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HIGH RIVER GOLD

**HIGH RIVER GOLD MINES LTD.
Q3 REPORT 2007**



FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

High River Gold Mines Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at September 30, 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 September 30, 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 November 7, 2007. All figures are in Canadian dollars, unless otherwise noted.

Highlights for the Third Quarter of 2007

Financial

- Net loss of \$4.7 million (\$0.02 per share)
- Attributable gold production of 34,302 ounces at a total cash cost of US \$444 per ounce
- Cash flow from operations before working capital changes of \$2.9 million

Operations

- Taparko-Bouroum Gold Mine had the first gold pour in July, and declared Commercial Production in September
- Berezitovy Gold Mine had the first gold pour in August, and is on track to achieve Commercial Production in Q4 2007
- The geophysical anomaly associated with the Gougre Gold Discovery at the Bissa Gold Project is extended from 300 metres to 1,200 metres
- The Prognoz Silver Project in-fill drilling programme continues with 5 drill rigs on site. MICON International Limited ("MICON") Canadian National Instrument ("NI") 43-101 compliant resource estimate is expected during Q4 2007. Step-out drilling on the Boloto vein significantly extended high grade mineralization outside the established resource
- NI 43-101 compliant gold resource estimates for the Irokinda and Zun-Holba Mines by MICON totalled 542,000 ounces of proven and probable, 36,000 ounces measured and indicated and 110,000 ounces of inferred. Previously calculated Russian estimates of C1 and C2 reserves were 696,000 ounces.

Corporate

- A US \$15 million revolving credit facility was completed with Standard Bank to fund working capital requirements at the Berezitovy Gold Mine and for general corporate purposes
- Two equity financings were closed for total gross proceeds of \$23.8 million

Events Subsequent to the Quarter

- The Company completed a \$100 million "Bought Deal" equity financing. Proceeds are to be used to pay down debt, fund exploration, and for general corporate purposes including working capital
- Results of the Strategic Review recommended a possible spin out of Prognoz
- Goldrush Resources Ltd. ("Goldrush"), High River's strategic partner in Burkina Faso, announced a gold discovery at Ronguen, just six kilometres from Bissa
- The Taparko-Bouroum Gold Mine official Opening Ceremony was held on October 8, 2007

RESULTS OF OPERATIONS

Selected Financial Results

The Company reported a net loss of \$4.7 million (\$0.02 per share) in the third quarter of 2007 compared to net income of \$33.7 million (\$0.14 per share) during the corresponding quarter of 2006.

The Company benefited from higher realized gold prices offset by higher operating costs at Buryatzoloto. The higher Buryatzoloto mining costs are due to a combination of higher costs and slightly lower production. The Canadian dollar (“C\$”) has strengthened against the United States dollar (“US\$”) from \$1.16 at the end of 2006 to \$0.99 at the end of Q3 2007 with the result that the net income achieved by Buryatzoloto has a reduced contribution to High River earnings. A one-time, non-cash gain of \$32.9 million was recorded in Q3 2006 on the transfer of High River’s interest in the New Britannia Mine to a third party. At September 30, 2007, Buryatzoloto had 3,126 ounces of unsold gold in inventory (2006 – 5,308 ounces) with a cost of \$619,000 (2006 – \$1.2 million) and an estimated market value (London PM fix US \$746/oz) of approximately \$2.3 million.

<i>(in thousands of Canadian dollars except per share amounts)</i>	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Gold revenue	\$ 26,572	\$ 30,551	\$ 84,819	\$ 71,372
Net operating income	4,349	8,052	19,149	16,592
Net income (loss)	(4,657)	33,666	(3,495)	33,266
Net income (loss) per share (basic)	(0.02)	0.14	(0.01)	0.14
Cash flow from operations ¹	2,886	4,933	17,780	13,993
Weighted average number of shares outstanding (basic)	260,709,088	233,889,139	253,941,944	230,082,986

1. Before changes in non-cash working capital.

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 34,302 ounces in the third quarter of 2007 from 36,269 ounces in the corresponding period of 2006. High River also operates two open pit mines, one in Burkina Faso (Taparko-Bouroum) owned by subsidiary Soci t  des Mines de Taparko SA (“Somita”) (90% owned) and one in Russia (Berezitovy) owned by subsidiary OOO Berezitovy Rudnik (“Berezitovy”) (99% owned), with the first gold pours occurring in July and August 2007 respectively. The Taparko-Bouroum Mine achieved commercial production in September. The Berezitovy Mine is expected to achieve commercial production in the fourth quarter of 2007.

Buryatzoloto Operations

Buryatzoloto continues to be profitable and achieved its production objectives for the third quarter of 2007 with 40,403 ounces of gold produced at an estimated total cash cost of US \$444 per ounce as compared to 42,886 ounces of gold produced at a total cash cost of US \$386 per ounce in the third quarter of 2006. The increased total cash cost reflects labour wage increases (due to indexation and implementation of employee performance bonus initiatives designed to retain skilled employees), domestic inflation in materials and energy costs, and a stronger Russian Rouble (“RUB”) and are above budget for the year. The resource industry worldwide has experienced significant cost pressures due to strong energy, materials and labour inflation. 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, where possible.

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. In the third quarter 2,157 ounces of gold were produced from the placer operation (2006 – 2,596 ounces).

Buryatzoloto Combined Operational and Financial Data

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Tonnes mined	142,858	148,541	426,632	428,996
Tonnes milled	144,401	141,946	400,927	398,530
Head grade (g/t)	8.8	9.3	8.9	9.3
Recovery (%)	94.3	94.7	95.3	94.6
Gold production (oz) (100%) ¹	40,403	42,886	112,533	117,101
High River share of production (oz)	34,302	36,269	95,541	99,032
Direct mining cost (US \$/oz)	334	277	339	291
Total cash cost (US \$/oz)	444	386	428	372

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

NI 43-101 compliant gold resource estimates for the Zun-Holba and Irokinda Mines have recently been prepared by MICON. MICON conducted a review and an audit of the Russian classified reserves and calculated a NI 43-101 compliant reserve and resource estimate for the period ending December 31, 2006. For the two mines in total, the NI 43-101 estimate (expressed on a 100% basis, and excluding Proven and Probable reserves from Measured and Indicated resources) was: 542,370 ounces Proven and Probable, 37,629 ounces Measured and Indicated, and 109,947 ounces Inferred. For comparison, previously calculated Russian classified C1 and C2 reserves totalled 696,000 ounces for the two mines. The qualified persons for the report were William Lewis, P.Geol and Robert Leader, P.Eng., both of MICON. A gold price of US\$ 550/oz was used.

MICON, in its technical reports, commented that known mineralization at both mines remains open at depth and along strike in both directions and does not appear to be constrained by any major geological features. MICON also indicated that, given the past success rate at both mines of converting resources to reserves, their historical production and the geological prospectivity at and around their respective mine-sites, there is the potential to add significantly to the longevity of production at both mines. In MICON's opinion there are no significant technical, legal, environmental or political considerations that would materially affect the mineral reserve or resource estimates in the tables below. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Zun-Holba Gold Mine

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Tonnes mined	65,268	62,321	197,198	189,401
Tonnes milled	66,419	61,536	193,401	183,065
Head grade (g/t)	8.6	9.4	8.8	9.4
Recovery (%)	93.3	93.5	95.7	93.2
Gold production (oz)	17,440	17,559	52,506	52,671

In the third quarter of 2007, the mine produced 17,440 ounces of gold compared to 17,559 ounces of gold in the same period of 2006. The mill processed 66,419 tonnes of ore at an average grade of 8.6 g/t gold. The

marginal decrease in gold produced was due to the lower grade of ore mined and slightly lower mill recoveries partially offset by an increase in tonnes mined and milled. The grade mined is lower than planned due to changed mining and geological conditions. In the third quarter of 2007, direct mining costs increased to approximately US \$421 per ounce from approximately US \$362 per ounce in the corresponding period of 2006. Zun-Holba continues to source ore from deeper workings which contribute to the increase in direct mining costs.

The NI 43-101 reserve and resource estimates for Zun-Holba on a 100% basis are:

Reserve Category	Proven and Probable Reserves ¹		
	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Proven	372,115	12.8	152,783
Probable	377,888	12.3	149,150
Total	750,003	12.5	301,933

1. Includes applicable dilution (at zero grade: 23.1% to 49.6%) and mining losses (6.3% to 8.4%) depending on mining level.

Resource Category	Measured and Indicated Resources ² (includes Proven and Probable Reserves)		
	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Measured	309,136	16.2	160,538
Indicated	322,327	15.7	162,762
Total	631,463	15.9	323,300

2. Block cut-off grade 15.5 g/t. Minimum mining width 0.8 m.

Resource Category	Inferred Resources ²		
	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Total Inferred	241,381	13.7	106,421

2. Block cut-off grade 15.5 g/t. Minimum mining width 0.8 m.

Irokinda Gold Mine

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Tonnes mined	77,590	86,220	229,434	239,595
Tonnes milled	77,982	80,410	207,526	215,465
Head grade (g/t)	8.9	9.2	9.1	9.2
Recovery (%)	95.2	95.6	94.9	95.8
Gold production (oz)	20,806	22,731	57,358	61,343

In the third quarter of 2007, Irokinda produced 20,806 ounces of gold compared to 22,731 ounces for the same period in 2006. The mill processed 77,982 tonnes of ore at an average grade of 8.9 g/t gold (2006 – 80,410 tonnes at 9.2 g/t). Ore mined is slightly lower than last year. For the nine months, ore mined exceeds ore milled as Irokinda builds a stockpile of lower grade ore for treatment in the seasonal circuit during the summer. Direct mining costs increased to approximately US \$293 per ounce compared to approximately US \$243 per ounce in 2006 but were lower than the US \$299 recorded in Q2 2007. In late 2006, Irokinda began sourcing ore from a new ore body distant from historical workings. The increased transportation and development costs at a site opened in 2007 are the main contributors to the increase in mining costs.

The NI 43-101 reserve and resource estimates for Irokinda on a 100% basis are:

Proven and Probable Reserves ³			
Reserve Category	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Proven	394,399	12.29	155,905
Probable	206,860	12.71	84,532
Total	601,259	12.44	240,437

3. Includes applicable dilution (at zero grade: 13% to 62%) and mining losses (3.1% to 13.0%) depending on the vein being mined.

Measured and Indicated Resources ⁴ <i>(includes Proven and Probable Reserves)</i>			
Resource Category	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Measured	350,443	14.85	167,373
Indicated	183,365	15.15	89,326
Total	533,808	14.96	256,699

4. Block cut-off grade 6.8 g/t. Minimum mining width 1.29 m.

Inferred Resources ⁴			
Resource Category	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Total Inferred	12,464	8.8	3,527

4. Block cut-off grade 6.8 g/t. Minimum mining width 1.29 m.

Project Development

Taparko-Bouroum Gold Mine, Burkina Faso

The Taparko-Bouroum Gold Mine had its first gold pour from the gravity circuit on July 17, 2007. Commercial Production at the mine was achieved during September, 2007. The criteria established for Commercial Production stipulated that all components of the processing plant were to operate for 30 consecutive days at 60% capacity or better. Mill throughput during the 30 day period ending September 24th, 2007 totalled 60,825 tonnes, representing an average capacity utilization of 74%.

The effective date of Commercial Production for accounting purposes is expected to be October 1, 2007, at which time gold sales and operating costs will begin to be reported on High River's income statement. Prior to October 1, 2007, a total of 5,904 ounces of gold were produced. The revenue (US\$ 4.1 million) and operating costs associated with this production have been capitalized for financial reporting purposes.

Gold production for 2008 is planned at 100,000 ozs, rising to over 140,000 ounces in 2009 and subsequent years. Approximately 200,000 tonnes of ore (equivalent to three months of production) remain stockpiled, ready for processing.

The official Mine Opening Ceremony was held on October 8, 2007. Joining High River in celebrating this momentous occasion were the Prime Minister of Burkina Faso, federal and local government officials, as well as the local community.

Berezitovy Gold Mine, Russia

The Berezitovy Gold Mine had its first gold pour on August 7, 2007 from the gravity circuit, and is on track to achieve Commercial Production in Q4 2007. Berezitovy's annual production, after commissioning, is expected to exceed 100,000 ounces of gold for at least nine years.

Pre-stripping is largely completed, and mining continues with approximately 230,000 tonnes of ore (approximately 2 months of production) stockpiled.

The crushing and grinding circuits began processing ore in August. The leach circuit was operational in October. Some minor work remains to be completed on the carbon stripping circuit. The double-lined, zero discharge tailings storage facility is complete and operational. Construction on the filter plant is nearing completion, with all components on site and only minor work remaining (electrical and piping connections, construction of platforms, and completion of the enclosure). Low cost, reliable electrical power has been available on-site for more than 2 years from the regional hydroelectric power grid, which the project accesses through a 110 KV, 100 kilometre-long power line built by the Company. Power costs in 2007 are less than US 5¢ per kilowatt hour. All pumps and piping supplying water have been installed and are operational. Water sources are abundant and of high quality.

In a May 30, 2007 press release, High River announced scoping-level plans for the installation of flotation circuits to recover zinc and lead and to improve the recovery of silver. The production of zinc and lead concentrates could begin as early as Q1 2009. As noted in the May 30th press release, the Flotation Circuit Project has the potential to significantly reduce cash costs for gold at Berezitovy. High River is currently planning additional bench-scale confirmatory test-work to refine flotation equipment sizing. Also in the planning stages are permitting and detailed engineering work.

Bissa Project, Burkina Faso

A 31,500 metre drill programme by High River at Bissa in late 2005 and early 2006 established a NI 43-101 compliant resource of:

Resource Category	Tonnes	Grade (g/t)	Gold Ounces
Measured	753,000	3.39	81,980
Indicated	11,253,000	1.60	580,270
Inferred	16,394,000	1.29	679,470

This resource was based on drilling carried out over only a six kilometre-long section of the anomalous 35 kilometre strike length of the Sabce Deformation Corridor. During 2006, High River completed a comprehensive surface exploration programme, which included soil sampling on 100 metre centres over the entire length of the Sabce Deformation Corridor and adjacent structures. Based on this work, 12 target areas were identified for drilling. In November 2006, High River initiated an exploration programme to test the 12 drill target areas.

Earlier in the year, High River discovered gold mineralization on three of the 12 drill target areas. At Gougre, nine holes intersected pervasive alteration and gold mineralization over a 300 metre strike length. The mineralized zone coincided with strong chargeability and resistivity anomalies which appeared to continue southeast off the existing IP grid. During the quarter, High River extended this IP grid, and this additional geophysical work indicated that Gougre's mineralized zone may extend for a total strike length of 1,200 metres, and that parallel zones of similar mineralization may exist to the northeast. In September, High River began a 3,800 metre (33 hole) diamond drill programme to test the extension of the geophysical anomaly for gold mineralization. Assay results on completed holes are pending.

High River intends to accelerate its exploration at Bissa using \$12 million of the funds from the recent bought deal financing.

Prognoz Silver Project, Russia

During 2006, Buryatzoloto acquired a 50% interest in and operatorship of the Prognoz Silver Project, situated in the Republic of Sakha (Yakutia) of the Russian Federation. The Prognoz Silver Project is one of the largest and highest grade undeveloped silver projects in the world. This 56 square kilometre property hosts over 30 epithermal veins which are on average 2 to 4 metres wide, several kilometres long, and several hundred metres deep. Based on extensive past work, consisting of 89 diamond drill holes (17,805 metres) and 317 trenches (17,756

metres), the Prognoz Silver Project has a historical resource estimate using the Russian Classification System (non NI 43-101 compliant) as follows:

Resource Category	Tonnes	Grade (g/t)	Contained Silver (oz)
Historical C2 Reserves	4,989,000	875.5	141,000,000
Historical P1 Resource	2,346,399	708.3	53,000,000

These estimates have been calculated according to standard Russian industry practice and do not conform to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and definitions for resource estimates, as set out in NI 43-101. These estimates should not be relied upon until fully confirmed by a NI 43-101 compliant independently estimated resource calculation.

The above estimates have been calculated for only two of the more than 30 veins on the Prognoz property. Of the total, 85% is contained in the Glavnoye vein and 15% is from the Boloto vein. In 2007, to the end of September, 447 core holes were completed. Results of the drilling show continuous mineralization and economic grade-thicknesses. The average grade-thickness of all core hole assays received to-date is 92% of the comparable historical value, showing excellent correlation to historical results.

During the quarter, fire assay results were received from step out diamond drill holes on the Boloto vein. These new results indicate a significant extension of high grade mineralization on the Boloto vein, and underline the considerable upside potential of the Prognoz Silver Project. Holes were drilled on 80 or 160 metre centres along strike to the east of the existing resource area (block C2-1) of the Boloto vein. Assay results from these holes effectively extend the strike length of known mineralization of the Boloto vein by 740 metres, an increase of approximately 70% over the 1,100 metre strike length of the Boloto vein within the current resource block. The easternmost hole, hole 349, had the widest and one of the highest grade intersections, indicating significant potential for further extension east along strike.

MICON, which visited the property in June 2007, are currently calculating an interim NI 43-101 compliant resource estimate for Prognoz which will be completed in Q4 2007.

Subsequent to the end of the quarter, High River reported on the results of a Strategic Review, undertaken by the Company's board of directors. High River indicated that, based on the findings of a study undertaken by Cormark Securities Inc. on behalf of the board of directors, it was recommended that the Company consider spinning out the Prognoz Silver Project to fully realize the value of the project for High River shareholders.

Novophirsovskoye

During the quarter, a new phase of diamond drilling commenced on the property. Mineralized zones 1 and 3 were the primary targets of the drilling. Trenching work targeted zones 1, 3 and 19. The 2007 budget for the project is US \$1.6 million.

Strategic Alliance Partner, Goldrush Resources Ltd.

During the quarter, Goldrush reported on the results of 32 reverse circulation holes drilled on its Ronguen gold discovery. Drill results have extended the strike length of the Ronguen Main Gold Zone to 1.5 kilometres. The deposit remains open at depth and along strike in both directions. Goldrush currently plans to continue infill drilling to facilitate an independent NI 43-101 compliant resource estimate, test the deposit at depth below 80 metres, test for eastern and western extensions along strike, and to test a parallel structure several hundred metres to the south.

High River holds rights to operatorship and a 50% back-in to any economic deposit discovered by Goldrush in Burkina Faso upon payment of 150% of Goldrush's cumulative expenses on the property. The Company owns 16% of the outstanding shares of Goldrush. Ronguen is strategically located only six kilometres from High River's Bissa project.

OVERALL FINANCIAL PERFORMANCE

Commercial production was achieved at Taparko-Bouroum in the third quarter and is expected to be achieved at Berezitovy in the fourth quarter of this year. The Company has adopted a new presentation for its financial statements to clearly highlight the contribution from mining operations. The US\$ continued to weaken during the quarter having a negative impact on operating revenue partially offset by a positive impact on US\$-based mining costs.

Operating revenue

The Company's consolidated gold revenue for Q3 2007 was \$26.6 million compared to \$30.6 million in 2006. An analysis of the revenue variance appears below. The Company realized a higher gold price on sales. Offsetting the increase was a decrease in the ounces sold by 5,301 compared to the third quarter of 2006. During the year the Canadian dollar has strengthened against the United States dollar. Therefore High River is reporting fewer C\$ when it sells gold. The negative impact of the exchange variance was \$1.9 million compared to Q3 2006. Refined gold in inventory decreased during the quarter to more normal levels and stood at 3,126 oz at September 30, 2007 (Q4 2006 – 6,089 oz, Q3 2006 – 5,308). The average gold price realized on sales was US \$664 per ounce during the period, up from US \$626 per ounce for the third quarter of 2006 and up slightly from US \$661 in the second quarter of 2007.

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Ounces sold	38,199	43,500	116,325	107,223
Refined ounces in inventory	3,126	5,308	3,126	5,308
Realized price, US\$/oz	664	626	659	587
Average US\$/C\$ exchange rate	1.0472	1.1212	1.1061	1.1332
Gold sales	\$ 26,572	\$ 30,551	\$ 84,819	\$ 71,372
Change in gold sales due to:				
Volume (ounces) variance	(3,723)	–	6,059	–
Price variance	1,622	–	9,470	–
Exchange variance	(1,878)	–	(2,082)	–

Operating Expenses - Mining Costs

Total mining costs have decreased to \$17.0 million compared to \$18.9 million in Q3 2006 primarily due to the decrease in ounces sold. Direct mining costs included in the above have increased to \$14.1 million from \$13.3 million despite production remaining constant. The major factor impacting the increase is higher operating costs at Buryatzoloto. Costs to the mining industry continue to increase world-wide.

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Ounces produced	40,403	42,886	112,533	117,101
Direct mining cost, US\$/oz	332	277	339	291
Average US\$/C\$ exchange rate	1.0472	1.1212	1.1061	1.1332
Direct mining cost, C\$	\$ 14,059	\$ 13,305	\$ 42,144	\$ 38,634
Change in direct mining cost due to:				
Volume (ounces) variance	(770)	–	(1,507)	–
Cost variance	2,519	–	6,051	–
Exchange variance	(995)	–	(1,034)	–

Buryatzoloto incurs most of its operating costs in RUB. Due to domestic inflationary pressures in Russia (greater than 10% in the last 12 months) and wage increases required to remain competitive (estimated cost impact US \$2.3 million), RUB operating costs have increased. Certain mining costs are “fixed” and result in a higher cost per unit when production declines. Production in Q3 is approximately equal to last year but the total ounces

produced year-to-date declined 3.9%. At the same time, the RUB has strengthened against the US\$. Consequently, operating costs reported in US\$ terms have increased even faster than the underlying inflation would suggest (estimated cost impact US \$2.4 million). This exchange impact is partially offset by the exchange variance noted above when operating costs expressed in US\$ are reported in C\$.

Carrying costs related to the unsold, refined gold (approximately \$619,000 at September 30, 2007) are accumulated in inventory until a sale is recorded.

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2007	2006	2007	2006
Zun-Holba direct mining costs	\$ 7,675	\$ 7,122	\$ 22,575	\$ 20,614
Irokinda direct mining costs	6,384	6,183	19,570	18,020
Subtotal	14,059	13,305	42,145	38,634
Other Buryatzoloto costs	2,924	5,551	7,606	3,952
Total mining costs	\$ 16,983	\$ 18,856	\$ 49,751	\$ 42,586

Operating Expenses – Mining Administrative Costs

Administrative costs relating to mining operations decreased slightly to \$1.3 million from \$1.4 million in Q3 2006.

Operating Expenses - 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. 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

Administrative costs declined slightly to \$1.8 million in the third quarter of 2007 compared to \$1.9 million in the corresponding period of last year.

Financing Costs

Financing costs totalled \$5.7 million during the third quarter of 2007 compared to \$1.7 million the corresponding period of 2006. The Q3 2007 financing costs mainly relate to the increased debt of Buryatzoloto to acquire and explore the Prognoz property, the High River working capital loan received in Q3 2007 and the High River debenture issued in Q4 2006. In Q3 2006, financing costs included \$544,000 in connection with the New Britannia Mine venture obligation. Financing costs for the development projects are capitalized.

The adoption of new accounting rules in 2007 has added approximately \$4.0 million in non-cash expenses relating to the accretion of financial instruments and revaluing of financial instruments to fair value.

Other Income/ (Expense)

In Q3 2006, the Company recorded a one-time, non-cash gain of \$32.9 million on the settlement of the New Britannia Mine venture obligation.

Income Tax Expense

The income tax expense totalled \$330,000 for the third quarter of 2007 compared to \$1.1 million in the comparable period of 2006 due to adjustments relating to prior periods and the tax impact of foreign exchange gains and losses.

LIQUIDITY AND CAPITAL RESOURCES

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

<i>(in thousands)</i>	As at September 30, 2007	As at December 31, 2006
Cash and cash equivalents	\$ 9,891	\$ 35,616
Restricted cash	319	73
Working capital (deficiency)	(14,004)	16,595
Long-term debt	125,862	137,895

	Three Months Ending September 30,	
	2007	2006
Cash provided by operating activities	\$ 1,333	\$ 3,661
Cash used in investing activities	35,785	40,067
Cash provided by financing activities	44,602	34,870

Operating Activities

Cash flow provided by operating activities for the quarter ended September 30, 2007 was \$1.3 million compared to \$3.7 million provided by operations in Q3 2006. Cash flow provided by operations before changes in working capital was \$2.9 million compared to \$4.9 million for the same quarter of 2006. The decrease was due to lower sales and higher costs at Buryatzoloto.

Investing Activities

Investing activities consumed \$35.8 million of cash in the third quarter of 2007 compared to \$40.1 million for the same period in 2006. Funds were used primarily for the construction of the Taparko-Bouroum and Berezitovy Mines. Taparko-Bouroum was deemed to be in commercial production at the end of Q3 and is expected to require lower levels of investing in Q4.

Financing Activities

The Company received \$25.6 million in new loans during the quarter. High River completed a US \$15.0 million revolving credit facility with Standard Bank to finance its working capital requirements. During the quarter, Berezitovy repaid US \$2.0 million on a loan from Nomos Bank. Buryatzoloto repaid loans of US \$2.9 million and received and an additional loan of \$8.0 million from Nomos Bank. Somita repaid the third tranche of its loan from Caterpillar Finance in the amount of US \$333,000. In Q3 2006, the Company received \$32.3 million in new loans.

High River arranged an equity financing with two strategic investors during Q2 2007. The Company issued 7,000,000 units priced at \$2.60 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a price of \$3.25 for a period of 24 months from the closing date. The warrants are subject to forced conversion effective 12 months from closing if High River's share price closes for 20 consecutive days at \$4.25 per share or above. A total of 1.2 million units of the 7 million units were issued in the second quarter for gross proceeds of \$3.1 million. The balance of the transaction amounting to \$15.1 million was received in July.

In Q3, the Company arranged an equity financing. The Company issued 2,500,000 units priced at \$2.30 per unit for gross proceeds of \$5.75 million. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a price of \$3.10 for a period of 24 months from the closing date. The warrants are subject to forced conversion effective 12 months from closing if High River's share price closes for 20 consecutive days at \$4.10 per share or above.

In addition, the Company received cash of \$3.5 million from the exercise of warrants and stock options in Q3 2007. During the third quarter of 2006, the Company received proceeds of \$2.6 million from the exercise of warrants and stock options.

Subsequent to the quarter end, the Company entered into an agreement with a syndicate of underwriters, which have agreed to purchase, on a bought deal basis, 32.3 million Units of High River at a purchase price of \$3.10 per Unit, for aggregate gross proceeds in the amount of approximately \$100 million. Each Unit consists of one common share and one-half of one common share purchase warrant. Each full warrant can be exercisable for a common share in the Company at a price of \$4.00 for a period of three years following the closing date. In addition, the company granted the underwriters an over-allotment option to purchase up to an additional 4.845 million Units or the warrant portion thereof at the offering price of the Units or at \$0.38 per warrant respectively. The over-allotment option, if fully exercised, could increase the gross proceeds of the financing by up to \$15 million. The financing closed on November 8. The over-allotment financing, if exercised, is expected to close in December.

At the date of this MD&A, many of the Company's stock options and warrants are "in-the-money". If all outstanding warrants and options were to be exercised, High River would receive approximately \$57.5 million in additional funds.

Uses of Liquidity

High River's intends to use the net proceeds of the \$100 million financing as follows:

Debt reduction (including all accrued, unpaid and payable interest)	\$ 50,000,000 (1)
To finance exploration	20,000,000 (2)
General corporate purposes, including working capital	<u>24,603,500</u>
Total:	<u>\$ 94,603,500</u>

(1) The Corporation intends to apply US \$10,000,000 for debt reduction at the Taparko-Bouroum Project and US \$40,000,000 for debt related to the Berezitovy Project, the total of which will approximate \$50,000,000.

(2) The Corporation plans to spend the \$20,000,000 exploration budget on its Burkina Faso properties. The estimated budget breakdown, of which approximately 80% will be spent on drilling, is expected to be as follows:

Bissa project approximately	\$ 12,000,000
Taparko Exploitation Permit	1,000,000
Labola, Yeou and Mango projects	3,000,000
Maintenance of property portfolio	<u>4,000,000</u>
Total:	<u>\$ 20,000,000</u>

With the proceeds from its financings in Q3 and Q4, management anticipate that it should have sufficient funds available to complete its two mines and accelerate its exploration programmes. Development of the Bouroum open-pit in Burkina Faso (estimated cost of US \$415,000) is scheduled to start in Q1 of 2008 and the potential construction of the lead-zinc floatation circuit at Berezitovy (estimated cost of US \$23 million) planned for 2008 is expected to be financed from operating cash flows.

BALANCE SHEET

The Company's total assets were \$584 million at September 30, 2007 compared to \$517 million at December 31, 2006. As at September 30, 2007, there was a working capital deficiency of \$14.0 million, a decrease from a surplus of \$16.6 million as at December 31, 2006. The deficiency is expected to correct in November when the proceeds from the equity financing will be received. The change in working capital 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. Also, the Company received US\$ 10 million as a working capital loan that is classed as 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 decreased to \$126 million at the end of the third quarter from \$138 million at the end of 2006. The decrease results mainly from the impact of reclassification of some long-term debt to current.

Shareholders' equity increased due to the increase in share capital.

Buryatzoloto uses the United States dollar as its functional currency. During the first nine months of the year the exchange rate to the Canadian dollar decreased from 1.16 to 0.99 with the result that, on translation, the value of the Buryatzoloto assets declined in Canadian dollar terms.

At the end of September, the Taparko-Bouroum Mine achieved commercial production. Assets in development properties were reclassified as property, plant and equipment or current assets as at the quarter end.

OUTLOOK

The Company expects to maintain its current level of attributable gold production at its two Russian operations with a 2007 production target of approximately 130,000 ounces (84.9% 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 Taparko-Bouroum Gold Mine and Berezitovy Gold Mine will contribute marginally in the fourth quarter. The successful start-up of both projects will have a significant positive impact on the Company as attributable gold production is expected to exceed 300,000 ozs in 2008 and subsequent years.

The possible spin out of the Prognoz Silver Project could increase shareholder value by unlocking the unrealized value of the project.

With its latest financing, High River is now well financed and plans to move forward quickly to reduce debt and accelerate exploration in Burkina Faso.

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 September 30, 2007.

CRITICAL ACCOUNTING ESTIMATES

The critical accounting estimates remain unchanged from those disclosed in the Company's 2006 Annual Report. The Company anticipates changing the method by which it translates the foreign currency ledgers of Somita and Berezitovy when those operations are put into production. The change from the temporal method to the current method is provided for under the present accounting policy and is consistent with the treatment of Buryatzoloto. Management expects that total assets and total liabilities will show a decrease as a result of the change.

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 objectives, policies and processes for managing capital. This new standard is effective for the Company beginning January 1, 2008.

Buryatzoloto has used the “last-in, first-out” method of accounting for its inventory which approximates average production cost. A change in GAAP to eliminate this accounting method will be effective starting in 2008. It is expected that the impact on future earnings will not be material.

Buryatzoloto accounts for its investment in the Prognoz Silver Project using the proportionate consolidation method. A proposal to modify GAAP to prohibit this accounting method is being discussed. If the potential change is adopted, management will have to determine whether full consolidation or equity accounting is appropriate based on the facts at the time of adoption.

With the expected increase in the Company’s production profile, High River is actively reviewing its choice of the appropriate reporting currency, presently the Canadian dollar, to determine whether the United States dollar should be used.

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.

Three Months Ending September 30

	2007		2006	
	C\$ 000s	US \$/oz	C\$ 000s	US \$/oz
Average exchange rate - Cdn to US \$	1.0472	–	1.1212	–
Gold ounces sold	38,199	–	43,500	–
Gold revenue per financial statements	26,572	664	30,551	626
Gold ounces produced	40,403	–	42,886	–
Direct mining costs	14,059	334	13,305	277
Mining administrative costs	1,338	32	1,412	29
Stripping and mine development adjustments	(205)	(5)	569	12
Third party smelting, refining and transportation	284	7	225	5
By-product credits	7	–	4	–
Other	1,301	30	1,066	22
Cash operating costs	16,784	398	16,581	345
Royalty expense and production tax	1,925	46	1,989	41
Total cash costs	18,709	444	18,570	386
Inventory change	(382)		1,701	
By-product credits	(7)		(4)	
Amortization and depletion	3,865		2,198	
Reclamation and mine closure	31		30	
Total operating expenses per financial statements	22,216		22,495	

Nine Months Ending September 30

	2007		2006	
	C\$ 000s	US \$/oz	C\$ 000s	US \$/oz
Average exchange rate - Cdn to US \$	1.1061		1.1332	–
Gold ounces sold	116,325		107,223	–
Gold revenue per financial statements	84,819	659	71,372	587
Gold ounces produced	112,533	–	117,101	–
Direct mining costs	42,144	339	38,634	291
Administrative costs	4,344	35	4,470	34
Stripping and mine development adjustments	(943)	(8)	(88)	(1)
Third party smelting, refining and transportation	879	7	813	6
By-product credits	(241)	(2)	(756)	(6)
Other	1,588	13	1,066	9
Cash operating costs	47,771	384	44,139	333
Royalty expense and production tax	5,446	44	5,187	39
Total cash costs	53,217	428	49,326	372
Inventory change	636		(3,027)	
By-product credits	241		756	
Amortization and depletion	11,717		8,388	
Reclamation and mine closure	100		93	
Total operating expenses per financial statements	65,911		55,536	

SUPPLEMENT TO THE FINANCIAL STATEMENTS

As at November 7, 2007, the share capital consisted of:

- 263,304,799 common shares issued and outstanding
- 11,361,767 common share purchase options outstanding at an average price of \$1.97 maturing at various dates until September 26, 2012
- 17,535,000 warrants outstanding at an average exercise price of \$2.71 maturing at various dates until August 29, 2009
- \$11,967,100 debenture convertible into shares at a price of \$2.35 until December 31, 2011.

On November 8, 2007, as a result of a bought deal financing, an additional 32,300,000 common shares and 16,150,000 share purchase warrants exercisable at \$4.00 until November 8, 2011 were issued.

FORWARD LOOKING STATEMENTS

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


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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor. These unaudited financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.



David Mosher
President and Chief Executive Officer



Steven Poad
Chief Financial Officer

November 7, 2007

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED BALANCE SHEETS

(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	September 30, 2007	December 31, 2006
Assets			
Current Assets			
Cash and cash equivalents		\$ 9,891	\$ 35,616
Restricted cash		319	73
Accounts receivable		25,554	11,055
Inventory	5	38,917	20,223
Other assets		6,862	1,231
		81,543	68,198
Available-for-sale securities	6	24,949	9,854
Property, plant and equipment	7	195,223	71,110
Exploration properties and deferred exploration	8	111,989	107,825
Development properties	9	168,500	259,846
Other assets		2,232	599
Total Assets		\$ 584,436	\$ 517,432
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable		\$ 24,817	\$ 24,207
Loans and interest payable	10	70,730	27,396
		95,547	51,603
Loans and interest payable	10	125,862	137,895
Future income taxes		26,495	17,776
Reclamation		1,371	1,506
		249,275	208,780
Non-controlling interest		18,072	16,341
Total Liabilities		267,347	225,121
Shareholders' Equity			
Share capital	11 (b)	364,971	338,371
Warrants	11 (d)	9,845	6,294
Contributed surplus	11 (e)	11,384	11,363
Debenture conversion option	11 (f)	538	538
Deficit		(47,716)	(41,562)
Accumulated other comprehensive income/(loss)	2(b)	(21,933)	(22,693)
Total Shareholders' Equity		317,089	292,311
Total Liabilities and Shareholders' Equity		\$ 584,436	\$ 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)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Operating revenue					
Gold		\$ 26,572	\$ 30,551	\$ 84,819	\$ 71,372
Other		(7)	(4)	241	756
		26,565	30,547	85,060	72,128
Operating expenses					
Mining costs		16,983	18,856	49,751	42,586
Mining administrative costs		1,338	1,412	4,344	4,470
Amortization and depletion		3,863	2,197	11,716	8,387
Asset retirement obligation accretion		32	30	100	93
		22,216	22,495	65,911	55,536
Net operating income					
Administrative costs		(1,842)	(1,919)	(6,260)	(6,254)
Exploration expense		(2,094)	(2,389)	(2,254)	(2,656)
Amortization and depletion		(16)	(24)	(46)	(54)
Financing costs	<i>12</i>	(5,657)	(1,744)	(10,674)	(3,830)
Other income/(expense)	<i>13</i>	1,076	33,135	1,943	33,839
Income (loss) before tax					
		(4,184)	35,111	1,858	37,637
Income tax expense		(330)	(1,063)	(3,621)	(3,391)
Income (loss) before non-controlling interest					
		(4,514)	34,048	(1,763)	34,246
Non-controlling interest in earnings of subsidiary		(143)	(382)	(1,732)	(980)
Net income (loss) for the period					
		\$ (4,657)	\$ 33,666	\$ (3,495)	\$ 33,266
Net income (loss) per share					
– basic	<i>14</i>	\$ (0.02)	\$ 0.14	\$ (0.01)	\$ 0.14
– diluted		\$ (0.02)	\$ 0.14	\$ (0.01)	\$ 0.14

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

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Canadian dollars)

<i>(unaudited)</i>	<i>Note</i>	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Cash provided by (used in):					
Operating activities					
Net income (loss) for the period		\$ (4,657)	\$ 33,666	\$ (3,495)	\$ 33,266
Non-cash items:					
Non-controlling interest in earnings of subsidiary		143	382	1,732	980
Financing cost on venture obligation		–	544	–	1,518
Settlement of venture obligation	13	–	(32,940)	–	(32,940)
Amortization and depletion		4,382	3,532	12,265	9,752
Asset retirement obligation accretion		32	30	100	93
Debenture accretion expense		87	–	257	–
Financial instrument accretion expense		717	–	1,760	–
Fair value adjustments to financial instruments		3,263	–	4,718	–
Stock option benefit expense		558	481	1,823	1,873
Write-down of carrying value		–	–	8	–
Loss (gain) on disposal of assets		154	(706)	174	(1,002)
Future income taxes		(465)	(166)	(228)	356
Other		(1,328)	110	(1,334)	97
Subtotal		2,886	4,933	17,780	13,993
Change in non-cash working capital	15(a)	(1,553)	(1,272)	(14,597)	(16,404)
Total operating		1,333	3,661	3,183	(2,411)
Investing Activities					
Property, plant and equipment		(3,482)	(3,632)	(11,121)	(8,713)
Proceeds on disposal		–	22	5	383
Exploration properties and deferred exploration		(2,756)	(1,173)	(12,799)	(4,706)
Development properties		(30,230)	(35,729)	(77,331)	(80,464)
(Increase)/decrease in investments		(1,186)	–	(1,186)	(259)
Purchase of subsidiary net of cash acquired		–	(24,507)	–	(24,507)
Allocation to restricted cash		(190)	24,612	(263)	1,929
Decrease in other long-term assets		2,059	340	1,992	340
Total investing		(35,785)	(40,067)	(100,703)	(115,997)
Financing Activities					
Loans received		25,590	32,315	61,402	114,724
Loans repaid		(4,301)	–	(14,423)	(24,263)
Dividends paid by subsidiary to non-controlling interest		–	(1)	–	(4)
Issuance of common shares		23,313	2,556	27,741	25,582
Total financing		44,602	34,870	74,720	116,039
Effect of exchange rate changes on cash held in foreign currencies					
		(2,605)	(402)	(2,925)	(555)
(Decrease) in cash and cash equivalents during the period					
		7,545	(1,938)	(25,725)	(2,924)
Cash and cash equivalents – Beginning of period		2,346	7,538	35,616	8,524
Cash and cash equivalents – End of period		\$ 9,891	\$ 5,600	\$ 9,891	\$ 5,600

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 September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Share capital					
Balance at beginning of period		\$ 343,170	\$ 299,918	\$ 338,371	\$ 276,575
Issue of common shares		21,801	2,567	26,600	25,910
Balance at end of period		364,971	302,485	364,971	302,485
Warrants					
Balance at beginning of period		6,855	11,785	6,294	11,827
Issued		2,990	–	3,555	652
Exercised		–	–	–	(694)
Expired		–	–	(4)	–
Balance at end of period		9,845	11,785	9,845	11,785
Contributed surplus					
Balance at beginning of period		11,887	8,754	11,363	7,721
Expired warrants		–	–	4	–
Stock-based compensation, net		558	481	1,823	1,873
Stock options exercised		(1,061)	(13)	(1,806)	(372)
Balance at end of period		11,384	9,222	11,384	9,222
Debenture conversion option		538	–	538	–
Deficit					
Balance at beginning of period		(43,059)	(73,007)	(41,562)	(72,607)
Transitional adjustment on adoption of new accounting policies	2	–	–	(2,659)	–
Balance at beginning of period as restated		(43,059)	(73,007)	(44,221)	(72,607)
Net income (loss) for the period		(4,657)	33,666	(3,495)	33,266
Balance at end of period		(47,716)	(39,341)	(47,716)	(39,341)
Accumulated other comprehensive income/(loss)					
Balance at beginning of period		(18,579)	(19,887)	(22,693)	(23,050)
Transitional adjustment on adoption of new accounting policies	2	–	–	8,854	–
Balance at beginning of period as restated		(18,579)	(19,887)	(13,839)	(23,050)
Comprehensive income (loss) for the period		(3,354)	1,140	(8,094)	4,303
Balance at end of period		(21,933)	(18,747)	(21,933)	(18,747)
Shareholders' equity at end of period		\$317,089	\$ 265,404	\$ 317,089	\$ 265,404

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

HIGH RIVER GOLD MINES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Thousands of Canadian dollars)

<i>(unaudited)</i>	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2007
Net income (loss) for the period	\$ (4,657)	\$ (3,495)
Other comprehensive income (loss), net of taxes		
Net change in unrealized gains in available-for-sale securities	(18,477)	(14,332)
Unrealized loss on translation of net foreign operations	15,123	6,238
Comprehensive income (loss) for the period	(3,354)	(8,094)
Net comprehensive income (loss) for the period	\$ (8,011)	\$ (11,589)

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

HIGH RIVER GOLD MINES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 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 prior year figures have been reclassified to conform to the current year presentation.

These consolidated financial statements include the financial statements of the Company, OJSC Buryatzoloto (“Buryatzoloto”), OOO Berezitovy Rudnik (“Berezitovy”), and Societ  des Mines de Taparko (“Somita”). As of September 30, 2007 the Company’s interest in Buryatzoloto is 84.9% (December 31, 2006 – 84.9%), Berezitovy 99% and Somita 90%. The financial statements of Buryatzoloto’s 50% interest in the Prognoz joint venture are proportionately consolidated.

2. CHANGES IN ACCOUNTING POLICIES

Significant Accounting Changes

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 with a carrying value of \$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. 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 observable market 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 Consolidated Statements of Comprehensive Income.

(c) Transition Adjustments

The following table presents a summary balance sheet showing the adjustments required to adopt the new standards.

	December 31, 2006	Adjustments	January 1, 2007
ASSETS			
Current assets	\$ 68,198	\$ –	\$ 68,198
Available-for-sale securities	9,854	8,662	18,516
Property, plant and equipment	71,110	–	71,110
Exploration properties and deferred exploration	107,825	–	107,825
Development properties	259,846	(3,535)	256,311
Other assets	599	–	599
Total assets	\$ 517,432	\$ 5,127	\$ 522,559
LIABILITIES			
Current assets	\$ 51,603	\$ –	\$ 51,603
Loans and interest payable	137,895	(1,068)	136,827
Other liabilities	35,623	–	35,623
Total liabilities	225,121	(1,068)	224,053
SHAREHOLDERS' EQUITY			
Share capital, warrants, contributed surplus and debenture conversion option	356,566	–	356,566
Cumulative translation adjustment	(22,693)	22,693	–
Deficit	(41,562)	(2,659)	(44,221)
Accumulated other comprehensive income			
Unrealized adjustment on translation of net foreign operations	–	(22,693)	(22,693)
Unrealized gains on available-for-sale securities	–	8,854	8,854
Total shareholders' equity	292,311	6,195	298,506
Total liabilities and shareholders' equity	\$ 517,432	\$ 5,127	\$ 522,559

Future Accounting Changes

On December 1, 2006, the CICA issued Section 3862, Financial Instruments -Disclosures; Section 3863, Financial Instruments - Presentation; and Section 1535, Capital Disclosures. All three Sections will be applicable for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Section 3862 on financial instrument disclosures, places an increased emphasis on disclosures about risks associated with both recognized and unrecognized financial instruments and how these risks are managed and is consistent with Section 3861. The new Section removes duplicative disclosures and simplifies the disclosures relating to concentrations of risk, credit risk, liquidity risk and price risk currently found in Section 3861. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

Buryatzoloto has used the "last-in, first-out" method of accounting for its inventory which approximates average production cost. A change in Section 3031 eliminates this accounting effective starting in 2008. It is expected that the impact on future earnings will not be material.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Value

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, accrued liabilities and related party notes payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(b) Foreign Exchange Risk

The Company expects to raise equity predominantly in Canadian dollars and presently reports in Canadian dollars. Certain of the Company's revenue and expenses are denominated in foreign currencies including the Canadian dollar, the Central African Franc in Burkina Faso, the Rouble in Russia and the United States dollar. The Company is therefore subject to gains or losses due to fluctuations in these currencies. The Company does not use derivatives to mitigate its exposure to foreign currency risk.

(c) Commodity Price Risk

The future profitability of the Company and the recoverability of deferred project development costs are directly related to the market prices of the products it will sell in the future. These products include gold and silver. The Company does not use derivatives to mitigate its exposure to commodity price risk.

(d) Liquidity and Market Risk

The value of the Company's mining and mineral related investments companies are exposed to fluctuations in value depending on a number of factors, including the quoted market price and the market value of the commodities that the companies may focus on. The Company has pledged certain investments and it may be unable to realize its entire interest in an investment quickly at current fair value. The Company's has monetary and non-monetary assets represented by mineral exploration interests in Russia and Burkina Faso. The Company could accordingly be at risk for foreign currency fluctuations and changing legal and political environments. The Company relies on local consultants for the management of its exploration activities and for legal and accounting matters. The Company does not enter into any derivative contracts to reduce the above exposures.

(e) Interest Rate Risk

The majority of the Company's debt has variable interest rates therefore cash interest payments are exposed to interest rate fluctuations. The Company does not use derivatives to mitigate its exposure to interest rate risk.

(f) Credit Risk

The Company is exposed to credit risk with respect to managing its cash position. This risk, from deposit granting institutions and/or commercial paper issuers, is mitigated by using well capitalized financial institutions. Any investments must be less than one year in duration.

Credit risk relating to accounts receivable and arises from the possibility that any counterparty to an instrument fails to perform. The Company currently transacts with highly-rated counterparties for the sale of gold. Counterparties include its current lenders.

(g) Insurance

The Company purchases limited discretionary insurance to cover catastrophic property damage, business interruption, and liability risk.

4. CHANGES IN ESTIMATES

(a) Mineral reserves

Estimates of mineral reserves at Buryatzoloto are updated annually at the end of each year. Following the update of these estimates on December 31, 2006, calculations of depreciation and amortization of property, plant and equipment were revised prospectively. Somita and Berezitovy will follow a similar procedure once in production.

5. INVENTORY

Inventory consists of the following:

	September 30, 2007	December 31, 2006
Materials and supplies	\$ 27,409	\$ 14,667
Stockpiled ore	4,357	2,055
Work-in-progress	2,082	1,147
Doré alloy	4,450	938
Refined gold	619	1,416
	\$ 38,917	\$ 20,223

6. AVAILABLE-FOR-SALE SECURITIES

The Company's AFS securities comprise the following:

	September 30, 2007		December 31, 2006	
	Fair value	Carrying value	Fair value	Carrying value
Intrepid Mines Limited	\$ 528	\$ 481	\$ 1,165	\$ 481
Goldrush Resources Ltd.	2,222	3,561	1,981	3,561
Pelangio Mines Inc.	20,425	4,914	13,216	4,914
Merrex Resources Inc.	1,774	898	2,155	898
	\$ 24,949	\$ 9,854	\$ 18,517	\$ 9,854

Embedded derivatives relating to the securities are included at estimated fair value. The Company's AFS securities are traded either on the TSX or TSX Venture exchanges in Canada. The quoted market price used to estimate fair value is the period end bid price.

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2007			December 31, 2006
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buryatzoloto	\$ 86,098	\$ (26,840)	\$ 59,258	\$ 70,813
Somita	135,495	-	135,495	-
Corporate and exploration	2,065	(1,595)	470	297
	\$ 223,658	\$ (28,435)	\$ 195,223	\$ 71,110

Commercial production was declared at Somita during September 2007. Somita has reclassified costs previously shown as development to the appropriate asset categories.

8. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION

	January 1, 2007	Additions	September 30, 2007
West Africa – Bissa project	\$ 44,709	\$ 4,035	48,744
West Africa – Other	9,740	963	10,703
Russia – Novophirsovskoye	8,043	(432)	7,611
Russia – Prognoz	45,191	(437)	44,754
Russia – Sergachinsky	142	35	177
	\$ 107,825	\$ 4,164	\$ 111,989

9. DEVELOPMENT PROPERTIES

	January 1, 2007	Additions/ reclassification	Reclassification of transaction costs ^(a)	September 30, 2007
Taparko-Bouroum ^(b)	\$ 119,298	\$ (118,288)	\$ (1,010)	\$ –
Berezitovy	140,548	30,477	(2,525)	168,500
	\$ 259,846	\$ (87,811)	\$ (3,535)	\$ 168,500

i. Refer to note 2 (a).

ii. Commercial production was declared at Somita in September 2007. Somita has reclassified costs relating to the Taparko-Bouroum Mine previously shown as development to the appropriate asset categories.

10. LOANS AND INTEREST PAYABLE

Current loans and interest payable are comprised of the following:

	September 30, 2007		December 31, 2006	
	Fair value	Carrying value	Fair value	Carrying value
High River				
Accrued interest on debenture	\$ –	\$ –	\$ 132	\$ 132
Standard Bank-revolving credit facility ^(a)	14,132	13,946	–	–
Standard Bank- accrued interest	302	302	–	–
Subtotal	14,434	14,248	132	132
Buryatzoloto				
Nomos Bank	7,943	7,943	7,873	7,873
Nomos Bank-promissory notes ^(b)	4,964	4,964	–	–
International Moscow Bank ^(c)	11,170	11,170	6,561	6,561
Accrued interest on loans	339	339	178	178
Loan of Prognoz Joint Venture	1,064	1,064	–	–
Subtotal	25,480	25,480	14,612	14,612
Somita				
Royal Gold, Inc.	4,761	4,761	5,228	5,228
Accrued interest on loan	556	556	613	613
Caterpillar Finance	1,415	1,415	1,424	1,424
Accrued interest on loan	46	46	71	71
Government of Burkina Faso	–	–	584	584
Standard Bank-revolving credit facility ^(d)	9,912	9,937	–	–
Accrued interest on loan	116	116	–	–
Subtotal	16,806	16,831	7,920	7,920
Berezitovy				
Nomos Bank	12,411	12,411	4,083	4,083
Accrued interest on loan	1,599	1,599	649	649
Subtotal	14,010	14,010	4,732	4,732
	\$ 70,730	\$ 70,569	\$ 27,396	\$ 27,396

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

	September 30, 2007		December 31, 2006	
	Fair value	Carrying value	Fair value	Carrying value
High River				
Debenture	\$ 11,766	\$ 11,766	\$ 11,508	\$ 11,508
Buryatzoloto				
Nomos Bank ^(e)	22,092	22,092	21,287	21,287
International Moscow Bank	2,421	2,421	5,686	5,686
Loan of Prognoz Joint Venture	266	266	128	128
Subtotal	24,779	24,779	27,101	27,101
Somita				
Royal Gold, Inc.	36,823	30,320	35,423	33,907
Accrued interest on loan	6,378	6,378	3,009	3,009
Caterpillar Finance	2,608	2,650	4,003	4,061
Government of Burkina Faso	583	583	–	–
Subtotal	46,392	39,931	42,435	40,977
Berezitovy				
Nomos Bank	42,925	44,172	55,783	58,309
	\$ 125,862	\$ 120,648	\$ 136,827	\$ 137,895

Loans and interest payable related to the Company's subsidiary OJSC 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 Company borrowed US \$15,000,000 from Standard Bank Plc ("Standard") for working capital requirements of the Berezitovy gold development project. The loan is for a term of one year to July 5, 2008, can be renewed annually for two years, and bears interest payable semi-annually at six month LIBOR plus 3.5%. High River has pledged its shares in Jilbey SARL (owner of the Bissa project) and its shares in Goldrush Resources Ltd. and Merrex Resources Inc. in support of the facility. In order to secure the facility, High River paid Standard an arranging fee of US \$225,000, reimbursed Standard US \$25,000 for costs and issued to Standard 600,000 High River common share purchase warrants exercisable at \$2.90 any time prior to March 31, 2009.
- b. On April 12, 2007, Buryatzoloto sold promissory notes totalling US \$5,000,000 to Nomos-Bank to finance working capital. The notes bear interest at 8.0% and mature on demand.
- c. On April 16, 2007 Buryatzoloto borrowed US \$4,000,000 from International Moscow Bank for 12 months at LIBOR plus 2.5%. The loan is secured by Buryatzoloto's assets.
- d. The Company's Burkina Faso subsidiary Société des Mines de Taparko ("Somita") borrowed US \$10,000,000 from Standard Bank Plc ("Standard") for working capital requirements of the Taparko-Bouroum development project. The loan is for a term of one year to April 19, 2008, can be renewed annually for two years, and bears interest payable quarterly at three month LIBOR plus 3.5%. High River has issued a corporate guarantee in support of the facility. In order to secure the facility, High River paid Standard an arranging fee of US \$150,000, reimbursed Standard US \$50,000 for due diligence costs and issued to Standard 300,000 High River common share purchase warrants exercisable at \$2.63 any time prior to December 31, 2008.
- e. On June 15, 2007, Buryatzoloto borrowed US \$10,000,000 from Nomos Bank for a period of twelve months to finance working capital requirements. The interest rate is Libor plus 2.75%. The loan is secured by the Company's agreements of purchase and sale of gold. The loan agreement was amended September 7, 2007 to extend the term to 24 months.

11. 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
Exercise of stock options	401,000	907
Private placement	1,200,000	2,747
Balance – June 30, 2007	252,025,027	343,170
Exercised of stock options	1,699,683	3,545
Private placement	5,800,000	13,277
Private placement	2,500,000	5,069
Warrant and share issue expense		(90)
Balance – September 30, 2007	262,024,710	\$ 364,971

On June 12, 2007, the Company announced the issue of 7,000,000 units priced at \$2.60 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a price of \$3.25 for a period of 24 months from the closing date. The warrants are subject to forced conversion effective 12 months from closing if High River's share price closes for 20 consecutive days at \$4.25 per share or above. A total of 1,200,000 shares and 600,000 warrants were issued in June and the remainder, 5,800,000 shares and 2,900,000 warrants, in July.

(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 September 30, 2007, there are 1,967,502 options available for grant (2006 – 718,667).

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
Terminated	(135,000)	\$2.15
Exercised	(401,000)	\$1.56
Balance – June 30, 2007	14,362,250	\$1.86
Terminated	(126,668)	\$2.23
Exercised	(1,699,683)	\$1.46
Granted	100,000	\$2.85
Balance – September 30, 2007	12,635,899	\$1.46

Stock options outstanding at September 30, 2007:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Number of Options Exercisable
\$1.65	1,099,400	0.1	1,099,400
\$2.23	75,000	0.3	75,000
\$1.70	50,000	0.5	50,000
\$2.25	1,790,000	0.9	1,193,333
\$1.85	2,230,000	2.1	743,333
\$2.13	1,876,499	3.3	652,502
\$2.35	75,000	3.6	25,000
\$2.15	4,250,000	4.0	1,416,661
\$2.85	100,000	5.0	33,333
\$0.67	120,000	0.9	120,000
\$0.67	462,500	1.8	462,500
\$0.67	507,500	2.3	507,500
	<u>12,635,899</u>	<u>2.0</u>	<u>6,378,562</u>

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. 100,000 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 in the quarter amounts to \$558,000 (2006 – \$481,000) and the unvested unamortized fair value of options granted amounts to \$1,206,000 (2006 – \$1,151,000).

(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
Issued	300,000	\$2.63	192
Issued	600,000	\$3.25	373
Balance – June 30, 2007	12,785,000	\$2.54	6,855
Issued	600,000	\$2.90	506
Issued	2,900,000	\$3.25	1,803
Issued	1,250,000	\$3.10	681
Balance – September 30, 2007	<u>17,535,000</u>	<u>\$2.71</u>	<u>\$ 9,845</u>

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 and expire.

In April 2007, in connection with a financing, 300,000 warrants exercisable until December 31, 2008 were issued having an exercise price of \$2.63. The fair value of the warrants issued was estimated at the date of issue using a

Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.2%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 56%; and a weighted average expected life of the warrants of 1.9 years. A value of approximately \$0.64 per warrant was assigned resulting in an estimated fair value of \$192,000 for the warrants.

The Company sold 7,000,000 units priced at \$2.60 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a price of \$3.25 for a period of 24 months from the closing date. The warrants are subject to forced conversion effective 12 months from closing if High River's share price closes for 20 consecutive days at \$4.25 per share or above. A total of 1,200,000 units were issued in June and the remainder of the units in July. The fair value of the warrants issued was estimated at the date of issuance using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.2%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 56%; and a weighted average expected life of the warrants of two years. A value of approximately \$0.62 per warrant was assigned. The estimated fair value for the 600,000 warrants issued in June exercisable until June 13, 2009 was \$373,000. The estimated fair value for the 2,900,000 warrants issued in July exercisable until July 17, 2009 was \$1,803,000.

In July 2007, in connection with a financing, 600,000 warrants exercisable until March 31, 2009 were issued having an exercise price of \$2.90. The fair value of the warrants issued was estimated at the date of issue using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.2%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 56%; and a weighted average expected life of the warrants of 1.7 years. A value of approximately \$0.84 per warrant was assigned resulting in an estimated fair value of \$506,000 for the warrants.

In August, the Company sold 2,500,000 units priced at \$2.30 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole warrant will be exercisable at a price of \$3.10 for a period of 24 months from the closing date. The warrants are subject to forced conversion effective 12 months from closing if High River's share price closes for 20 consecutive days at \$4.10 per share or above. The fair value of the warrants issued was estimated at the date of issuance using a Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.2%; no dividend yield; volatility factor of the expected market price of the Company's common stock of 56%; and a weighted average expected life of the warrants of two years. A value of approximately \$0.55 per warrant was assigned. The estimated fair value for the 1,250,000 warrants was \$681,000.

Warrants Outstanding at September 30, 2007:

Exercise Price	Number of Warrants Outstanding	Expiry date
\$2.50	11,885,000	January 27, 2008
\$2.63	300,000	December 31, 2008
\$2.90	600,000	March 31, 2009
\$3.25	600,000	June 13, 2009
\$3.25	2,900,000	July 17, 2009
\$3.10	1,250,000	August 29, 2009
	<u>17,535,000</u>	

(e) Contributed surplus

The change in contributed surplus results from the following:

	Share Capital
Balance – December 31, 2006	\$ 11,363
Expired warrants	4
Options exercised	(463)
Stock-based compensation, net	731
Balance – March 31, 2007	11,635
Options exercised	(282)
Stock-based compensation, net	534
Balance – June 30, 2007	11,887
Options exercised	(1,061)
Stock-based compensation, net	558
Balance – September 30, 2007	<u>\$ 11,384</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.

12. FINANCING COSTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Investment income	\$ 110	\$ 214	\$ 346	\$ 214
Financing costs	(1,698)	(1,414)	(4,284)	(2,526)
Financing costs on venture obligation	–	(544)	–	(1,518)
Debenture accretion	(88)	–	(257)	–
Financial instrument accretion	(718)	–	(1,761)	–
Fair value adjustments to financial instruments	(3,263)	–	(4,718)	–
	<u>\$ (5,657)</u>	<u>\$ (1,744)</u>	<u>\$ (10,674)</u>	<u>\$ (3,830)</u>

13. VENTURE OBLIGATION

During the third quarter of 2006, High River negotiated the transfer of its 50% interest in the New Britannia Mine and recognized a gain of \$32,940,000 on the retirement of the Company's venture obligation relating to the non-recourse project debt for the mine.

14. 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 September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income (loss) for the period	\$ (4,657)	\$ 33,666	\$ (3,495)	\$33,266
Weighted average number of shares	260,709,088	233,889,139	253,941,944	230,082,986
Basic income (loss) per share	\$ (0.02)	\$ 0.14	\$ (0.01)	\$ 0.14
Incremental shares on assumed exercise of options and warrants	–	3,439,633	–	3,439,633
Weighted average number of shares	260,709,088	237,328,772	253,941,944	233,522,619
Diluted income (loss) per share	\$ (0.02)	\$ 0.14	\$ (0.01)	\$ 0.14

15. SUPPLEMENTARY CASH FLOW INFORMATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
(a) Net changes in non-cash working capital				
Accounts receivable	\$ (441)	\$ (525)	\$ (15,788)	\$ (5,462)
Inventory	3,776	(1,153)	(5,917)	(9,188)
Other assets	(954)	535	2,006	(1,877)
Accounts payable	(3,934)	(129)	5,102	123
	\$ (1,553)	\$ (1,272)	\$ (14,597)	\$ (16,404)
(b) Cash paid for interest	\$ 3,879	\$ 1,795	\$ 5,918	\$ 2,896
Cash paid for income taxes	\$ 5,571	\$ 748	\$ 11,051	\$ 2,184
(c) Non-cash financing and investing activities				
Investments acquired in exchange for exploration properties	\$ –	\$ –	\$ –	\$ 3,302

16. RELATED PARTY TRANSACTIONS

Included in the accounts are payments made to companies in which the Company has an 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 during the third quarter valued at \$11,000 on behalf of Goldrush (2006 – nil). At September 30, 2007 the Company had an account receivable from Pelangio of \$5,000 (2006 – \$27,000) for services provided by High River on behalf of Pelangio.

During the three months ended September 30, 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 \$210,000 (2006 – \$55,000).

17. COMMITMENTS AND 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 and the US \$10,000,000 credit facility of Somita from Standard. Buryatzoloto has guaranteed employee personal loans given by Sberbank RF. As at September 30, 2007, the guarantee amount is US \$2,100,000 (December 31, 2006 – US \$933,000). The Company accounts for guarantees at fair value and it estimates the guarantees to have nil value.

High River increased its interest in the Bissa and Zandkom permits to 90% for a price of US \$600,000 plus certain costs. The Company has contracted to give the vendor:

- i. A payment, not to exceed US \$220,000, to reimburse the vendor for capital gains and corporate taxes resulting from the transaction. The payment has been accrued;
- ii. An additional payment of US \$20 per ounce for 20% of any mineral reserves in excess of 150,000 ounces based on a bankable feasibility study;
- iii. An annual payment of US \$100,000 per year for five years as an advance on the vendor's 10% non-contributing interest, such payment to cease on commencement of production;
- iv. A guarantee of a minimum payment of US \$100,000 per year for five years after production starts should the vendor's proportional share of profits be less than US \$100,000 per year; and
- v. A vendor option, valid for five years from the later of the date of the agreement or the start of production, to sell the rights the vendor holds to its non-contributing interest of 10% for a transfer price to be agreed upon with High River, the transfer price to be a minimum of US \$1,000,000. If a price cannot be agreed on, the vendor can transfer its 10% interest to a third party.

18. SEGMENTED INFORMATION

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Operating revenue				
Russia-Buryatzoloto	\$ 26,656	\$ 30,547	\$ 85,060	\$72,128
Operating expenses				
Mining costs				
Russia-Buryatzoloto	16,983	18,856	49,751	42,586
Mining administration costs				
Russia-Buryatzoloto	1,338	1,412	4,344	4,470
Amortization and depletion				
Russia-Buryatzoloto	3,863	2,197	11,716	8,387
Asset retirement obligation accretion				
Russia-Buryatzoloto	32	30	100	93
	22,216	22,495	65,911	55,536
Administrative costs				
Corporate	(1,842)	(1,919)	(6,260)	(6,254)
Financing costs				
Russia-Buryatzoloto	(1,046)	(1,072)	(3,156)	(2,474)
Corporate	(4,611)	(672)	(7,518)	(1,356)
	(5,657)	(1,744)	(10,674)	(3,830)
Other income/(expense)				
Russia-Buryatzoloto	(136)	(54)	998	323
Corporate	1,212	33,189	945	33,516
	1,076	33,135	1,943	33,839
Income taxes				
Russia-Buryatzoloto	(330)	(1,063)	(3,621)	(3,391)
Net income (loss) for the period				
Russia-Buryatzoloto	57	2,818	8,995	7,422
Corporate	(4,714)	30,848	(12,490)	25,844
	\$ (4,657)	\$ 33,666	\$ (3,495)	\$ 33,266

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Property, plant and equipment expenditures, net				
Russia-Buryatzoloto	\$ 3,434	\$ 3,627	\$ 10,911	\$ 8,647
Burkina-Exploration	68	4	203	33
Corporate	(20)	1	7	33
	3,482	3,632	11,121	8,713
Deferred exploration expenditures				
Russia-Buryatzoloto	2,042	630	7,468	1,360
Russia-Berezitovy	(9)	–	23	–
Burkina-Exploration	723	543	5,308	3,346
	2,756	1,173	12,799	4,706
Development property expenditures				
Russia-Berezitovy	17,421	15,384	45,712	36,213
Burkina-Somita	12,809	20,345	31,619	44,251
	\$ 30,230	\$ 35,729	77,331	80,464
Total assets				
Russia-Buryatzoloto			161,638	85,922
Russia-Berezitovy			193,702	115,751
Burkina-Somita			150,823	110,794
Burkina-Exploration			61,109	44,652
Corporate			17,164	75,183
			\$ 584,436	\$ 432,302

19. SUBSEQUENT EVENTS

i. High River entered into an agreement in October with a syndicate of underwriters, which have agreed to purchase, on a bought deal basis, 32.3 million Units of High River at a purchase price of \$3.10 per Unit, for aggregate gross proceeds in the amount of approximately \$100,013,000. Each Unit consists of one common share and one-half of one common share purchase warrant. Each full warrant can be exercisable for a common share in the Company at a price of \$4.00 for a period of three years following the closing date. High River plans to use the net proceeds of this financing to pay down debt, to fund exploration and for general corporate purposes including working capital. The financing closed November 8, 2007.

ii. The company has granted to the underwriters an over-allotment option to purchase up to an additional 4.845 million Units at the offering price, to cover over-allotments, if any.

Directors

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Toronto, Ontario

Laurence W. Curtis⁴
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Oakville, Ontario

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

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President and CEO
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Mark Rachovides^{1,2,3,4,5}
Vice President, Europe
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

Drifffield M. Cameron, P. Geo
Vice President, Exploration

Dan W. Hrushewsky, CFA
Vice President, Investor Relations

David C. Poynton
Assistant Corporate Secretary

Other

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Administration Manager

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Solicitors

Cassels Brock and Blackwell LLP
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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.