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HIGH RIVER GOLD

HIGH RIVER GOLD MINES LTD.
Q1 REPORT 2006



FOR THE THREE MONTHS ENDED MARCH 31, 2006

High River Gold Mines Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at March 31, 2006. 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 quarter ended March 31, 2006 should be read in conjunction with the audited Consolidated Financial Statements and related Notes, and Management's Discussion and Analysis as at December 31, 2005. The Consolidated Financial Statements and related Notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information, including the Company's Annual Information Form and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com. The date of this Management's Discussion and Analysis is May 10, 2006. All figures are in Canadian dollars, unless otherwise noted.

Highlights for the First Quarter of 2006

- Attributable gold production of 29,693 ounces at a total cash cost of US \$347 per ounce (2005 – \$274 per ounce)
- Consolidated net profit of \$226,000 (\$ 0.00 per share)
- Cash flow from operations before working capital changes of \$5.0 million
- Formed strategic alliance with Goldrush Resources Ltd. ("Goldrush") in Burkina Faso
- Significant gold discovery at Bissa project in Burkina Faso
- Early warrant exercise raised \$19.0 million
- Senet CC ("Senet") appointed construction contractor for Taparko-Bouroum
- US \$9.0 million interim project financing loan from Nomos Bank for Berezitovy Project

Subsequent Event

- An additional US \$40.0 million financing secured for the Berezitovy Project plus a US \$5.0 million standby contingency facility

RESULTS OF OPERATIONS

Selected Financial Results

<i>(in thousands of Canadian dollars except per share amounts)</i>	Three Months Ending March 31,	
	2006	2005
Gold revenue	\$ 22,523	\$ 19,607
Net income (loss) ¹	226	(930)
Net income (loss) per share (basic)	0.00	(0.01)
Cash flow from operations ²	5,020	4,509
Weighted average number of shares outstanding (basic)	223,176,530	170,014,607 ³

1. *The net income in the first quarter of 2006 includes non-cash accounting adjustments of \$1.5 million (Q1 2005 – \$2.2 million).*
2. *Before changes in non-cash working capital.*
3. *Includes shares to be issued in 2005 for the Company's increased interest in Buryatzoloto.*

The Company reported net income of \$226,000 (\$0.00 per share) in the first quarter of 2006 compared to a net loss of \$930,000 (\$0.01 per share) during the corresponding quarter of 2005. The Company benefited from higher realized gold prices offset by higher operating costs at Buryatzoloto. The current quarter was adversely impacted by non-cash accounting factors totalling \$1.5 million compared to \$2.2 million in the same corresponding period in 2005. The 2006 non cash adjustment includes the following:

- \$1.0 million stock-based compensation cost (Q1 2005 – \$372,000)
- \$462,000 financing cost associated with the New Britannia venture obligation (Q1 2005 – \$387,000)

Review of Operations and Development Projects

High River, through its Russian subsidiary OJSC Buryatzoloto (“Buryatzoloto”), produces gold at the Zun-Holba and Irokinda underground mines, both located Russia. The Company’s attributable gold production from its 84.6% interest in Buryatzoloto decreased to 29,693 ounces in the first quarter of 2006 from 30,542 ounces in the corresponding period of 2005. High River is developing new open pit mines in Burkina Faso and Russia with production scheduled to start in 2007.

Buryatzoloto Operations

Buryatzoloto continues to be profitable and achieved its production objectives for the first quarter of 2006 with 35,111 ounces of gold produced at an estimated total cash cost of US \$347 per ounce as compared to 36,316 ounces of gold produced at a total cash cost of US \$274 per ounce in the first quarter of 2005. The increased total cash cost reflects labour wage increases, including performance bonus initiatives. Efforts are continuing on the implementation of procedures and processes to optimize the Buryatzoloto operations with the goal of replacing reserves and containing operating cost increases. Gold production is on budget in the quarter.

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. See the Non-GAAP Measures note.

Buryatzoloto Combined Operational and Financial Data

	Three Months Ending March 31,	
	2006	2005
Tonnes milled	122,289	123,692
Head grade (g/t)	9.3	9.6
Recovery (%)	94.7	94.4
Gold production (oz) (100%)	35,111	36,316
High River share of production (oz)	29,693	30,542
Direct mining cost (US \$/oz)	304	213
By-product credits (US \$/oz)	–	–
Mine operating cost (US \$/oz)	304	213
Production taxes and other mining costs (US \$/oz)	43	61
Total cash cost (US \$/oz)	347	274

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.

Zun-Holba Mine

In the first quarter of 2006, the mine produced 17,349 ounces of gold compared to 15,832 ounces of gold in the same period of 2005. The mill processed 60,224 tonnes of ore at an average grade of 9.3 g/t gold. In the first quarter of 2006, direct mining costs increased to approximately US \$288 per ounce (total cash cost of US \$360 per ounce) from approximately US \$259 per ounce (total cash cost of US \$301 per ounce) in the corresponding period of 2005. The increase in the operating cost in the first quarter was mainly due to two factors. There has been an increase in wages paid in Russian Roubles (“RUB”) due to a combination of indexation (inflation) and implementation of an employee performance bonus initiative plus an increase in RUB costs due to inflation for materials and energy. The RUB/USD exchange rate has not varied materially from the previous year therefore the increase in USD terms is not caused by exchange rate movements.

Zun-Holba Operational Data

	Three Months Ending March 31,	
	2006	2005
Tonnes mined	63,490	63,257
Tonnes milled	60,224	53,356
Head grade (g/t)	9.3	9.6
Recovery (%)	93.5	93.0
Gold production (oz)	17,349	15,832

Irokinda Mine

In the first quarter of 2006, Irokinda produced 17,762 ounces of gold compared to 20,484 ounces for the same period in 2005. The mill processed 62,065 tonnes of ore at an average grade of 9.2 g/t gold. Fewer tonnes were mined than last year due to insufficient underground development to access ore. This is expected to be corrected in the second quarter. During the period, direct mining costs increased to approximately US \$223 per ounce (total cash cost of US \$321 per ounce) compared to direct mining costs of approximately US \$175 per ounce (total cash cost of US \$245 per ounce) in 2005. The increase in the operating cost in the first quarter was mainly due to two factors. There has been an increase in wages paid in RUB due to a combination of indexation (inflation) and implementation of an employee performance bonus initiative plus an increase in RUB costs due to inflation for materials and energy. The RUB/USD exchange rate has not varied materially from the previous year therefore the increase in USD terms is not caused by exchange rate movements.

Irokinda Operational Data

	Three Months Ending March 31,	
	2006	2005
Tonnes mined	76,116	82,459
Tonnes milled	62,065	70,336
Head grade (g/t)	9.2	9.5
Recovery (%)	93.9	95.5
Gold production (oz)	17,762	20,484

Approximately 13,500 tonnes of lower grade material was sorted from the mined ore and stockpiled for processing at the seasonal circuit of the mill. This circuit starts to operate in May.

Project Development

Berezitovy Project, Russia

Construction was restricted in the first quarter due the unavailability of funds while the project loans were being negotiated. During March, US \$7,000,000 was received from Nomos Bank as part of a US \$9 million interim project loan. The balance of the loan was received in April. During the quarter, work began on the explosives magazine, an equipment repair shop and ground preparation for the main mill building. Pouring concrete for the mill foundations began in April.

In May, the Company was advised that the European Bank for Reconstruction and Development (“EBRD”) had approved a US \$20,000,000 project loan to fund Berezitovy project construction plus a US \$5,000,000 stand-by tranche. As well, in early May, an agreement was finalized with Nomos Bank securing an additional US \$20,000,000 of project financing.

Taparko-Bouroum Project, Burkina Faso

In February a construction contract was signed with Senet CC (“Senet”) of South Africa and representatives of Senet have been on site since that time. Construction of the first stage of the tailings pond retaining wall was completed and the pond liner installation commenced in April. Pre-stripping of the first two pits to be mined at Taparko was nearly complete at the end of the first quarter. Some excavation at the 3/5 pit will continue during the second quarter to provide material for other construction purposes. Pouring the concrete pad for the CIL tank foundations began in April and it is anticipated that the mill foundation will start to be poured in June. Construction of the permanent camp was nearly complete at quarter end. Construction of the pipeline and pumping station is anticipated to be completed by June. Water necessary to fill the Taparko reservoir will be pumped to the plant site during the summer rainy season.

Bissa Project

The final assays from the 31,500 metre drilling program were received. The drilling, which was designed to extend the known gold mineralization at Bissa, encountered significant gold intersections. An independent resource estimate on the Bissa Project prepared by SRK Consulting compliant with NI 43-101 standards is expected in the second quarter.

High River is planning its next exploration drilling programme for 2006. Exploration work is continuing over an additional 25 kilometres of strike length of the Sabce deformation corridor. The program will also include high priority targets at Bouly, Rofo-Lessa, Liliga and Gougre, all located within 10 to 15 kilometres of Bissa. Drilling is expected to start in June. The Company intends to spend up to US \$4,000,000 on exploration at Bissa in 2006.

Novophirsovskoye Project

The Company plans to issue a press release shortly describing the results of the first phase of exploration and the plans for phase two.

Strategic Alliance Partnerships

Pelangio Mines Inc. (“Pelangio”) completed a NI 43-101 compliant resource estimate for its Detour Lake Mine Option property and plans to continue drilling on that property. Their 2005/6 winter drilling programme features a two-pronged approach with approximately 50% of the planned drilling targeting the extensions of known, near surface zones. The balance of the programme will evaluate known higher-grade zones. In November 2005, Pelangio announced that it had acquired options on a major land position in south-west Ghana contiguous to an operating gold mine. All the targets on the property were evaluated to formulate an exploration strategy. On May 3, Pelangio announced that it had started exploration on its properties.

High River entered into a strategic alliance with Goldrush. In exchange for 21 early-stage exploration permits, High River acquired 6,540,000 common shares (approximately 19.9%) of Goldrush, a non-interest bearing convertible debenture with a term of 5 years for \$1,994,000, and back-in rights, including operatorship rights, on economic mineral deposit discoveries. Goldrush has advanced \$500,000 to initiate the exploration programme and has indicated that it plans to spend approximately US \$2,200,000 on West Africa exploration in 2006. Goldrush announced on May 4 that it had raised gross proceeds of \$3,500,000 to fund exploration and working capital. The

High River exploration team in Burkina are providing their services and expertise to Goldrush on a fee-for-service basis.

OVERALL FINANCIAL PERFORMANCE

Revenues

The Company's consolidated gold revenues for Q1 2006 were \$22,523,000 compared to \$19,607,000 in 2005. An analysis of the revenue variance appears below. Although the Company realized a higher gold price on gold sales, the number of ounces sold decreased by 2%, from 37,295 ounces over the first quarter of 2005 to 36,555 ounces over the first quarter of 2006. Refined gold in inventory did not change in the quarter and is 7,382 ozs (Q1 2005 – 1,864 ozs). The average gold price realized on sales was US \$533 per ounce during the period, up from US \$429 per ounce for the first quarter of 2005. The Company remains unhedged and continues to sell its gold production at spot prices.

	2006	2005
Ounces sold	36,555	37,295
Realized price, US\$/oz	533.40	428.96
Average US\$/C\$ exchange rate	1.1551	1.2256
Gold sales	\$ 22,523	\$ 19,607
Volume (ounces) variance	(389)	–
Price variance	4,680	–
Exchange variance	(1,375)	–

Amortization and Depletion

Amortization and depletion expense increased in the first quarter of 2006 compared to the same period in 2005 as a result of a higher amortization rate because of lower mineral reserves at the Zun-Holba and Irokinda mines.

Administrative Costs

General and administrative costs decreased to \$767,000 in the first quarter of 2006 compared to \$831,000 in the corresponding period of last year. The 2005 costs reflected the inclusion of \$154,000 of administration costs in Berezhitovy that subsequently were capitalized as development costs.

Financing Costs

Financing expenses totalled \$401,000 during the first quarter of 2006 compared to \$315,000 in the corresponding period of 2005. The increase relates to the short term debt of Buryatzoloto. Interest on the debt relating to the development projects is capitalized.

Financing Costs on Venture Obligation

In the first quarter of 2006, non-cash interest expense relating to the New Britannia venture obligation totalled \$462,000 (2005 - \$387,000).

Stock-based Compensation

The Company recorded \$1,002,000 of stock-based compensation expense for the first quarter of 2006 compared to \$372,000 in the first quarter of 2005. The increase primarily relates to a grant of stock options in the first quarter of 2006.

Income Tax Expense

The income tax expense totalled \$1,038,000 for the first quarter of 2006 compared to \$1,110,000 in the comparable period of 2005 despite higher earnings (before tax) from Buryatzoloto's operations in Russia. The estimated effective tax rate was higher in 2005 due to a higher level of expenditures that were not deductible for tax purposes.

LIQUIDITY AND CAPITAL RESOURCES

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

<i>(in thousands)</i>	As at March 31, 2006	As at December 31, 2005
Cash and cash equivalents	\$23,272	\$8,524
Working capital (deficiency)	11,285	(6,829)
Long-term debt	26,975	8,316

	Three Months Ending March 31,	
	2006	2005
Cash provided by (used in) operating activities	\$ 2,832	\$ (1,126)
Cash used in investing activities	(21,914)	(20,032)
Cash provided by (used in) financing activities	33,728	1,843

Operating Activities

Cash flow provided by operating activities for the quarter ended March 31, 2006 was \$2,832,000 compared to a use of funds of \$1,126,000 in 2005. The increase was primarily a result of the change in working capital. Cash flow provided by operations before changes in working capital was \$5,020,000 compared to a \$4,509,000 for the same quarter of 2005. The increase was due to higher income at Buryatzoloto.

Investing Activities

Investing activities consumed \$21,914,000 of cash in the first quarter of 2006 compared to \$20,032,000 for the same period in 2005. Funds were used primarily on the construction of the Taparko-Bouroum and Berezitovy projects, which amounted to \$20,250,000 for the quarter. The Company's investment in property, plant and equipment increased to \$2,574,000 from \$1,700,000 as a result of an increase in development expenditures at Buryatzoloto.

In March, the Company entered into a strategic alliance agreement with Goldrush exchanging early-stage exploration permits in Burkina Faso for an equity interest in Goldrush valued at \$1,308,000 and a convertible debenture with a principal value of \$1,994,000 and back-in rights on mineral discoveries. Since the transaction did not involve cash, it is therefore not reflected in the Consolidated Statements of Cash Flows.

Financing Activities

Nomos Bank lent Berezitovy \$8,173,000 and \$8,515,000 was received by Somita S.A. (the operator of the Taparko-Bouroum project) from Royal Gold Inc. as project loans to finance development of the respective projects.

High River received \$19,818,000 with the majority (\$19,016,000) resulting from the early exercise of warrants due January 2007. The remainder came from exercises of other warrants and stock options. During the first quarter of 2005, the Company received proceeds of \$469,000 from the exercise of stock options.

Buryatzoloto repaid loans to the EBRD in the amount of US \$4,875,000 and borrowed US \$1,700,000 from the Nomos Bank. In the first quarter of 2005, Buryatzoloto entered into short-term loans totalling \$1,628,000.

In May, the Company was advised that the Board of Director's of the EBRD had approved a US \$20,000,000 project loan plus a US \$5,000,000 standby facility to fund the Berezitovy project construction. As well, in early May, an agreement was finalized with Nomos Bank securing an additional US \$20,000,000 for the project.

At the date of this MD&A, all the Company's stock options and warrants are in "in-the-money". If all outstanding warrants expiring in the next 12 months are exercised, High River could receive approximately \$39,000,000 in additional funds.

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 of the Bissa property and other exploration targets in Burkina Faso and Russia
- Acquisition of new projects
- Corporate administration and working capital

Management believes the Company will be able to fund its capital requirements for its two development projects with the finalization of the loan facilities and its current working capital.

BALANCE SHEET

The Company's total assets were \$343 million at March 31, 2006 compared to \$304 million at December 31, 2005. As at March 31, 2006, working capital increased to \$11,285,000 from a deficit of \$6,829,000 as at December 31, 2005.

The long-term debt increased to \$26,975,000 at the end of the first quarter from \$8,316,000 at the end of 2005. The increase is due to replacing some short-term debt with long-term project financing and the receipt of additional project financing during the quarter.

Shareholders' equity increased to \$222 million at the end of the first quarter of 2006 from \$200 million due mainly to the net increase in capital stock from the exercise of warrants and the charges relating to the granting of stock options.

OUTLOOK

The Company expects to maintain its current level of gold production at its two Russian operations with a 2006 production target of approximately 150,000 ounces. High River and Buryatzoloto will maintain their focus on optimizing these operations with the objective of replacing reserves and containing operating cost increases.

High River's two key development projects continue to be advanced towards production scheduled for the first half of 2007. The successful start-up of both projects will have a significant impact on the Company as it would increase its attributable, annualized gold production rate to over 350,000 ounces by mid-2007.

RISKS AND UNCERTAINTIES

Risks and uncertainties about the Company's business are more fully described in Management's Discussion and Analysis for the year ended December 31, 2005 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)

First Quarter	2006	2005
Gold ounces sold	36,555	37,295
Gold revenue per financial statements	\$22,523	\$ 19,607
Average exchange rate - Cdn to US \$	1.1551	1.2256
Gold revenue (US \$)	19,500	15,998
Average realized price (US \$/oz)	533	429
Gold ounces produced	35,111	36,316
Mining costs per financial statements	15,388	\$ 13,436
Less: Royalty expense and production tax	1,422	1,382
Stripping and mine development adjustments	(13)	(444)
Third party smelting, refining and transportation	38	195
Other mining costs	269	1,541
Other	1,324	1,295
Direct mining costs	12,348	9,467
Average exchange rate - Cdn to US \$	1.1551	1.2256
Direct mining costs (US \$)	10,690	7,726
Direct mining costs (US \$/oz)	304	213
Other mining expenses (US \$/oz)	43	61
Total cash costs (US \$/oz)	347	274

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 May 10, 2006, the share capital consisted of:

- 232,813,972 common shares issued and outstanding
- 11,906,334 common share purchase options outstanding at an average price of \$1.65 maturing at various dates until February 28, 2011
- 28,437,965 warrants outstanding at an average exercise price of \$2.38 maturing at various dates until January 27, 2008

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.

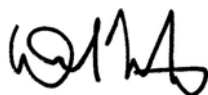
Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to 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

May 10, 2006

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED BALANCE SHEETS

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	March 31, 2006	December 31, 2005
Assets			
Current Assets			
Cash and cash equivalents		\$ 23,272	\$ 8,524
Restricted cash		47	2,087
Accounts receivable		5,278	4,587
Inventory	2	16,104	13,688
Other assets		891	980
		45,592	29,866
Investments	3	9,254	5,950
Property, plant and equipment	4	71,513	71,584
Exploration properties and deferred exploration	5	61,184	61,292
Development properties	6	155,564	134,202
Other assets		261	1,304
Total Assets		\$ 343,368	\$ 304,198
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable		\$ 16,039	\$ 13,163
Loans and interest payable	7	18,268	23,532
		34,307	36,695
Loans and interest payable	7	26,975	8,316
Reclamation		1,412	1,378
Venture obligation	8	31,884	31,422
Future income taxes		11,037	10,966
		105,615	88,777
Non-controlling interest		15,314	14,955
Total Liabilities		120,929	103,732
Shareholders' Equity			
Share capital	9 (a)	296,723	276,575
Warrants		12,479	11,827
Contributed surplus		8,537	7,721
Cumulative translation adjustment		(22,919)	(23,050)
Deficit		(73,381)	(72,607)
		222,439	200,466
Total Liabilities and Shareholders' Equity		\$ 343,368	\$ 304,198

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 March 31, 2006	Three Months Ended March 31, 2005
Revenue			
Gold		\$ 22,523	\$ 19,607
Other		91	340
		22,614	19,947
Expenditures			
Mining costs		15,388	13,436
Amortization and depletion		2,900	2,511
Exploration		65	63
Administrative costs		767	831
Financing costs		401	315
		19,521	17,156
Income before the under noted		3,093	2,791
Financing costs on venture obligation		(462)	(387)
Stock-based compensation		(1,002)	(372)
Loss on sale of assets		(7)	(99)
Write-down of carrying value		–	(860)
Unrealized derivatives loss		–	(589)
Non-controlling interest in earnings of subsidiary		(358)	(304)
		1,264	180
Income tax expense		1,038	1,110
Net income (loss) for the period		\$ 226	\$ (930)
Net income (loss) per share			
– basic	11	\$ 0.00	\$ (0.01)
– diluted		\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding			
– basic		223,176,530	170,014,607
– diluted		226,558,685	170,014,607

CONSOLIDATED STATEMENTS OF DEFICIT

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended March 31, 2005	Three Months Ended March 31, 2005
Deficit – Beginning of period		\$ (72,607)	\$ (71,563)
Net income (loss) for the period		226	(930)
Deficit – End of period		\$ (72,381)	\$ (72,493)

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 March 31, 2006	Three Months Ended March 31, 2005
Cash provided by (used in):			
Operating activities			
Net income (loss) for the period		\$ 226	\$ (930)
Non-cash items:			
Non-controlling interest in earnings of subsidiary		358	304
Financing cost on venture obligation		462	387
Amortization and depletion		2,900	2,511
Write-down of carrying value		–	860
Unrealized derivative loss		–	589
Loss on disposal of assets		7	99
Stock-based compensation		1,002	372
Future income taxes		65	(32)
Other		–	349
Subtotal		5,020	4,509
Change in non-cash working capital	13 (a)	(2,188)	(5,635)
Total operating		2,832	(1,126)
Investing Activities			
Property, plant and equipment		(2,574)	(1,700)
Exploration properties and deferred exploration		(1,132)	(422)
Development properties		(20,250)	(17,639)
(Increase) in investments		–	(130)
Allocation to restricted cash		2,042	(141)
Total investing		(21,914)	(20,032)
Financing Activities			
Dividends paid by subsidiary to non-controlling interest		(1)	(72)
Increase in loans and interest payable		13,911	1,446
Issuance of common shares		19,818	469
Total financing		33,728	1,843
Effect of exchange rate changes on cash held in foreign currencies		102	182
Increase (decrease) in cash and cash equivalents during the period		14,748	(19,133)
Cash and cash equivalents – Beginning of period		8,524	40,709
Cash and cash equivalents – End of period		\$ 23,272	\$ 21,576

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 months ended March 31, 2006

(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 the 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 2005 audited financial statements for the detailed note disclosure. The statements have not been reviewed by the Company’s independent auditors.

2. INVENTORY

Inventory consists of the following:

	March 31, 2006	December 31, 2005
Work-in-progress and finished products	\$ 6,398	\$ 4,519
Materials and supplies	9,706	9,169
	<u>\$16,104</u>	<u>\$13,688</u>

Finished products include 7,382 oz of refined gold (December 31, 2005 – 7,394 oz).

3. INVESTMENTS

The Company’s investments comprise the following:

	March 31, 2006	December 31, 2005
ZAO Zun-Hada	\$ 556	\$ 555
Pelangio Mines Inc.	4,914	4,914
Intrepid Minerals Corporation	481	481
Goldrush Resources Ltd.	3,303	–
	<u>\$ 9,254</u>	<u>\$ 5,950</u>

In March, the Company entered into a strategic alliance agreement with Goldrush Resources Ltd. (“Goldrush”) exchanging early-stage exploration permits in Burkina Faso for common shares of Goldrush valued at \$1,307,000, a convertible debenture with a principal value of \$1,994,000, and back-in rights on mineral discoveries.

The value of the investments, where there is a quoted market valuation at March 31, 2006 was: Pelangio Mines Inc. \$7,929,000; Intrepid Minerals Corporation \$1,164,000; and Goldrush \$3,630,000.

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2006			December 31, 2005	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Buryatzoloto	\$ 87,969	\$ 16,814	\$ 71,155	\$ 71,257	
Corporate and exploration	1,436	1,078	358	327	
	\$ 89,405	\$ 17,892	\$ 71,513	\$ 71,584	

5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION

	January 1, 2006	Additions	Disposal	March 31, 2006
West Africa – Bissa project	\$44,569	\$ 1,971	\$ –	\$ 46,540
West Africa – Other	9,250	–	(2,415)	6,835
Russian Federation	6,575	336	–	6,911
Canada	898	–	–	898
	\$ 61,292	\$ 2,307	\$ (2,415)	\$ 61,184

In March, the Company entered into a strategic alliance agreement with Goldrush exchanging early-stage exploration permits in Burkina Faso for an equity interest in Goldrush plus a debenture.

6. DEVELOPMENT PROPERTIES

	January 1, 2006	Additions	March 31, 2006
Taparko-Bouroum	\$ 54,939	\$ 12,974	\$ 67,913
Berezitovy	79,263	8,388	87,651
	\$134,202	\$ 21,362	\$ 155,564

7. LOANS AND INTEREST PAYABLE

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

	March 31, 2006		December 31, 2005	
	Current	Long-Term	Current	Long-Term
Berezitovy				
Bank Natexis	\$ 5,838	\$ –	\$5,830	\$ –
Nomos Bank ^(a)	2,335	5,838	–	–
Buryatzoloto				
International Moscow Bank ^(b)	7,356	4,672	12,010	–
Nomos Bank ^(c)	1,985	–	4,081	758
Accrued interest on loans	79	–	92	–
Type V preference shares	–	–	845	–
Accrued dividends on preference shares	91	–	91	–
Subtotal	17,684	10,510	22,949	758
Somita				
Government of Burkina Faso	584	–	583	–
Royal Gold	–	16,465	–	7,558
	\$ 18,268	\$ 26,975	\$23,532	\$8,316

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

(a) In March, Berezitovy entered into a loan agreement with Nomos Bank. The credit facility is for the amount of US \$9,000,000 of which US \$7,000,000 was utilized by March 31, 2006. Interest is charged at the six month LIBOR rate plus a margin of 3.7%. The loan has a series of fixed repayment dates and may be outstanding until March 31, 2009. High River has guaranteed the loan which is secured by a pledge of property owned by Berezitovy.

(b) In February 2006, Buryatzoloto entered into a revolving working capital financing agreement with International Moscow Bank for a term of 36 months, split into three 12-month periods. The amount of this loan facility is limited to US \$4,000,000 for each period, bearing interest at LIBOR plus a margin of 3%. This loan facility is secured by Buryatzoloto's accounts with International Moscow Bank. At each annual anniversary of the loan agreement, the principal is repaid and the next tranche drawn.

(c) Also in February 2006, Buryatzoloto gave two promissory notes to the Nomos Bank. The first note is in the amount of US \$1,700,000, is payable on demand, but can not be redeemed earlier than April 30, 2006 and bears interest at the rate of 8% per annum. The second note is in the amount of US \$600,000, is payable on demand but can not be redeemed earlier than August 31, 2006 and bears interest at the rate of 8.5% per annum.

8. VENTURE OBLIGATION

The Company's venture obligation is \$31,884,000 (2005– \$31,422,000). An amount of \$20,405,000 (2005– \$19,943,000) represents interest payable on this loan, accrued to March 31, 2006 and is included in the balance. *The obligation is without recourse to the Company and its assets other than its 50% interest in the New Britannia project.* There is no defined schedule for repayment of any interest or principal amounts and therefore the obligation is classed as long-term. However, the Company's share of net cash flow, if any, from New Britannia is dedicated to the repayment of these balances until the balances owing are repaid in full.

9. SHARE CAPITAL

(a) Issued and outstanding shares
During the three months ended March 31, 2006, the following share capital transactions occurred:

	Number of Shares Issued	Value
Share Capital as at December 31, 2005	218,027,951	\$ 276,575
For Cash:		
Exercise of stock options	275,000	503
Exercise of warrants	13,183,238	19,695
	13,458,238	20,198
Warrant and share issue expense		(50)
Share Capital as at March 31, 2006	231,486,189	\$ 296,723

(b) Stock Options

Total outstanding stock options at March 31, 2006

	Options	Weighted Average Price
Balance December 31, 2005	10,256,334	\$1.50
Granted	2,200,000	2.13
Cancelled	(30,000)	1.85
Exercised	(275,000)	1.26
Balance March 31, 2006	12,151,334	1.68

The Company accounts for all stock-based payments granted on or after January 1, 2002 using the fair value based method and expenses the options. Cash received from the exercise of options for common shares is credited to share capital. No options were granted in 2005. In 2006, the fair value of the options granted was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.0%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 55%; and a weighted average expected life of the options of four years. The estimated fair value of the options granted is charged to expense and contributed surplus over the vesting period of the options. On exercise of options, the expense is reclassified to capital stock. Stock-based compensation charged to income amounts to \$1,002,000 (2005 – \$372,000) and the unvested unamortized fair value of options granted amounts to \$1,576,000 (2005 – \$830,000).

(c) Stock options outstanding at March 31, 2006

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable
\$ 0.60	691,334	0.7	691,334
1.65	2,365,000	1.5	2,365,000
2.23	75,000	1.9	75,000
1.70	50,000	2.1	50,000
2.25	1,965,000	2.6	1,965,000
1.85	2,710,000	3.7	1,806,666
0.67	2,095,000	3.5	2,095,000
2.13	2,200,000	4.9	733,333
	12,151,334	3.3	9,781,333

(d) Warrants outstanding March 31, 2006

	Warrants	Weighted Average Price
Balance December 31, 2005	30,825,654	\$1.65
Exercised	(13,183,238)	1.11
Granted	11,885,000	2.50
Balance- March 31, 2006	29,527,416	\$1.75

In the first quarter, holders of warrants due January 27, 2007 having an exercise price of \$1.65 were offered a replacement warrant due January 27, 2007 having an exercise price of \$2.50 for each \$1.65 warrants exercised prior to March 31, 2006. A total of 11,885,000 warrants were exercised. The fair value of the warrants granted was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.0%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 55%; and a weighted average expected life of the warrants of nine months. A value of approximately \$0.27 was assigned resulting in an amount of \$3,185,000 for the warrants. The estimated fair value of the warrants granted is charged to "Warrants" on the balance sheet. On exercise of the warrants, the value will be reclassified to capital stock or to contributed surplus if the warrants are not exercised.

10. 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 valued at \$22,000 on behalf of Goldrush (2005 – nil). At March 31, 2006 the Company had an account receivable from Pelangio of \$28,000 (2005 – \$70,000) for services provided by High River on behalf of Pelangio.

During the three months ended March 31, 2005, professional fees of \$26,000 were paid to Doelcam Inc., a company controlled by an officer of the Company.

During the three months ended March 31, 2006, 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 \$101,000 (2005 – \$36,000).

On March 16, 2006, Buryatzoloto prepaid the EBRD loan in amount of US \$4,150,000 and interest thereupon. Interest and commission fees related to the EBRD loan in Q1 2006 were US \$77,000 (2005 – US \$116,000). As part of Buryatzoloto's preference share redemption program, in Q1 2006 the Buryatzoloto repurchased its type V preference shares from the EBRD for US \$725,000. High River paid to the EBRD expenses relating to the financing of Berezitovy plus director's fees totalling \$66,000 in the first quarter. An employee of the EBRD is a director of High River and Buryatzoloto.

11. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share ("EPS") have 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 March 31,	
	2006	2005
Net income (loss) for the period	\$ 226	\$ (930)
Weighted average number of shares	223,176,530	170,014,607
Basic earnings (loss) per share	\$ 0.00	\$ (0.01)
Potential issuance of shares		
from option and warrant exercise	3,382,155	–
Weighted average number of shares	226,558,685	170,014,607
Fully diluted earnings per share	\$ 0.00	\$ (0.01)

12. 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.

High River has guaranteed the US \$9,000,000 line of credit to Berezitovy from the Nomos Bank. Buryatzoloto has guaranteed employee mortgages given by Sberbank RF. As at March 31, 2006, this guarantee amount is US \$665,000 (December 31, 2005 – US \$665,000).

13. SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2006	2005
(a) Net changes in non-cash working capital		
Accounts receivable	\$ (1,516)	\$ (936)
Inventory	(2,648)	(2,149)
Other assets	(84)	(195)
Accounts payable	2,060	(2,355)
	(2,188)	(5,635)
(b) Cash paid for interest	\$ 530	\$ 157
Cash paid for income taxes	\$ 314	\$ 428

14. SEGMENTED INFORMATION

For the Three Months Ended March 31, 2006	Buryatzoloto and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ 22,523	\$ -	\$ -	\$ -	\$ 22,523
Other revenue	66	-	25	-	91
Financing costs	401	-	-	-	401
Amortization and depletion	2,884	-	16	-	2,900
Net income (loss) for the period	2,595	-	(1,492)	(877)	226
Property, plant and equipment expenditures	(2,536)	-	(38)	-	(2,574)
Capitalized exploration expenditures	(326)	(806)	-	-	(1,132)
Development properties	(9,388)	(10,862)	-	-	(20,250)
Total assets	131,578	111,134	100,656	-	343,368

For the Three Months Ended March 31, 2005	Buryatzoloto and Berezitovy (Russia)	Burkina Faso	Other (Canada)	Eliminations and Consolidation Adjustments	Total
Gold revenue	\$ 19,607	\$ -	\$ -	\$ -	\$ 19,607
Other revenue	230	-	110	-	340
Financing costs	315	-	-	-	315
Amortization and depletion	2,505	-	6	-	2,511
Net income (loss) for the period	1,688	(764)	(1,854)	-	(930)
Property, plant and equipment expenditures	(1,700)	-	-	-	(1,700)
Capitalized exploration expenditures	-	(422)	-	-	(422)
Development properties	12,666	3,794	-	-	16,460
Total assets	89,608	47,396	81,226	-	218,230

CORPORATE INFORMATION

Directors

Alexandr Balabanov³
Executive Director
RPFB Project Finance Limited
Moscow, Russia

W. Derek Bullock, P. Eng^{1,2,3,4}
Mining Consultant
Bobcaygeon, Ontario

Michael Y.C. Chieng^{1,2}
Financial Consultant
Burnaby, British Columbia

Laurence Curtis⁴
President & CEO
Intrepid Minerals Corporation
Oakville, Ontario

Valery Dmitriev
General Director
OJSC Buryatzoloto
Ulan-Ude, Russian Federation

David V. Mosher³
President and CEO
High River Gold Mines Ltd.
Oakville, Ontario

Vladimir P. Polevanov
Independent Businessman
Moscow, Russia

Mark Rachovides^{1,2,3,4}
Senior Banker,
European Bank for
Reconstruction and Development

Donald A. Whalen
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

⁴ Member of the Health, Safety & Environment Committee

Officers

Donald A. Whalen
Executive Chairman

David V. Mosher
President and Chief Executive Officer

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

Steven Poad
Chief Financial Officer

Driffield M. Cameron, P. Geo
Vice President Exploration

David Poynton
Assistant Corporate Secretary

Other

Heather Crerar
Manager, Corporate Governance

John G. Green
Controller

Linda Mosher
Administration Manager

Tania Barreto
Investor Relations Coordinator

Corporate Office

High River Gold Mines Ltd.
Suite 1700
155 University Avenue
Toronto, Ontario M5H 3B7

Telephone: (416) 947-1440
Fax: (416) 360-0010
Email: highrivergold@hrg.ca

Russian Subsidiary Office

OJSC Buryatzoloto
Tsivileva St., 9
Ulan-Ude, Buryat Republic 670034
Russian Federation
Telephone: 7 (3012) 440-810
Fax: 7 (3012) 440-107

Berezitovy Rudnik
4th floor, Krasnoarmeiskaya St. 102
Blagoveshensk, Amur Region
675000 Russian Federation
Telephone 7(4162) 220-680

Burkina Faso Operations Office

Somita S.A.
01 BP 2509
1648, Blvd. Tânsoba Tab-Kom
Secteur 25
Ouagadougou 01. Burkina Faso

Telephone: (226) 50 35 81 85
Fax: (226) 50 35 81 87

Transfer Agent

Equity Transfer Services Inc.
120 Adelaide Street West, Ste 420
Toronto, Ontario
M5H 4C3

Auditors

PricewaterhouseCoopers LLP
Toronto, Ontario

Solicitors

Cassels Brock and Blackwell LLP
Toronto, Ontario

Shares Listed

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

Investor Relations

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.