, 2004 as a result of continued advancement in the construction and development of the Berezitovy and Taparko-Bouroum gold projects, including the payment resulting from the purchase of the Bouroum deposits from AXMIN.

The long-term debt amounted to \$3.6 million at the end of the third quarter compared to \$12.0 million at the end of 2004. As at September 30, 2005, total debt stood at \$21.1 million compared to \$16.6 million as at December 31, 2004.

Shareholders' equity increased to \$194.4 million at the end of the third quarter of 2005 due mainly to the increase in capital stock from the shares issued as a result of the acquisition of Jilbey.

OUTLOOK

Gold production for fiscal 2005 is expected to exceed 150,000 ounces at a total cash cost of under US \$280 per ounce. High River and Buryatzoloto will continue to focus on optimizing these operations with the objective of maintaining its current production rate, increasing reserves and reducing operating costs.

High River's two key development projects continue to be advanced towards production. Both projects are scheduled to commence production at the end of 2006. The successful start-up of the Taparko-

Bouroum and the Berezitovy projects will significantly increase High River's gold production profile to over 300,000 ounces by 2007, establishing the Company as a mid-tier gold producer.

The successful acquisition of Jilbey has established High River as a dominant player in Burkina Faso with a prospective land position exceeding 8,000 square kilometres. High River's drilling activities in Burkina Faso are focussing on the prospective Bissa area, where Jilbey had defined a small resource at Bissa Hill, with the objective of providing an updated resource estimate by the end of the first quarter of 2006 and ultimately building sufficient resources to support a mining operation. In addition, High River is conducting its initial exploration programme at the recently acquired Novophirsovskoye project in Russia.

RISKS AND UNCERTAINTIES

Project Management

High River is bringing the Taparko-Bouroum and Berezitovy projects into production at the end of 2006. Unforeseen conditions or developments could arise during the construction period for either project that could delay or prevent completion, and/or significantly increase the cost of construction of the facilities and infrastructure. Any delay in construction would postpone the production of gold and long-term delays could materially adversely impact High River's financial condition, liquidity and results of operations.

Financing Risk

The Company is in the process of obtaining project debt for its two development projects. Delays in finalizing these project loans could postpone the scheduled completion of the projects.

Risks and uncertainties about the Company's business are more fully described in the Management's Discussion and Analysis for the year ended December 31, 2004 and in the Company's Annual Information Form.

NON-GAAP MEASURES

The Company has included certain non-GAAP performance measures in this document. These non-GAAP performance measures do not have any standardized meaning prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies. High River believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate High River's performance. Accordingly these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Set out below are definitions for these performance measures and reconciliations of the non-GAAP measures to reported GAAP measures.

(in thousands of Canadian dollars except where noted)

**Buryatzoloto
(100%)**

2005	Three months ended September 30,	Nine months ended September 30,
Gold ounces sold	37,455	112,367
Gold revenue per financial statements (\$)	19,796	59,317
Average exchange rate - Cdn to US \$	1.2039	1.2245
Gold revenue (US \$)	16,443	48,442
Average realized price (US \$/oz)	439	431
Gold ounces produced	45,102	118,904
Mining costs per financial statements (\$)	14,711	41,886
Less: Royalty expense and production tax	1,258	3,415
Inventory change	(1,878)	(2,009)
G&A	1,264	3,561
Direct mining costs	14,067	36,309
Average exchange rate - Cdn to US \$	1.2039	1.2245
Direct mining costs (US \$)	11,685	29,652
Direct mining costs (US \$/oz)	259	249
By-product credits (US \$/oz)	–	(4)
Royalty expense and production tax (US \$/oz)	23	28
Total cash costs (US \$/oz)	282	273

(in thousands of Canadian dollars except where noted)

	Buryatzoloto (100%)	New Britannia (50%)	Total
Three Months ended September 30, 2004			
Gold ounces sold	42,078	6,838	48,916
Gold revenue per financial statements (\$)	22,408	3,558	25,966
Less: other income	(262)	–	(262)
Adjusted gold revenue	22,145	3,558	25,704
Average exchange rate - Cdn to US \$	1.3287	1.3287	1.3287
Gold revenue (US \$)	16,667	2,678	19,345
Average realized price (US \$/oz)	396	392	395
Gold ounces produced	43,284	9,080	52,364
Mining costs per financial statements (\$)	15,409	2,558	17,967
Less: Royalty expense and production tax	1,376	66	1,442
Severance	–	319	319
Inventory change	–	(1,396)	(1,396)
By-product credits	–	(11)	(11)
G&A	1,023	–	1,023
Direct mining costs	13,010	3,580	16,590
Average exchange rate - Cdn to US \$	1.3287	1.3287	1.3287
Direct mining costs (US \$)	9,792	2,694	12,486
Direct mining costs (US \$/oz)	226	297	238
By-product credits (US \$/oz)	(5)	(1)	(4)
Royalty expense and production tax (US \$/oz)	24	5	21
Total cash costs (US \$/oz)	245	301	255

(in thousands of Canadian dollars except where noted)

	Buryatzoloto (100%)	New Britannia (50%)	Total
Year to Date September 30, 2004			
Gold ounces sold	119,450	22,675	142,125
Gold revenue per financial statements (\$)	63,999	12,078	76,077
Less: by-product credits	(478)	–	(478)
Net gold revenue	63,521	12,078	75,599
Average exchange rate - Cdn to US \$	1.3287	1.3287	1.3287
Gold revenue (US \$)	47,807	9,090	56,897
Average realized price (US \$/oz)	400	401	400
Gold ounces produced	116,632	23,652	140,284
Mining costs per financial statements (\$)	44,288	9,855	54,143
Less: Royalty expense and production tax	3,859	178	4,037
Severance	–	579	579
Site reclamation	259	–	259
By-product credits	–	(22)	(22)
G&A	4,302	–	4,302
Direct mining costs	35,868	9,120	44,988
Average exchange rate - Cdn to US \$	1.3287	1.3287	1.3287
Direct mining costs (US \$)	26,995	6,864	33,859
Direct mining costs (US \$/oz)	231	290	241
By-product credits (US \$/oz)	(3)	(1)	(3)
Royalty expense and production tax (US \$/oz)	25	6	22
Total cash costs (US \$/oz)	253	295	260

The Company has adopted the definitions published by the Gold Institute for operating costs per ounce in order to enhance comparability with other mining companies. Cash costs are derived from the statement of operations and include operating costs such as mining, milling, refining and transportation, by-product credits, royalties and production taxes, and administration but exclude depreciation, reclamation and mine closure, and foreign exchange. Costs are based on ounces of gold produced.

SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at November 10, 2005, the share capital was:

- 217,837,326 common shares issued and outstanding
- 10,276,334 common share purchase options at an average price of \$1.54 maturing at various dates until December 24, 2009 are outstanding
- 31,028,778 warrants at an average exercise price of \$1.93 maturing at various dates until January 27, 2007 are outstanding.

The following exchange rates were used in the preparation of the financial statements.

Exchange rates

Period	US \$	Russian rouble	CFA (Burkina Faso)
As at Dec. 31, 2004	1.2048	23.04	400
As at Sep. 30, 2005	1.1713	24.29	465
Average from Jul. 1 to Sep. 30, 2005	1.2039	23.79	447
Average from Jan. 1 to Sep. 30, 2005	1.2245	22.94	425

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements relating but not limited to the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

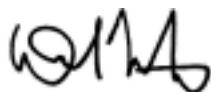
Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. High River undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

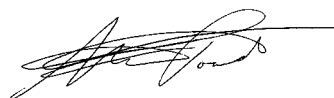
Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The management of High River Gold Mines Ltd. is responsible for the preparation of the accompanying unaudited interim consolidated financial statements. The unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

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 for a review of interim financial statements by an entity's auditor. These unaudited financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.



David Mosher
President and Chief Executive Officer



Steven Poad
Chief Financial Officer

November 10, 2005

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED BALANCE SHEETS

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	September 30, 2005	December 31, 2004
Assets			
Current Assets			
Cash and cash equivalents		\$ 8,860	\$ 40,709
Restricted cash		1,647	2,021
Accounts receivable		5,191	5,301
Inventory		15,776	13,369
Other assets		612	116
		32,086	61,516
Investments	3	6,046	8,980
Property, plant and equipment	4	71,683	65,799
Exploration properties and deferred exploration	5,6	52,098	4,111
Development properties	7	119,544	64,151
Other assets		1,112	1,289
Total Assets		\$ 282,569	\$ 205,846
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable		\$ 8,434	\$ 14,274
Loans and interest payable	8	17,495	4,560
		25,929	18,834
Loans and interest payable	8	3,580	12,048
Reclamation		1,355	2,029
Venture obligation	9	33,879	29,881
Future income taxes		8,516	2,713
		73,259	65,505
Non-controlling interest	10	14,916	41,994
Total Liabilities		88,175	107,499
Shareholders' Equity			
Share capital	11 (a)	275,648	177,084
Warrants		9,188	8,620
Contributed surplus		5,776	4,664
Cumulative translation adjustment		(22,632)	(20,458)
Deficit		(73,586)	(71,563)
		194,394	98,347
Total Liabilities and Shareholders' Equity		\$ 282,569	\$ 205,846

The accompanying notes form an integral part of these financial statements.

HIGH RIVER GOLD MINES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands of Canadian dollars, except for income per share and number of shares)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended September 30,		Nine months Ended September 30,	
		2005	2004	2005	2004
Revenue					
Gold		\$ 19,796	\$ 25,966	\$ 59,317	\$ 76,077
Other		359	(349)	1,744	505
		20,155	25,617	61,061	76,582
Expenditures					
Mining costs		14,711	17,967	41,886	54,143
Amortization and depletion		1,728	1,991	7,725	6,069
Exploration		2,056	669	3,273	755
Administrative costs		936	829	2,724	2,232
Financing costs		397	409	1,286	1,424
		19,828	21,865	56,894	64,623
Income before the under noted		327	3,752	4,167	11,959
Financing costs on venture obligation		(433)	(332)	(1,223)	(1,031)
Equity loss from associated company	2(b)	(21)	–	(99)	–
Stock-based compensation		(369)	(273)	(1,111)	(773)
Loss on sale of assets		(77)	(56)	(224)	(56)
Gain on sale of investments	3	–	–	539	–
Write-down of carrying value	9	–	–	(860)	–
Unrealized derivatives loss	12	(78)	–	(862)	–
Non-controlling interest in earnings of subsidiary	10	18	(1,216)	(381)	(3,500)
		(633)	1,875	(54)	6,599
Income tax expense (recovery)	13	(79)	351	1,969	2,404
Net income (loss) for the period		\$ (554)	\$ 1,524	\$ (2,023)	\$ 4,195
Net income (loss) per share	15				
– basic		\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.04
– diluted		\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.04
Weighted average number of common shares outstanding – basic		195,415,663	105,986,016	179,124,346	105,978,539
– diluted		195,415,663	106,940,537	179,124,346	107,133,176

CONSOLIDATED STATEMENTS OF DEFICIT

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended September 30,		Nine months Ended September 30,	
		2005	2004	2005	2004
Deficit – Beginning of period		\$ (73,032)	\$ (66,145)	\$ (71,563)	\$ (70,179)
Change in accounting policy	2(a)	–	–	–	1,363
As restated		(73,032)	(66,145)	(71,563)	(68,816)
Net income (loss) for the period		(554)	1,524	(2,023)	4,195
Deficit – End of period		\$ (73,586)	\$ (64,621)	\$ (73,586)	\$ (64,621)

The accompanying notes form an integral part of these financial statements.

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended September 30,		Nine months Ended September 30,	
		2005	2004	2005	2004
Cash provided by (used in):					
Operating activities					
Net income (loss) for the period		\$ (554)	\$ 1,524	\$ (2,023)	\$ 4,195
Non-cash items:					
Non-controlling interest in earnings of subsidiary		(18)	1,216	381	3,500
Equity loss from associated company		21	–	99	–
Financing cost on venture obligation		433	–	1,223	–
Amortization and depletion		1,728	2,038	7,725	6,194
Write-down of carrying value		–	–	860	–
Unrealized derivative loss		78	–	862	–
(Gain) loss on disposal of assets		77	30	77	56
Gain on sale of investments		–	–	(539)	–
Stock-based compensation		369	273	1,111	773
Future income taxes		(359)	(435)	(127)	(60)
Other		–	–	–	(114)
Subtotal		1,775	4,646	9,649	14,544
Change in non-cash working capital	17 (a)	(4,794)	97	(9,995)	1,646
Total operating		(3,019)	4,743	(346)	16,190
Investing Activities					
Property, plant and equipment		(1,034)	(989)	(4,974)	(9,832)
Exploration properties and deferred exploration		(193)	(3,631)	(7,860)	(12,520)
Development properties		(18,643)	–	(56,047)	–
(Increase) decrease in investments		–	–	1,350	(2,575)
Purchase of subsidiary net of cash acquired		(410)	–	(410)	–
Allocation to restricted cash		(164)	(452)	(162)	(1,293)
Decrease (increase) in other long term assets		(440)	(13)	(440)	–
Total investing		(20,884)	(5,085)	(68,543)	(26,220)
Financing Activities					
Dividends paid by subsidiary to non-controlling interest		13	(538)	(66)	(538)
Increase (decrease) in loans and interest payable		(400)	(4,070)	6,543	(4,781)
Issuance of common shares		30,427	4,794	30,956	4,799
Total financing		30,040	186	37,433	(520)
Effect of exchange rate changes on cash held in foreign currencies		(1,000)	(778)	(393)	(636)
Increase (decrease) in cash and cash equivalents during the period		5,137	(934)	(31,849)	(11,186)
Cash and cash equivalents – Beginning of period		3,723	8,005	40,709	18,257
Cash and cash equivalents – End of period		\$ 8,860	\$ 7,071	\$ 8,860	\$ 7,071

The accompanying notes form an integral part of these financial statements.

HIGH RIVER GOLD MINES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2005

(Canadian dollars unless otherwise stated. All tabular amounts are expressed in thousands, except number of shares and per share amounts)

(unaudited)

1. Disclosure

The unaudited interim consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim reporting. They do not include all the information and disclosure required by Canadian GAAP for annual financial statements. In the opinion of management all adjustments required for a fair presentation are included in these statements in accordance with the accounting policies of the Company. The interim consolidated financial statements should be read in conjunction with the year-end 2004 audited financial statements for the detailed note disclosure. The statements have not been reviewed by the Company’s independent auditors.

2. Changes in Accounting Policy

- (a) Effective January 1, 2004, the Company adopted the Canadian Institute of Chartered Accountants Standard 3110, “Asset Retirement Obligations”. This standard requires that a liability for retirement obligations to be settled as a result of an existing law, regulation or contract be recognized when incurred and recorded at fair value on a retroactive basis.

The new accounting standard applies to future asset retirement requirements and has been applied to OJSC Buryatzoloto (“Buryatzoloto”). The policy has not been applied by the New Britannia Mine as the mine is closing and its obligations are current.

- (b) In the second quarter of 2005, the Company increased its ownership in Jilbey Gold Exploration Inc. (“Jilbey”) to approximately 29% from approximately 19%. The Company accounted for its investment in Jilbey using the equity method from April 1, 2005 to August 31, 2005. High River acquired Jilbey effective September 1, 2005 and consolidated its investment from that date.

3. Investments

The Company’s investments comprise the following:

	September 30, 2005	December 31, 2004
ZAO Zun-Hada	\$ 558	\$ 574
Pelangio Mines Inc.	4,914	4,914
Intrepid Minerals Corporation	382	1,287
Jilbey Gold Exploration Ltd.	–	2,205
Other	192	–
	\$ 6,046	\$ 8,980

The value of the investments where there is a quoted market valuation at September 30, 2005 was: Pelangio Mines Inc. (“Pelangio”) \$5,166,000 and Intrepid Minerals Corporation (“Intrepid”) \$1,272,000.

In June 2005, High River sold 3,000,000 common shares of Intrepid to hold 1,790,941 common shares. A gain of \$539,000 was recognized.

High River exercised warrants priced at \$0.50 and acquired 259,000 shares of Jilbey in the first quarter of 2005. On April 8, 2005, the Board of High River approved an agreement with European investors to acquire 4,944,500 common shares and 2,000,000 common share purchase warrants of Jilbey in exchange for 2,382,240 common shares

of the Company to be issued from treasury. An amount of 1.1 million common share purchase warrants were exercisable at \$0.60 until October 14, 2005 and the remaining 900,000 common share purchase warrants are exercisable at \$0.70 until May 12, 2006 for one common share per warrant. Upon closing of the transaction, High River held 10,211,160 common shares of Jilbey (29.0%). The Company through a subsidiary merged with Jilbey effective September 1, 2005 (see note 5).

4. Property, Plant and Equipment

	September 30, 2005			December 31, 2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buryatzoloto	\$ 83,697	\$ (12,501)	\$ 71,196	\$ 65,321
Corporate and exploration	1,511	(1,024)	487	478
	\$ 85,208	\$ (13,525)	\$ 71,683	\$ 65,799

5. Acquisition of Additional Interest in Jilbey Gold Exploration

Starting in 2003, the Company made an initial investment in Jilbey acquiring 1,257,660 common shares. Jilbey was an exploration company searching for gold in Canada and Burkina Faso. During 2004, High River entered into a strategic alliance with Jilbey and acquired a further 3,750,000 common shares. In 2005, High River exercised warrants acquiring 259,000 common shares and purchased, using High River common shares, an additional 4,944,500 common shares. At June 20, 2005 the Company owned 10,211,160 shares or approximately 29.24% of the basic shares issued by Jilbey. On that date, it entered into an agreement to merge whereby High River agreed to acquire all the outstanding common shares of Jilbey not already owned by High River on the basis of 0.75 High River shares for every share of Jilbey. The acquisition was approved by Jilbey shareholders on August 19, 2005 and was effective September 1, 2005.

The results of operations of Jilbey, accounted for using the purchase method of business combinations, have been included in the Company's consolidated financial statements effective September 1, 2005. Previously, the Company accounted for its investment in Jilbey using the equity and cost methods (see note 3).

The aggregate purchase price to the Company was \$35,177,000 comprised primarily of the value of shares issued to the former shareholders of Jilbey in an amount of \$26,505,000. The remainder of the purchase price represents High River's investment cost prior to the acquisition.

The following table summarizes the preliminary estimate of the fair value of the assets acquired and the liabilities assumed at the date of acquisition of September 1, 2005:

Cash	\$ 56
Other current assets	701
Property, plant and equipment	26
Resource interests	42,304
Total assets acquired	43,087
Current liabilities	571
Future tax liability	6,000
Loans and advances due High River	1,339
Total liabilities assumed	7,910
Net assets acquired	35,177
Less cost of acquisition	35,177
Excess of fair value over acquisition cost	\$ -

The Company is in the process of confirming the fair values of certain assets and the allocation of the purchase price is subject to refinement.

6. Exploration Properties and Deferred Exploration

	January 1, 2005	Additions	September 30, 2005
Russia - Novophirsovskoye	\$ –	\$ 6,334	\$ 6,334
West Africa	4,111	41,653	45,764
	<u>\$ 4,111</u>	<u>\$ 47,987</u>	<u>\$ 52,098</u>

Buryatzoloto acquired the rights to the Novophirsovskoye property in the first quarter of 2005. High River acquired Jilbey effective September 1, 2005 (see note 5).

7. Development Properties

	January 1, 2005	Additions	September 30, 2005
Taparko-Bouroum	\$ 26,871	\$ 19,756	\$ 46,627
Berezitovy	37,280	35,637	72,917
	<u>\$ 64,151</u>	<u>\$ 55,393</u>	<u>\$ 119,544</u>

8. Loans and Interest Payable

Current and long-term loans and interest payable is comprised of the following:

	September 30, 2005		December 31, 2004	
	Current	Long-term	Current	Long-term
<i>Buryatzoloto</i>				
International Moscow Bank	\$ 12,065	\$ –	\$ –	\$ 4,819
European Bank for Reconstruction and Development	3,367	2,811	2,711	5,000
Accrued interest on loans	217	–	75	–
Capital leases	–	–	284	–
Type B preference shares	–	–	452	1,356
Type V preference shares	1,698	–	873	873
Accrued dividends on preference shares	148	–	165	–
<i>Somita</i>				
Government of Burkina Faso	–	769	–	–
	<u>\$ 17,495</u>	<u>\$ 3,580</u>	<u>\$ 4,560</u>	<u>\$ 12,048</u>

Loans and interest payable related to Buryatzoloto are non-recourse to the Company and are repayable solely from the cash flow of the operation.

On March 22, 2005, Buryatzoloto signed an agreement with the International Moscow Bank for a loan in the amount of US \$6.3 million for 18 months to finance current capital needs, namely, US \$5.2 million for acquisition of the Novophirsovskoye Ore Field license, US \$0.5 million for the exploration programme at Novophirsovskoye and US \$0.6 million for new project initiatives. Bank interest on this credit was set at US LIBOR plus 3.85% per year. The credit is secured by secondary collateral of goods in circulation and equipment.

9. Venture Obligation

	September 30, 2005	December 31, 2004
Venture Obligation	<u>\$ 33,879</u>	<u>\$ 29,881</u>

The Company's 50% share in the project loan of the New Britannia Mine joint venture is shown above. The obligation is without recourse to the Company and its assets other than its 50% interest in the New Britannia Mine.

The mine was placed on a care and maintenance basis in January 2005. High River has determined that the expected future cash flow from the mine is nil and accordingly wrote down the carrying value of its residual investment in the first quarter (\$860,000).

Effective January 1, 2005, the consolidated statement of operations and the consolidated balance sheet does not reflect any economic activity of the New Britannia Mine since closure activities are funded by Kinross Gold Corporation as operator.

10. Acquisition of Non-Controlling Interest

In December 2004, the Company announced that it had finalized four agreements with separate investors ("Investors") to acquire their equity interests in Buryatzoloto in exchange for shares in High River to be issued from treasury. Upon closing, High River received a total of 1,249,914 additional common shares and 140,610 Convertible Preference "A" shares. Each Preference "A" share represents the equivalent of one common share of Buryatzoloto. High River issued a total of 16,347,270 common shares of the Company to the Investors. Following closing of these transactions and including the share exchange with the European Bank for Reconstruction and Development ("EBRD") announced in August 2004, High River issued a total of 28,107,270 treasury shares to complete the transactions. The Company's interest in Buryatzoloto increased to approximately 84.6% on a non diluted basis from 54.1% as at December 31, 2004. The acquisition of this interest in Buryatzoloto has been given effect in the accounts from January 1, 2005 in recognition of the receipt of Russian regulatory approval during January 2005.

The following table summarizes the preliminary estimate of the fair value of the investment:

Carrying value of the 54.1% non-controlling interest January 1, 2005 before acquisition	\$ 41,994
Value of 15.4 % non-controlling interest after acquisition	14,916
Value of the non-controlling interest acquired	27,078
Value of the Preference "B" shares acquired from the EBRD	1,807
Fair value acquired	28,885

Cost of acquisition based on the fair value of shares issued determined at the time of conclusion of the transaction agreements with the third parties as follows:

	Shares Issued	Fair value per share	
EBRD – August 24, 2005	11,760,000	\$1.37	16,111
Other Investors – December 9, 2004	16,347,270	\$1.47	24,030
Legal and other costs			225
Goodwill			\$ 11,481

The Company is in the process of confirming the fair values of certain assets and the allocation of the purchase price is subject to refinement.

11. Share Capital

- (a) Issued and outstanding shares
During the nine months ended September 30, 2005, the following share capital transactions occurred:

	Number of Shares Issued	Value
Balance – Share Capital as at December 31, 2004	141,432,337	\$ 177,084
For Cash:		
Exercise of stock options	781,667	469
Balance – March 31, 2005	142,214,004	177,553
For Cash:		
Exercise of stock options	100,000	60
For Asset Acquisition:		
Investment in Buryatzoloto ⁽¹⁾	28,107,270	40,141
Investment in Jilbey	2,382,240	3,573
Share issue expense		(55)
Balance June 30, 2005	172,803,514	221,272
For Cash:		
Bought deal	24,000,000	29,432
Exercise of Jilbey warrants	490,688	436
For Asset Acquisition:		
Acquisition of Jilbey	19,346,758	26,505
Share issue expense		(1,997)
Balance – September 30, 2005	216,640,960	\$ 275,648

(1) Presented as “Shares to Be Issued” in the first quarter.

High River closed a bought deal public offering July 27, 2005 for 24,000,000 units at \$1.25 per unit. Each unit comprised one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of High River for \$1.60 at any time prior to January 27, 2007. Net proceeds were approximately \$28,400,000.

- (b) Stock Options

Total outstanding stock options at September 30, 2005

	Options	Weighted Average Price
Balance – December 31, 2004	9,038,001	\$1.67
Cancelled	(20,000)	2.25
Exercised	(781,667)	0.60
Balance – March 31, 2005	8,236,334	1.77
Exercised	(100,000)	0.60
Balance – June 30, 2005	8,136,334	1.79
Jilbey options assumed	2,250,000	0.50
Balance – September 30, 2005	10,386,334	\$1.51

(c) Stock options outstanding at September 30, 2005

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable
\$ 0.60	691,334	1.0	691,334
1.65	2,445,000	1.9	2,445,000
2.23	75,000	2.3	75,000
1.70	50,000	2.6	50,000
2.25	2,025,000	3.0	1,300,000
1.85	2,850,000	4.0	950,000
0.50	2,250,000	4.1	2,250,000
	<u>8,136,334</u>	<u>2.8</u>	<u>7,761,334</u>

As a result of the acquisition of Jilbey (see note 5), High River assumed the obligation for options granted under Jilbey's option plan.

(d) Warrants outstanding September 30, 2005

	Warrants	Weighted Average Price
Balance December 31, 2004	16,216,217	\$2.35
Balance March 31, 2005	16,216,217	2.35
Balance June 30, 2005	16,216,217	2.35
Issued – bought deal	12,000,000	1.60
Jilbey agent warrants assumed	4,500,028	0.85
Jilbey agent warrants exercised	(490,688)	0.89
Jilbey agent warrants expired	(413)	0.47
Balance September 30, 2005	<u>32,225,144</u>	<u>\$1.88</u>

In connection with a bought deal financing in the third quarter, a total of 12 million share purchase warrants are exercisable at a price of \$1.60 for a period 18 months following the closing. A value of \$568,000 has been assigned to the warrants.

As a result of the acquisition of Jilbey (see note 5), High River assumed the obligation for warrants issued by Jilbey.

12. Unrealized Derivatives Loss

During the fourth quarter of 2004, the Company purchased gold put options totalling 60,000 ounces with a strike price of US \$390 per ounce. The Company has chosen not to implement hedge accounting and accordingly the fair market value of the put options have been marked-to-market resulting in a valuation loss of \$862,000 (\$78,000 for the three months ended September 30, 2005). The purchase of these put options satisfied a condition precedent for the anticipated financing agreement with ABSA Corporate & Merchant Bank for the Taparko-Bouroum development project. Discussions with ABSA have been concluded following agreement with Royal Gold, Inc. to provide financing.

13. Income Tax Expense

The income tax expense at September 30, 2005 represents the activities of Buryatzoloto.

	Buryatzoloto	Other	Total
Net income before tax	\$ 4,495	\$ (4,549)	\$ (54)
Tax provision	(1,969)	–	(1,969)
Net income	<u>\$ 2,526</u>	<u>\$ (4,549)</u>	<u>\$ (2,023)</u>

14. Related Party Transactions

Included in the accounts are payments made to companies in which the Company has a significant equity interest. These transactions which in the normal course of operations are recorded at the exchange amount, being the amount agreed to by the parties. High River's personnel performed exploration services in Burkina Faso on behalf of Jilbey. At September 30, 2005, the Company had an account receivable remaining from Jilbey of approximately \$730,000 (2004 – \$935,000) which has been eliminated on consolidation.

At September 30, 2005, the Company had an account receivable from Pelangio of \$69,000 (2004 – \$69,000) for services provided by High River on behalf of Pelangio. The receivable includes \$38,000 for providing technical and management consulting services during the quarter.

During the nine months ended September 30, 2005, professional fees of \$26,000 (2004 – \$97,000) were paid to Doelcam Inc., a company controlled by an officer of the Company.

During the nine months ended September 30, 2005, legal services were provided by Cassels Brock and Blackwell LLP in which an officer / former director of the Company is a partner. The total cost of the services was \$477,000 (2004 – \$128,000).

A representative of RPFB Project Finance Ltd. ("RPFB") is also the Chairman of the Board of Buryatzoloto. During the nine months ended September 30, 2005, Buryatzoloto paid US \$35,000 to RPFB for financial and consulting services provided in fiscal 2005 (2004 – US \$67,000).

As discussed in Note 8, Buryatzoloto has a loan of \$6.3 million (December 31, 2004 – \$7.7 million) from the EBRD. As discussed in Note 10, High River purchased shares of Buryatzoloto from the EBRD. To September 30, 2005, High River has paid the EBRD fees of \$179,000 (2004 – nil) relating to financing of the Berezitovy project and for director's fees. An employee of the EBRD is a Director of High River.

15. Net Income (Loss) per Common Share

The net income (loss) per common per share ("EPS") has been calculated using the weighted average number of shares outstanding during the period. Diluted EPS data is calculated using the treasury stock method. The calculation of diluted EPS assumes that options and warrants with an exercise price lower than the average quoted market price were exercised at the later of the beginning of the period, or time of issue. In applying the treasury stock method, options and warrants with an exercise price greater than the average quoted market price of the common shares are not included in the calculation of diluted EPS as the effect is anti-dilutive.

	Three Months Ended September 30,		Nine months Ended September 30,	
	2005	2004	2005	2004
Net income (loss) for the period	\$ (554)	\$ 1,524	\$ (2,023)	\$ 4,195
Weighted average number of shares	195,415,663	105,986,016	179,124,346	105,978,539
Basic (loss) earnings per share	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.04
Potential issuance of shares				
from share purchase options	–	954,521	–	1,154,637
Weighted average number of shares	195,415,663	106,940,537	179,124,346	107,133,176
Fully diluted earnings per share	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ 0.04

16. Contingencies

In the course of operation, the Company may be subject to environmental and legal proceedings. The Company is not aware of any such proceedings.

Buryatzoloto guarantees personal loans taken by employees from a local bank. As at September 30, 2005, the total amount guaranteed was US \$878,000 (at December 31, 2004: US \$1,190,000).

17. Supplementary Cash Flow Information

	Nine months Ended September 30,	
	2005	2004
(a) Net changes in non-cash working capital		
Accounts receivable	\$ (2,260)	\$ (832)
Inventory	(3,322)	(6)
Other assets	(903)	(566)
Accounts payable	(3,510)	3,050
	(9,995)	1,646
(b) Cash paid for interest	854	1,147
Cash paid for income taxes	1,781	2,717

18. Segmented Information

For the Three Months Ended September 30, 2005	New Britannia (Canada)	Buryatzoloto and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ –	\$ 19,796	\$ –	\$ –	\$ –	\$ 19,796
Other revenue	–	(46)	–	405	–	359
Financing costs	–	396	–	1	–	397
Amortization and depletion	–	1,707	–	21	–	1,728
Net income (loss) for the period	–	1,975	–	(3,721)	1,192	(554)
Property, plant and equipment expenditures	–	(1,018)	–	(16)	–	(1,034)
Exploration properties and deferred exploration	–	(13)	(180)	–	–	(193)
Development properties	–	(9,060)	(9,583)	–	–	(18,643)

For the Three Months Ended September 30, 2004	New Britannia (Canada)	Buryatzoloto and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ 3,559	\$ 22,407	\$ –	\$ –	\$ –	\$ 25,966
Other revenue (expense)	–	(60)	(13)	(276)	–	(349)
Financing costs	–	409	–	–	–	409
Amortization and depletion	268	1,899	–	9	(185)	1,991
Net income (loss) for the period	777	2,197	(58)	(1,570)	178	1,524
Property, plant and equipment expenditures	–	991	(2)	–	–	(989)
Exploration properties and deferred development	(95)	(2,237)	(1,299)	–	–	(3,631)

For the Nine months Ended September 30, 2005	New Britannia (Canada)	Buryatzoloto, and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ –	\$ 59,317	\$ –	\$ –	\$ –	\$ 59,317
Other revenue	–	1,172	–	572	–	1,744
Financing costs	–	1,285	–	1	–	1,286
Amortization and depletion	–	7,697	–	28	–	7,725
Net income (loss) for the period	–	4,576	–	(6,321)	(278)	(2,023)
Property, plant and equipment expenditures	–	(4,957)	–	(17)	–	(4,974)
Exploration properties and deferred exploration	–	(6,335)	(1,525)	–	–	(7,860)
Development properties	–	(33,506)	(22,541)	–	–	(56,047)
Total assets	–	97,272	73,082	112,215	–	282,569

For the Nine months Ended September 30, 2004	New Britannia (Canada)	Buryatzoloto, and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ 12,078	\$ 63,999	\$ –	\$ –	\$ –	\$ 76,077
Other revenue	–	120	–	385	–	505
Financing costs	–	1,424	–	–	–	1,424
Amortization and depletion	268	5,792	–	9	–	6,069
Net income (loss) for the period	836	6,169	(45)	(2,758)	(7)	4,195
Property, plant and equipment expenditures	–	(9,828)	–	(4)	–	(9,832)
Exploration properties and deferred development	(95)	(5,706)	(351)	(6,368)	–	(12,520)
Total assets	3,207	88,318	21,523	48,380	–	161,428

CORPORATE INFORMATION

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RPFB Project Finance Limited
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Mining Consultant
Bobcaygeon, Ontario

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Laurence Curtis
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Executive Chairman
High River Gold Mines Ltd.
Unionville, Ontario

¹ Member of the Audit Committee

² Member of the Compensation Committee

³ Member of the Strategic Review Committee

Officers

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Executive Chairman

David V. Mosher
President and CEO

Daniel G. Vanin, P. Eng
Executive Vice President and
Chief Operating Officer

Steven Poad, CA
Chief Financial Officer

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Vice President Exploration

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Shares Listed

The Toronto Stock Exchange
Symbol: **HRG**
CUSIP 42979J

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For inquiries, or copies of the Company's Annual Information Form, Annual or Quarterly Reports, please contact Investor Relations at (416) 947-1440, info@hrg.ca, or visit the Company's website at www.hrg.ca.

The Company's filings with the Canadian securities regulatory authorities can be accessed on SEDAR at www.sedar.com.