



HIGH RIVER GOLD MINES LTD. Q1 REPORT 2007



FOR THE THREE MONTHS ENDED MARCH 31, 2007

High River Gold Mines Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at March 31, 2007. 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, 2007 should be read in conjunction with the audited Consolidated Financial Statements and related Notes, and Management's Discussion and Analysis as at December 31, 2006. 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, 2007. All figures are in Canadian dollars, unless otherwise noted.

Highlights for the First Quarter of 2007

Financial

- Net income for Q1 2007 of \$266,000 (\$0.00 per share).
- Attributable gold production of 29,272 ounces for the quarter at a total cash cost of US \$429 per ounce.
- Cash flow from operations before working capital changes of \$8.3 million.

Operations

- Taparko-Bouroum gold mine construction in final stages with the first gold pour on schedule for June 2007.
- Berezitovy gold mine construction well advanced with the first gold pour on schedule for August 2007.
- High-grade zone extended at Bissa
- Drilling continues at Prognoz with NI 43-101 resource estimate due later in the year.

Events Subsequent to Quarter

- Completed a US \$10 million revolving credit facility with Standard Bank Plc ("Standard Bank") on behalf of its Burkina Faso subsidiary company, Société des Mines de Taparko ("Somita").
- Drilling at Gougre in Burkina Faso suggests a possible new gold zone discovery.

RESULTS OF OPERATIONS

Selected Financial Results

The Company reported net income of \$266,000 (\$0.00 per share) in the first quarter of 2007 compared to \$226,000 (\$0.00 per share) during the corresponding quarter of 2006.

<i>(in thousands of Canadian dollars except per share amounts)</i>	Three Months Ending	
	2007	2006
Gold revenue	\$ 30,644	\$22,523
Net income ¹	266	226
Net income per share (basic)	0.00	0.00
Cash flow from operations ²	8,257	5,020
Weighted average number of shares outstanding (basic)	250,038,083	223,176,530

1. *The net income in the first quarter of 2007 includes non-cash accounting adjustments of \$4.2 million (Q1 2006 – \$1.8 million).*
2. *Before changes in non-cash working capital.*

The Company benefited from higher realized gold prices and higher sales offset by higher operating costs at Buryatzoloto. There were 4,910 ounces of unsold gold in inventory at March 31, 2007 (2006 – 7,382) with a cost of \$1.1 million and an estimated market value (London PM fix US \$662/oz) of approximately US \$3.3 million. The higher Buryatzoloto mining costs are due to a combination of inflation (approximately 8%), a new employee bonus system implemented to retain skilled employees and a stronger Russian Rouble (“RUB”) to U.S. dollar exchange rate. New changes to GAAP required the Company to record a \$2.5 million non-cash expense for derivative financial instruments.

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 in Russia. The Company’s attributable gold production from its 84.9% (2006 84.6%) interest in Buryatzoloto decreased marginally to 29,272 ounces in the first quarter of 2007 from 29,693 ounces in the corresponding period of 2006. High River is constructing two open pit mines, one in Burkina Faso and one in Russia, with production scheduled to start in June and August 2007 respectively.

Buryatzoloto Operations

Buryatzoloto continues to be profitable and achieved its production objectives for the first quarter of 2007 with 34,462 ounces of gold produced at an estimated total cash cost of US \$429 per ounce as compared to 35,111 ounces of gold produced at a total cash cost of US \$368 per ounce in the first quarter of 2006. The increased total cash cost reflects labour wage increases (due to indexation and implementing employee performance bonus initiatives designed to retain skilled employees), domestic inflation in materials and energy costs, and a stronger RUB. The resource industry worldwide has experienced significant cost pressures due to strong energy, materials and labour inflation. The stronger RUB exchange rate compared to the previous year is contributing to the increase in costs upon translation to the Company’s reporting currency. 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.

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’s gold production is subject to seasonal fluctuations. The placer operation and one of the circuits at the Irokinda mill operate only 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. Average grade is lowest when the seasonal circuit operates.

Buryatzoloto Combined Operational and Financial Data

	Three Months Ending March 31,	
	2007	2006
Tonnes mined	142,076	139,606
Tonnes milled	120,397	122,289
Head grade (g/t)	9.6	9.3
Recovery (%)	94.3	94.7
Gold production (oz) (100%) ¹	34,462	35,111
High River share of production (oz)	29,272	29,693
Direct mining cost (US \$/oz)	357	304
Total cash cost (US \$/oz)	429	368

1. Includes gold from the placer operations, tailings recovery and other sources and therefore does not equal tonnes milled times grade times recovery.

Zun-Holba Mine

In the first quarter of 2007, the mine produced 17,207 ounces of gold compared to 17,349 ounces of gold in the same period of 2006. The mill processed 62,434 tonnes of ore at an average grade of 9.4 g/t gold. In the first quarter of 2007, direct mining costs increased to approximately US \$375 per ounce from approximately US \$328 per ounce in the corresponding period of 2006.

Zun-Holba Operational Data

	Three Months Ending March 31,	
	2007	2006
Tonnes mined	66,594	63,490
Tonnes milled	62,434	60,224
Head grade (g/t)	9.4	9.3
Recovery (%)	93.2	93.5
Gold production (oz)	17,207	17,349

Irokinda Mine

In the first quarter of 2007, Irokinda produced 17,255 ounces of gold compared to 17,762 ounces for the same period in 2006. The mill processed 57,963 tonnes of ore at an average grade of 9.7 g/t gold (2006 – 62,065 tonnes at 9.2 g/t). Ore mined is slightly lower than last year due to more selective mining to reduce dilution. Ore milled also declined due to the lower mining production. Ore mined exceeds ore milled as Irokinda builds a stockpile of lower grade ore for treatment during the summer in the seasonal circuit. Direct mining costs increased to approximately US \$338 per ounce compared to approximately US \$298 per ounce in 2006.

Irokinda Operational Data

	Three Months Ending March 31,	
	2007	2006
Tonnes mined	75,482	76,116
Tonnes milled	57,963	62,065
Head grade (g/t)	9.7	9.2
Recovery (%)	95.3	93.9
Gold production (oz)	17,255	17,762

Project Development

Taparko-Bouroum Project, Burkina Faso

All pre-stripping of the GT and 3/5 pits is completed. Actual mining of ore is continuing and to date approximately 250,000 tonnes of soft ore (equivalent to three months of production) has been stockpiled.

At the Process Plant, all crushers (jaw and cone crushers for the hard rock circuit, tooth roll crusher for the soft rock circuit), and the ball mill have been installed. The CIL tanks and associated mechanicals have been completed. The elution tank is installed and the gold room is equipped and complete. The five power generating units are installed, and overhead power lines are in place.

The tailings pad has been completed. All pumps and piping supplying water are fully operational and the Taparko mine water reservoir is filled to the required level.

In summary, all major components are on-site and installed, with minor mechanical and electrical installation to be completed. Work remaining generally consists of piping and electrical connections between plant components, minor civil works on the tailings pad, completion of the plant workshops, completion of conveyors for the hard rock circuit, and installation of transformers.

The Taparko-Bouroum project is expected to start-up according to the following schedule:

End of April:	start of Cold Commissioning (testing of all mechanical equipment on a no load basis).
End of May:	start of Hot Commissioning (testing and operation of all mechanical equipment on a partial/full load basis)
June:	first Gold Pour.
End of July:	Commercial Production (after 30 days of continuous production at 60% capacity).

Berezitovy Project, Russia

Pre-Stripping is ongoing on both south and north sectors of the open pit. The new explosives preparation truck has been commissioned permitting more efficient and lower cost blasting to proceed. A small Cat 908 loader to assist blast hole stemming was received this quarter.

The primary crusher and apron feeder are installed and work is continuing on installing the feed hopper. All concreting is basically complete for both the structure and equipment. The stockpile feed conveyor has been erected with related mechanical and electrical installations to complete in this area. The SAG mill feed conveyor and related feeders and hoppers have been installed. The SAG and Ball mills are erected on their bases and now continuing on the alignment of all drive train parts including the gearbox and motor. The installation of electrical control panels and cabling in the grinding building section has started. The top structure and agitators on the leach tanks were installed and assembly of the structural steel and tanks for the CIP section has started.

The water supply from the wells is operational and supplying the camp. Construction of the administration building has commenced and the walls have been erected. The reconstruction of the permanent bridge at the Khaikta River is 80% complete with the pylons and horizontal beams in place.

The subcontractors have performed well. Pouring of concrete continued in the winter months allowing construction and steel erection at the site to proceed. The work was aided by a milder winter than normal. Electrical, instrumentation and ventilation contractors also mobilized this quarter.

It is estimated that the project will make its first gold pour in August.

Bissa Project, Burkina Faso

The Bissa Project consists of 1,000 square kilometres of exploration permits in Burkina Faso. High River has established a NI 43-101 resource of 1.3 million ounces (82,000 ounces measured; 580,000 indicated; 680,000 ounces inferred) over just 6 kilometres of a 30 kilometre long anomalous regional structural trend called the Sabce Deformation Corridor. High River believes that the Bissa Project has tremendous upside potential which exists along the Sabce Corridor and adjacent structures.

The first phase of drilling on the Bissa Group permits better defined and extended the high-grade "IO zone" at depth and along strike and identified three new drill targets for further follow up work in the Roffo and Lessa target areas. Drilling will continue to test the other 12 drill targets previously identified in the Sabce Defamation Corridor and adjacent structures.

High River reported exciting results from diamond drilling on the Gougre target area, one of 12 designated drill target areas on the Company's Bissa permits currently being explored. The Company believes that the Gougre Main Zone represents a potentially important new zone of gold mineralization which has the potential to add to the existing resources on the Bissa Project. Nine diamond drill holes intersected mineralization within an alteration zone over a 300 metre strike. This zone is open in both directions along strike and at depth. The new zone is in a new environment of gold mineralization not controlled by the Sabce Deformation Corridor and is located approximately 10 kilometres from the Bissa resources area.

Prognoz Silver Project, Russia

Early in 2006, High River subsidiary Buryatzoloto acquired a 50% interest in, and operatorship of, the world class Prognoz Silver Project. Prognoz has historic Russian classified (not NI 43-101 compliant) reserves and resources containing 194 million ounces grading 830 g/t on average, making it one of the largest and highest grade undeveloped silver projects in the world. The historical reserves and resources calculation was based on extensive past work over the period 1987 – 2000 by the Russian State Exploration Company. A NI 43-101 resource estimate is expected later in the year.

High River reported results from an additional 14 diamond drill holes and resumed drilling on the property. Results continue to confirm historical grades, widths, and vertical and horizontal continuity of mineralization. Three drills were operational with an additional two to start drilling by mid-year. As well, declines were driven and a 10 tonne bulk sample extracted and sent to laboratories for metallurgical sampling.

Strategic Alliances

Goldrush Resources Ltd. ("Goldrush") continued its rotary air blast and reverse circulation drilling exploration programmes on its Burkina Faso permits during the quarter. Encouraging exploration results were released on their exploration projects subsequent to the first quarter. Goldrush intends to accelerate work on its Ronguen property which is located six kms from High River's Bissa property. High River holds rights to operatorship and a 50% back-in to any economic deposit discovered by Goldrush in Burkina Faso.

OVERALL FINANCIAL PERFORMANCE

Revenues

The Company's consolidated gold revenues for Q1 2007 were \$30.6 million compared to \$22.5 million in 2006. An analysis of the revenue variance appears below. The Company realized a higher gold price on gold sales, and the number of ounces sold increased by 10%, from 36,555 ounces during the first quarter of 2006 to 40,189 ounces in the first quarter of 2007. Refined gold in inventory decreased during the quarter to more normal levels and is 4,910 oz at March 31, 2007 (Q4 2006 – 6,089 oz, Q3 2006 – 5,308, Q2 2006 – 19,391, Q1 2006 – 7,382). The average gold price realized on sales was US \$651 per ounce during the period, up from US \$533 per ounce for the first quarter of 2006 and up from US \$612 in the fourth quarter of 2006.

	Three Months Ending March 31,	
	2007	2006
Ounces sold	40,189	36,555
Refined ounces in inventory		
Realized price, US \$/oz	651	533
Average US \$/C\$ exchange rate	1.1721	1.1551
Gold sales	\$ 30,644	\$ 22,523
Ounces variance	2,239	
Price variance	5,439	
Exchange variance	443	

Mining Costs

Mining costs have increased to \$18.4 million compared to \$15.4 million in Q1 2006 partially due to the increase in ounces sold which triggered a release of costs from inventory. Cost of production (total cash cost) has increased 17% from the same quarter last year due to domestic inflationary pressures in Russia (approximately 8% in the last 12 months), wage increases and a strengthening of the RUB. Costs related to the unsold, refined gold (approximately \$1.1 million at March 31, 2007) are accumulated in inventory until a sale is recorded.

Amortization and Depletion

Amortization and depletion has increased from the expense recorded in the same period in 2006. Amortization is calculated using the units of production method. The number of ounces sold has increased which increases the cost. Also, mineral reserves at the Zun-Holba and Irokinda mines are decreasing with the result that a higher proportion of assets must be depreciated.

Administrative Costs

General and administrative costs increased to \$1.9 million in the first quarter of 2007 compared to \$767,000 in the corresponding period of last year. The major item contributing to the increase is an increase in remuneration costs of \$808,000 in Q1. In 2006, bonus remuneration was not paid until Q2.

Financing Costs

Financing expenses totalled \$1.2 million during the first quarter of 2007 compared to \$401,000 in the corresponding period of 2006. The increase mainly relates to the increased debt of Buryatzoloto to acquire Prognoz and the High River debenture issued in Q4 2006. Financing costs for the development projects are capitalized.

Fair value adjustments to financial instruments

The Company implemented the required new GAAP accounting relating to financial instruments (see Note 2 to the interim financial statements). The changes were extensive and required, among many other things, that on adoption embedded derivatives be identified, valued and included in the balance sheet as at January 1, 2007. Thereafter, the embedded derivatives must be revalued and any gains or losses reported in income. High River has determined that it has two embedded derivatives which experienced a decrease in their estimated fair value of \$2.5 million in Q1 2007. This is a non-cash expense.

The Company does not have any purchased derivatives or hedges and has a stated policy of not hedging future gold sales.

Income Tax Expense

The income tax expense totalled \$1.9 million for the first quarter of 2007 compared to \$1.0 million in the comparable period of 2006 due to higher earnings (before tax) from Buryatzoloto's operations in Russia.

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, 2007	As at December 31, 2006
Cash and cash equivalents	\$ 7,643	\$ 35,616
Restricted cash	73	73
Working capital (deficiency)	(8,217)	16,595
Long-term debt	139,332	137,895

	Three Months Ending March 31,	
	2007	2006
Cash provided by (used in) operating activities	\$ (409)	\$ 2,832
Cash used in investing activities	(31,945)	(21,914)
Cash provided by financing activities	4,391	33,728

Operating Activities

Cash flow used by operating activities for the quarter ended March 31, 2007 was \$409,000 compared to \$2.8 million provided by operations in Q1 2006. The value of inventory has increased from \$20.2 million to \$23.8 million at year-end as the two development mines continue building supplies inventories in preparation for start-up this year. Cash flow provided by operations before changes in working capital was \$8.3 million compared to \$5.0 million for the same quarter of 2006. The increase was due to higher sales at Buryatzoloto as the refined gold inventory was sold down and gold prices increased.

Investing Activities

Investing activities consumed \$31.9 million of cash in the first quarter of 2007 compared to \$21.9 million for the same period in 2006. Funds were used primarily on the construction of the Taparko-Bouroum and Berezitovy projects.

Financing Activities

During the quarter, Buryatzoloto borrowed US \$615,000 by way of a short-term note to finance the seasonal placer operation. Buryatzoloto repaid US \$750,000 on its loan from Nomos. Somita repaid the first tranche of its loan from Caterpillar in the amount of US \$333,000.

Subsequent to the quarter end, Somita completed a US \$10.0 million revolving credit facility with Standard Bank to finance its working capital requirements.

High River received cash of \$683,000 from the exercise of warrants and stock options in Q1 2007. During the first quarter of 2006, the Company received proceeds of \$19.8 million as the result of a financing.

At the date of this MD&A, many of the Company's stock options and warrants are in "in-the-money". If those outstanding warrants and options are exercised, High River could receive approximately \$45 million 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 – approximately US \$16 million to mine start up
- Exploration of the Bissa property (US \$7 million over the next 12 months), the Prognoz property (US \$7.5 million over three years) and other exploration targets in Burkina Faso and Russia
- US \$8 million final payment to complete the acquisition of Prognoz
- Acquisition of new projects
- Corporate administration and working capital

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

BALANCE SHEET

The Company's total assets were \$539 million at March 31, 2007 compared to \$517 million at December 31, 2006. As at March 31, 2007, there was a working capital deficiency of \$8.2 million from a surplus of \$16.6 million as at December 31, 2006. The change is due to the reduction in cash and cash equivalents, an increase in accounts receivable, and reclassification of some loans from long-term to current. Buryatzoloto is the operator of the Prognoz Silver Project and is only reimbursed quarterly for its exploration expenses which accounts for the increase in receivables.

The long-term debt increased slightly to \$139 million at the end of the first quarter from \$138 million at the end of 2006.

Shareholders' equity increased \$8.5 million, again mainly due to the adoption of the new GAAP requirements.

OUTLOOK

The Company expects to maintain its current level of gold production at its two Russian operations with a 2007 production target of approximately 130,000 ounces (85% attributable). High River and Buryatzoloto will maintain their focus on optimizing these operations with the objective of replacing reserves and, where possible, containing operating cost increases.

High River's two key development projects continue to be advanced towards production. The successful start-up of both projects will have a significant positive impact on the Company as it would increase its attributable gold production rate to over 200,000 ozs in 2007 and over 300,000 ozs in subsequent years.

The acquisition of the Prognoz Silver Project has given High River a world-class, silver exploration project in Russia with the potential for additional resources to be discovered.

RISKS AND UNCERTAINTIES

Risks and uncertainties about the Company's business are described in Management's Discussion and Analysis for the year ended December 31, 2006 and in the Company's Annual Information Form.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3865, *Hedges*; Section 1530, *Comprehensive Income* and Section 3861, *Financial Instruments – Disclosure and Presentation*. The adoption of the new standards resulted in changes in the accounting for financial instruments and hedges as well as the recognition of certain transition adjustments that have been recorded in opening retained earnings or opening

accumulated other comprehensive income. The comparative Interim Consolidated Financial Statements have not been restated.

For a description of the principal changes in accounting for financial instruments and hedges due to the adoption of the accounting standards and for further details on changes in significant accounting policies, see Note 2 to the Interim Consolidated Financial Statements for the quarter ended March 31, 2007.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates remain unchanged from those disclosed in the Company's 2006 Annual Report.

FUTURE CHANGES IN ACCOUNTING POLICIES

The CICA issued a new accounting standard, Section 1535, *Capital Disclosures*, which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This new standard is effective for the Company beginning January 1, 2008.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the most recent interim period, there have been no changes in the Company's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

NON-GAAP MEASURES

The Company has included certain cash cost per ounce data in this document, which are non-GAAP performance measures, in order to provide investors and management with information about the cash generating capabilities and profitability of the Company's mining operation and comparability to other gold producers. The Company has adopted the definitions published by the Gold Institute for operating costs per ounce which the Company believes most gold producers follow. 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.

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.

	2007		2006	
	C\$ 000s	US \$/oz	C\$ 000s	US \$/oz
Average exchange rate - Cdn to US \$	1.1721	–	1.1551	–
Gold ounces sold	40,189	–	36,555	–
Gold revenue per financial statements	30,644	651	22,523	533
Gold ounces produced	34,462		35,111	–
Direct mining costs	14,404	357	12,381	304
General and administrative costs	1,873	46	1,325	33
Stripping and mine development adjustments	(899)	(22)	(478)	(12)
Third party smelting, refining and transportation	313	8	281	7
By-product credits	–	–	–	–
Other	–	–	377	3
Cash operating costs	15,691	389	13,886	335
Royalty expense and production tax	1,621	40	1,358	33
Total cash costs	17,312	429	15,244	368
Inventory change	1,010		144	
By-product credits	–		–	
Reclamation and mine closure	35		31	
Total mining costs per financial statements	18,357		15,419	

SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at May 10, 2007, the share capital consisted of:

- 250,604,027 common shares issued and outstanding
- 14,583,250 common share purchase options outstanding at an average price of \$1.88 maturing at various dates until November 23, 2011
- 11,885,000 warrants outstanding at an average exercise price of \$2.50 maturing at various dates until December 31, 2008
- \$12,000,000 debenture convertible into shares at a price of \$2.35 until December 31, 2011

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, 2007

High River Gold Mines Ltd.
CONSOLIDATED BALANCE SHEETS

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	March 31, 2007	December 31, 2006
Assets			
Current Assets			
Cash and cash equivalents		\$ 7,643	\$ 35,616
Restricted cash		73	73
Accounts receivable		18,577	11,055
Inventory	3	23,769	20,223
Other assets		630	1,231
		50,692	68,198
Available-for-sale securities	4	20,093	9,854
Property, plant and equipment	5	72,915	71,110
Exploration properties and deferred exploration	6	112,341	107,825
Development properties	7	282,349	259,846
Other assets		514	599
Total Assets		\$ 538,904	\$ 517,432
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable		\$ 25,655	\$ 24,207
Loans and interest payable	8	33,254	27,396
		58,909	51,603
Loans and interest payable	8	139,332	137,895
Reclamation		1,527	1,506
Future income taxes		21,030	17,776
		220,798	208,780
Non-controlling interest		17,313	16,341
Total Liabilities		238,111	225,121
Shareholders' Equity			
Share capital	9 (a)	339,516	338,371
Warrants	9 (d)	6,290	6,294
Contributed surplus	9 (e)	11,635	11,363
Debenture conversion option	9 (f)	538	538
Deficit		(43,920)	(41,562)
Accumulated other comprehensive income/(loss)	2	(13,266)	(22,693)
		300,793	292,311
Total Liabilities and Shareholders' Equity		\$ 538,904	\$ 517,432

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, 2007	Three Months Ended March 31, 2006
Revenue			
Gold		\$ 30,644	\$ 22,523
Other		1,038	91
		31,682	22,614
Expenditures			
Mining costs		18,357	15,419
Amortization and depletion		3,814	2,869
Exploration		118	65
Administrative costs		1,870	767
Financing costs		1,170	401
		25,329	19,521
Income before the under noted			
		6,353	3,093
Financing costs on venture obligation		–	(462)
Stock-based compensation		(731)	(1,002)
Financial instrument accretion		(2,452)	–
Loss on sale of assets		(11)	(7)
Write-down of carrying value		(9)	–
Non-controlling interest in earnings of subsidiary		(972)	(358)
		2,178	1,264
Income tax expense		1,912	1,038
Net income for the period		\$ 266	\$ 226
Net income per share			
– basic	11	\$ 0.00	\$ 0.00
– diluted		\$ 0.00	\$ 0.00

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, 2007	Three Months Ended March 31, 2006
Cash provided by (used in):			
Operating activities			
Net income for the period		\$ 266	\$ 226
Non-cash items:			
Non-controlling interest in earnings of subsidiary		972	358
Financing cost on venture obligation		–	462
Amortization and depletion		3,814	2,869
Reclamation		35	31
Debenture accretion		85	–
Change in fair value of derivative financial instruments		2,367	–
Write-down of carrying value		9	–
Loss on disposal of assets		11	7
Stock-based compensation		731	1,002
Future income taxes		(30)	65
Other		(3)	–
Subtotal		8,257	5,020
Change in non-cash working capital	14 (a)	(8,666)	(2,188)
Total operating		(409)	2,832
Investing Activities			
Property, plant and equipment		(4,202)	(2,574)
Proceeds on disposal		(5)	–
Exploration properties and deferred exploration		(4,971)	(1,132)
Development properties		(22,225)	(20,250)
Allocation to restricted cash		–	2,042
Increase in other long-term assets		(542)	–
Total investing		(31,945)	(21,914)
Financing Activities			
Loans received		10,580	23,427
Loans and interest paid		(6,872)	(9,516)
Dividends paid by subsidiary to non-controlling interest		–	(1)
Issuance of common shares		683	19,818
Total financing		4,391	33,728
Effect of exchange rate changes on cash held in foreign currencies		(10)	102
Increase (decrease) in cash and cash equivalents during the period		(27,973)	14,748
Cash and cash equivalents – Beginning of period		35,616	8,524
Cash and cash equivalents – End of period		\$ 7,643	\$ 23,272

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

HIGH RIVER GOLD MINES LTD.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Share capital			
Balance at beginning of period		\$ 338,371	\$ 276,575
Issue of common shares		1,145	20,148
Balance at end of period		339,516	296,723
Warrants			
Balance at beginning of period		6,294	11,827
Issue of warrants		–	652
Exercise of warrants		(4)	–
Balance at end of period		6,290	12,479
Contributed surplus			
Balance at beginning of period		11,363	7,721
Stock option expense		4	–
Stock options exercised		268	816
Balance at end of period		11,635	8,537
Debenture conversion option			
		538	–
Deficit			
Balance at beginning of period		(41,562)	(72,607)
Transitional adjustment on adoption of new accounting policies	2	(2,624)	–
Balance at beginning of period as restated		(44,186)	(72,607)
Net income for the period		266	226
Balance at end of period		(43,920)	(72,381)
Accumulated other comprehensive income/(loss)			
Balance at beginning of period		(22,693)	(23,050)
Transitional adjustment on adoption of new accounting policies		8,819	–
Net change in unrealized gains in available for sale securities		1,499	–
Unrealized loss on translation of net foreign operations		(891)	131
Balance at end of period		(13,266)	(22,919)
Shareholders' equity at end of period		\$ 300,793	\$ 222,439

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Thousands of Canadian dollars)

<i>(unaudited)</i>	Three Months Ended March 31, 2007
Net income for the period	\$266
Other comprehensive income (loss), net of taxes	
Net change in unrealized gains in available for sale securities	2
Comprehensive income	\$268

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, 2007

(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 2006 audited financial statements for the detailed note disclosure. The statements have not been reviewed by the Company’s independent auditors. Certain of the prior year’s figures have been reclassified to conform to the current year’s presentation.

2. CHANGES IN ACCOUNTING POLICIES – FINANCIAL INSTRUMENTS

The Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, *Financial Instruments – Recognition and Measurement*; Section 1530, *Comprehensive Income* and Section 3861, *Financial Instruments – Disclosure and Presentation* on January 1, 2007. The adoption of these new Financial Instruments standards resulted in changes in the accounting for financial instruments and hedges as well as the recognition of certain transition adjustments that have been recorded in opening retained earnings or opening accumulated other comprehensive income as described below. The comparative Interim Consolidated Financial Statements have not been restated. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

(a) **Financial Assets and Financial Liabilities**

Prior to the adoption of the new standards, the Company classified all of its financial assets as investment securities. Investment securities were accounted for at cost, net of any adjustment for other-than-temporary impairment. All of the Company’s financial liabilities were accounted at amortized cost using the effective interest rate method.

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Classification of financial instruments

Available-for-sale (“AFS”) financial assets are carried at fair value with the changes in fair value recorded in other comprehensive income. Securities that are classified as available-for-sale and do not have a readily available market value are recorded at cost. Available-for-sale securities are written down to fair value through income whenever it is necessary to reflect other-than-temporary impairment. Investments totalling \$9,854,000 at December 31, 2006, were designated as available-for-sale on January 1, 2007.

Loans and receivables are accounted for at amortized cost using the effective interest rate method. This classification is consistent with the classification under the prior accounting standards.

Financial liabilities are accounted for at amortized cost using the effective interest rate method and include all liabilities other than derivatives or liabilities to which the fair value option has been applied. Transaction costs are capitalized.

Stand alone **derivatives** are always carried at fair value and are reported as assets where they have a positive fair value and as liabilities when they have a negative fair value, in both cases as “Derivative at fair value” on the balance sheet. Derivatives may be embedded in other financial instruments.

Under the new standards, derivatives embedded in other financial instruments are valued as separate derivatives when their economic characteristics are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. The embedded derivatives are measured at fair value with changes therein recognized in the consolidated statement of operations. Embedded derivatives are netted against the underlying contract for presentation on the balance sheet.

Determination of fair value

The fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

For certain derivatives, fair values may be determined in whole or in part from valuation techniques using non-observable market data or transaction prices. A number of factors such as bid-offer spread, credit profile and model uncertainty are taken into account, as appropriate, when values are calculated using valuation techniques.

If the fair value of a financial asset measured at fair value becomes negative, it is recorded as a financial liability until its fair value becomes positive, at which time it is recorded as a financial asset, or it is extinguished.

Transaction costs

The new standard requires that transactions costs incurred in connection with the issuance of financial instruments either be capitalized and presented as a reduction of the carrying value of the related financial instrument or expensed as incurred. If capitalized, the transaction costs must be amortized to income using the effective interest method. On January 1, 2007 the Company reclassified \$3,754,000 to long term debt as a result of adopting the new standard.

(b) Comprehensive Income

Comprehensive income is composed of the Company’s net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations, all net of income taxes. The components of comprehensive income are disclosed in the Interim Consolidated Statement of Comprehensive Income.

(c) Transition Adjustments

The following table summarizes the adjustments required to adopt the new standards.

	December 31, 2006	Adjustments	January 1, 2007
ASSETS			
Available-for-sale securities	\$ 9,854	\$ 8,663	\$ 18,517
Development properties and deferred development	259,846	(3,754)	256,092
Impact on total assets	\$ 269,700	\$ 4,909	\$ 274,609
LIABILITIES			
Financial instruments	\$ 33,907	(\$ 1,286)	\$ 32,621
Impact on total liabilities	33,907	(1,286)	32,621
SHAREHOLDERS' EQUITY			
Cumulative translation adjustment	(22,693)	22,693	–
Deficit	(41,562)	(2,624)	(44,186)
Accumulated other comprehensive income			
Foreign currency translation adjustment	–	(22,693)	(22,693)
Unrealized gains on AFS securities	–	8,819	8,819
Impact on shareholders' equity	(64,255)	6,195	(58,060)
Impact on liabilities and shareholders' equity	\$ (30,348)	\$ 4,909	\$ (25,439)

3. INVENTORY

Inventory consists of the following:

	March 31, 2007	December 31, 2006
Materials and supplies	\$ 18,559	\$ 14,667
Stockpiled ore	3,184	2,055
Work-in-progress	431	1,147
Doré alloy	467	938
Refined gold	1,128	1,416
	\$ 23,769	\$ 20,223

4. AVAILABLE-FOR-SALE SECURITIES

The Company's AFS securities comprise the following:

	March 31, 2007		December 31, 2006	
	Fair value	Carrying value	Fair value	Carrying value
Intrepid Mines Limited	\$ 761	\$ 481	\$ 1,164	\$ 481
Goldrush Resources Ltd.	2,210	3,561	3,219	3,561
Pelangio Mines Inc.	14,899	4,914	13,217	4,914
Merrex Resources Inc.	2,223	898	1,998	898
	\$ 20,093	\$ 9,854	\$ 19,598	\$ 9,854

Embedded derivatives relating to securities are included at estimated fair value.

5. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2007			December 31, 2006
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buryatzoloto	\$ 103,488	\$ 30,895	\$ 72,593	\$ 70,813
Corporate and exploration	1,887	1,565	322	297
	\$ 105,375	\$ 32,460	\$ 72,915	\$ 71,110

6. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION

	January 1, 2007	Additions	March 31, 2007
West Africa – Bissa project	\$ 44,709	\$ 2,305	\$ 47,014
West Africa – Other	9,740	608	10,348
Russia – Novophirsovskoye	8,043	104	8,147
Russia – Prognoz	45,191	1,479	46,670
Russia – Sergachinsky	142	20	162
	\$ 107,825	\$ 4,516	\$ 112,341

7. DEVELOPMENT PROPERTIES

	January 1, 2007	Additions	Reclassification of transaction fees	March 31, 2006
Taparko-Bouroum	\$ 119,298	\$ 11,367	(\$ 866)	\$ 129,799
Berezitovy	140,548	14,890	(2,888)	152,550
	\$ 259,846	\$ 26,257	(\$ 3,754)	\$ 282,349

8. LOANS AND INTEREST PAYABLE

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

	2007		2006	
	Current	Long-Term	Current	Long-Term
High River				
Debenture	\$ –	\$ 11,594	\$ –	\$ 11,508
Accrued interest on debenture	–	–	132	–
Buryatzoloto				
Nomos Bank ^(a)	9,247	18,783	7,873	21,287
Nomos Bank-promissory note ^(b)	711	–	–	–
International Moscow Bank	7,442	4,695	6,561	5,686
Accrued interest on loans	168	–	178	–
Loan of Prognoz Joint Venture	–	173	–	128
Subtotal	17,568	23,651	14,612	27,101
Somita				
Royal Gold, Inc.	5,187	38,307	5,228	33,907
Accrued interest on loan	606	4,432	613	3,009
Caterpillar Finance	1,541	3,853	1,424	4,061
Accrued interest on loan	59	–	71	–
Government of Burkina Faso	578	–	584	–
Subtotal	7,971	46,592	7,920	40,977
Berezitovy				
Nomos Bank	5,779	61,249	4,083	58,309
Accrued interest on loan	1,936	–	649	–
Subtotal	7,715	61,249	4,732	58,309
Reclassification of transaction fees	–	(3,754)	–	–
	\$ 33,254	\$ 139,332	\$ 27,396	\$ 137,895

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. Embedded derivatives relating to loans are included at estimated fair value.

(a) The loan agreement with Nomos Bank was amended. High River has pledged its shares in Berezitovy Rudnik to secure the loan. On attaining commercial production, the existing pledge of shares of Buryatzoloto will be released.

(b) Buryatzoloto sold a promissory note to Nomos Bank paying 10.5%. The note matures on demand but not earlier than August 31, 2007.

9. SHARE CAPITAL

(a) Authorized

The Company authorized capital consists of an unlimited number of common shares and preference shares. The preference shares may be issued from time to time in one or more series with such items, rights, privileges, restrictions and conditions as the directors may determine.

(b) Issued and outstanding common shares

	Number of Shares	Net Share Capital
Balance – December 31, 2006	249,763,444	\$ 338,371
Exercise of stock options	660,583	1,145
Balance – March 31, 2007	250,424,027	\$ 339,516

(c) Stock options

Stock options are granted periodically to directors, officers, consultants and employees of the company. Stock options are granted at an exercise price that is not less than 100% of the share price on the day the option is granted. Option vesting periods vary depending on the circumstances of the grant. Typically, all options do not vest immediately. At March 31, 2007, there are 696,000 options available for grant (2006 – 2,200,000).

Total outstanding stock options are summarized as follows:

	Options	Weighted Average Price
Balance – December 31, 2006	15,643,833	\$1.81
Terminated	(85,000)	\$2.19
Exercised	(660,583)	\$1.03
Balance – March 31, 2007	14,898,250	\$1.85

Stock options outstanding at March 31:

Exercise Price	2007		
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable
\$1.65	2,122,000	0.5	2,272,000
\$2.23	75,000	0.9	75,000
\$1.70	50,000	1.1	50,000
\$2.25	1,865,000	1.5	1,193,333
\$1.85	2,468,333	2.7	1,645,555
\$2.13	1,989,167	3.9	663,056
\$2.35	75,000	4.2	25,000
\$2.30	100,000	4.5	33,333
\$2.15	4,500,000	4.6	1,500,000
\$0.67	307,500	1.5	307,500
\$0.67	650,000	2.4	650,000
\$0.67	696,250	2.9	696,250
	14,898,250	2.3	9,111,027

The Company accounts for all stock-based payments 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 2007. 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%; 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 \$731,000 (2006 – \$1,002,000) and the unvested unamortized fair value of options granted amounts to \$4,378,000 (2006 – \$1,576,000).

(d) Warrants

	Number of Warrants	Weighted Average Price	Estimated Fair Value
Balance – December 31, 2006	11,912,500	\$2.50	\$ 6,294
Expired	(27,500)	\$1.60	(4)
Balance – March 31, 2007	11,885,000	\$2.50	\$ 6,290

In 2006, holders of warrants due January 27, 2007 having an exercise price of \$1.60 were offered a replacement warrant due January 27, 2008 having an exercise price of \$2.50 for each \$1.60 warrants exercised prior to March 31, 2006. A total of 11,885,000 warrants due January 27, 2007 were exercised and 11,885,000 replacement warrants issued. 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 1.9 years. A value of approximately \$0.53 was assigned resulting in an estimated fair value of \$6,290,000 for the warrants. The estimated fair value of the warrants granted is charged to "Warrants" on the balance sheet and the offset was to capital stock. On exercise of the warrants, the value will be reclassified to capital stock or to contributed surplus if the warrants are not exercised.

Warrants Outstanding at March 31:

Exercise Price	Number of Warrants	
	Outstanding	Expiry date
\$2.50	11,885,000	Jan. 27, 2008

(e) Contributed surplus

The change in contributed surplus results from the following:

	Share Capital
Balance – December 31, 2006	\$ 11,363
Expired warrants	4
Stock based compensation, net	268
Balance – March 31, 2007	<u>\$11,635</u>

(f) Debenture Conversion Option

In November 2006, the Company issued a Debenture. The fair value of the option component of the Debenture was estimated using the residual value method as approximately \$538,000. The value of the option is charged to income as accretion expense using the effective interest method.

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 \$40,246 on behalf of Goldrush (2006 – \$22,000). At March 31, 2007 the Company had an account receivable from Pelangio of \$26,593 (2006 – \$28,000) for services provided by High River on behalf of Pelangio.

During the three months ended March 31, 2007, 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 \$60,697 (2006 – \$ 101,000).

On March 16, 2006, Buryatzoloto retired the EBRD loan in amount of US \$4,150,000 and interest thereupon. Interest and commission fees related to the EBRD loan in Q1 2007 were \$ nil (2006 – US \$77,000). As part of Buryatzoloto's preference share redemption program, in Q1 2006 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 \$ nil in the first quarter. Until February 2, 2007, an employee of the EBRD was a director of High River and Buryatzoloto.

11. EARNINGS PER SHARE

Earnings 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,	
	2007	2006
Net income for the period	\$266	\$226
Weighted average number of shares	250,038,083	223,176,530
Basic income per share	\$0.00	\$0.00
Incremental shares on assumed exercise of options and warrants	2,199,562	3,382,155
Weighted average number of shares	252,237,645	226,558,685
Diluted income per share	\$0.00	\$0.00

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, 2007, this guarantee amount is US \$782,000 (December 31, 2006 – US \$933,000). The Company accounts for guarantees at fair value that it estimates to have nil value.

13. SEGMENTED INFORMATION

For the three months ended March 31:

	2007	2006
Gold revenue		
Russia-Buryatzoloto	\$ 30,644	\$ 22,523
Other revenue (expense)		
Russia-Buryatzoloto	886	66
Corporate	152	25
	<u>1,038</u>	<u>91</u>
Mining costs		
Russia-Buryatzoloto	18,357	15,419
Amortization		
Russia-Buryatzoloto	3,797	2,853
Corporate	17	16
	<u>3,814</u>	<u>2,869</u>
Financing costs		
Russia-Buryatzoloto	933	401
Corporate	237	-
	<u>1,170</u>	<u>401</u>
Administration costs		
Russia-Buryatzoloto	(34)	-
Corporate	1,904	767
	<u>1,870</u>	<u>767</u>
Income taxes		
Russia-Buryatzoloto	1,912	1,038
Net income (loss)		
Russia-Buryatzoloto	5,474	2,595
Corporate	(5,208)	(2,369)
	<u>266</u>	<u>226</u>
	March 31,	December 31,
For the period ended:	2007	2006
Property, plant and equipment expenditures, net		
Russia-Buryatzoloto	\$ 4,118	\$ 15,008
Burkina-Exploration	69	30
Corporate	15	51
	<u>4,202</u>	<u>15,089</u>
Deferred exploration expenditures		
Russia-Buryatzoloto	176	1,466
Russia-Berezitovy	20	146
Burkina-Exploration	4,775	4,086
	<u>4,971</u>	<u>5,698</u>
Development property expenditures		
Russia-Berezitovy	12,608	59,765
Burkina-Somita	9,617	56,514
	<u>22,225</u>	<u>116,279</u>
Total assets		
Russia-Buryatzoloto	166,343	160,595
Russia-Berezitovy	160,578	141,178
Burkina-Somita	138,642	127,063
Burkina-Exploration	50,013	56,813
Corporate	23,328	31,783
	<u>538,904</u>	<u>517,432</u>

14. SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2007	2006
(a) Net changes in non-cash working capital		
Accounts receivable	\$ (8,434)	\$ (1,516)
Inventory	(5,058)	(2,648)
Other assets	1,652	(84)
Accounts payable	3,174	2,060
	(8,666)	(2,188)
(b) Cash paid for interest	\$ 1,383	\$ 530
Cash paid for income taxes	\$ 3,025	\$ 314
(c) Non-cash financing and investing activities		
Investments acquired in exchange for exploration properties	–	\$ 3,302

CORPORATE INFORMATION

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Executive Director
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Moscow, Russia

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Burnaby, British Columbia

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Laurence W. Curt is⁴
President & CEO
Intrepid Mines Limited
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Valery Dmitriev
General Director
OJSC Buryatzoloto
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David V. Mosher³
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Vladimir P. Polevanov
Independent Businessman
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Mark Rachovides^{1,2,3,4,5}
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Dundee Resources Ltd.
London, England

Donald A. Whalen
Executive Chairman
High River Gold Mines Ltd.
Unionville, Ontario

¹ Member of the Audit Committee

² Member of the Compensation & Nomination Committee

³ Member of the Strategic Review Committee

⁴ Member of the Health, Safety & Environment Committee

⁵ Lead Director

Officers

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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

Dan W. Hrushewsky
Vice President, Investor Relations

David C. Poynton
Assistant Corporate Secretary

Other

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Manager, Corporate Governance

John G. Green
Controller

Linda Mosher
Administration Manager

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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.