High River Gold Mines Ltd. Reports Third Quarter 2011 Results

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(All currency figures are in Canadian dollars unless otherwise noted)

TORONTO, ONTARIO -- (Marketwire) -- 11/15/11 -- High River Gold Mines Ltd. ('High River' or the 'Company') (TSX: HRG) today reported its financial results and operational highlights for the three month period ended September 30, 2011. The Unaudited Interim Consolidated Financial Statements and related Notes along with the Management's Discussion and Analysis have been filed with SEDAR (www.sedar.com) and can be viewed on the Company's website at www.hrg.ca.

HIGHLIGHTS FOR THE THIRD QUARTER 2011

Financial Results

- Net gold revenue of $111.5 million, a decrease of 18% from $136.2 million in Q2 2011, an increase of 11% from $100.8 million in Q3 2010.

- Net income of $41.3 million ($0.05 per share) compared to a net income of $41.4 million ($0.05 per share) in Q2 2011 and a net income of $24.0 million ($0.03 per share) in Q3 2010.

- Cash flow from operations of $23.1 million, down from $42.9 million in Q2 2011, and from $26.3 million in Q3 2010.

-- Cash and cash equivalents decreased to $150.0 million from $207.3 million at the end of Q2 2011, and increased from $125.6 million at the end of Q3 2010.

- Working capital decreased to $296.0 million from $307.2 million at the end of Q2 2011 and increased from $205.3 million at the end of Q3 2010.

- Current and long term debt decreased to $22.7 million from $24.0 million at the end of Q2 2011 and increased from $22.1 million at the end of Q3 2010.

Operations

- Total gold production decreased 5.0% to 91,057 (Q2 2011 - 96,093) ounces (100%). Total cash cost per ounce increased 2% to US$ 720 (Q2 2011 - US$704 per ounce).

- The Zun-Holba and Irokinda Gold Mines produced 34,100 ounces (Q2 2011 - 33,594) (100%) at a total cash cost of US$ 705 per ounce.

- The Taparko-Bouroum Gold Mine produced 31,391 ounces (Q2 2011 - 33,753) (100%) at a total cash cost of US$ 681 per ounce.

- Gold production at Berezitovy was 25,565 ounces (Q2 2011 - 28,746 ounces) (100%) at a total cash cost of US$ 787 per ounce.

Corporate

- The Arbitration Court of the City of Moscow terminated the official bankruptcy proceedings for Prognoz Silver LLC ('Prognoz Silver') in connection with the application of Prognoz Silver claiming that the criteria of bankruptcy are no longer in place.

Subsequent Events

- In October 2011, the share capital of Berezitovy was increased which resulted in the increase of the Group's interest in Berezitovy up to 99.91%.

DISCUSSION OF FINANCIAL RESULTS

Selected Financial Results

The Company reported a net income of $41.3 million ($0.05 per share) in Q3 2011 compared to a net income of $41.4 million ($0.05 per share) during Q2 2011 and net income of $24.0 million ($0.03 per share) in Q3 2010.

In thousands of Canadian dollars	Three months ended			Nine months ended	
(except per share amounts)	September 30, 2011	June 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Gold revenue	111,544 $	136,204 $	100,767	370,112 $	312,231
Net income (loss)	41,318	41,375	24,046	119,993	91,923
Net income (loss) per share (basic)	0.05	0.05	0.03	0.14	0.11
Cash provided by (used in) operating activities	23,131	42,893	26,296	119,542	106,595
Weighted average number of shares outstanding (basic)	840,218,962	840,218,962	826,660,782	840,218,962	808,510,986

About High River

High River Gold Mines Ltd. is an unhedged gold company with interests in producing mines, development and advanced exploration projects in Russia and Burkina Faso. Two underground mines, Zun-Holba and Irokinda, are situated in the Lake Baikal region of Russia. Two open pit gold mines, Berezitovy in Russia and Taparko-Bouroum in Burkina Faso, are also in production. Finally, High River has a 90% interest in a development project, the Bissa gold project in Burkina Faso, and a 50% interest in an advanced exploration project with NI 43-101 compliant resource estimates, the Prognoz silver project in Russia.

FORWARD LOOKING INFORMATION

This release and subsequent oral statements made by and on behalf of the Company may contain forward-looking statements. Wherever possible, words such as 'intends', 'expects', 'scheduled', 'estimates', 'anticipates', 'believes', and similar expressions or statements that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved, have been used to identify these forward-looking statements. Although the forward-looking statements contained in this release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, High River cannot be certain that actual results will be consistent with these forward-looking statements. A number of factors could cause events and achievements to differ materially from the results expressed or implied in the forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and *unknown risks, assumptions and uncertainties that may cause High River's actual results, events, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although High River has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended, including those risk factors discussed in the Company's 2010 Annual Information Form. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective investors should not place undue reliance on forward-looking statements. Any forward-looking statements are made as of the date of this release, and High River assumes no obligation to update or revise them to reflect new events or circumstances, unless otherwise required by law.*

High River Gold Mines Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2011
(Unaudited, expressed in thousands of Canadian Dollars)

	Notes	September 30, 2011	December 31, 2010
ASSETS			
Current Assets			
Cash & cash equivalents		150,029	153,964
Restricted cash		2,108	1,285
Inventories		150,146	97,663
Trade and other receivables		28,388	13,639
Other assets		32,291	15,589
		362,962	282,140
Non-Current Assets			
Exploration and evaluation assets		129,987	119,847
Mine properties		47,113	67,436
Property, plant & equipment		221,511	190,256
Available for sale financial assets		93,890	109,633
Other assets		66,681	7,986
Deferred tax asset		21,061	1,596
		580,243	496,753
TOTAL ASSETS		943,205	778,893
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4	39,512	33,905
Loans and other borrowings	5	13,054	22,686
Finance Leases	5	66	607
Income tax payable		14,284	19,787
		66,915	76,985
Non-Current Liabilities			
Other liabilities		820	696
Derivative financial liabilities			-
Loans and other borrowings	5	9,631	1,732
Provisions	6	21,179	19,067
Deferred tax liabilities		55,127	23,595
		86,757	45,090

TOTAL LIABILITIES		153,672	122,075
EQUITY			
Share Capital	9	640,157	640,157
Warrants	9	-	-
Contributed surplus		24,538	24,538
Debenture conversion option		538	538
Other comprehensive income		(1,205)	3,023
Retained Earnings/Deficit		74,224	(45,768)
Equity attributable to equity holders of the Company		738,253	622,488
Non-controlling interest	9	51,280	34,330
TOTAL EQUITY		789,533	656,818
TOTAL LIABILITIES AND EQUITY		943,205	778,893

High River Gold Mines Ltd.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended September 30, 2011
(Expressed in thousands of Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Revenue				
Gold	111,544	100,767	370,112	312,231
Silver	2,292	1,068	7,194	3,279
	113,836	101,835	377,305	315,510
Cost of sales	(52,621)	(62,007)	(189,103)	(183,163)
Gross Profit	61,215	39,828	188,202	132,347
Exploration expenses	-	(6,765)	-	(9,916)
General and administrative expenses	(294)	(1,476)	(2,310)	(2,815)
Other expenses	(8,833)	(389)	(17,877)	(4,393)
Interest income	4,112	554	7,134	1,447
Finance costs	(2,675)	(1,062)	(5,166)	(8,117)
Change in fair value of derivative	-	3,822	-	10,821
Profit before income taxes	53,526	34,512	169,984	119,374
Income tax expense	(6,512)	(6,029)	(33,040)	(17,965)
Profit for the period	47,014	28,483	136,944	101,409

Attributable to:				
Non-controlling interest	5,695	4,436	16,951	9,486
Equity shareholders of the Company	41,318	24,046	119,993	91,923
Profit for the period	47,014	28,483	136,944	101,409
Other Comprehensive Income (loss)				
Net gains on available for sale financial assets	(11,592)	18,820	(13,515)	28,026
Exchange differences on translation of foreign operations	(2,597)	403	9,287	(23,849)
Other comprehensive income, net of tax	(14,189)	19,223	(4,228)	4,177
Attributable to:				
Non-controlling interest	5,695	4,436	16,951	9,486
Equity shareholders of the Company	27,129	43,269	115,764	96,100
Comprehensive Income, net of tax	32,824	47,705	132,715	105,586

High River Gold Mines Ltd.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	Nine months ended September 30 2011	September 30 2010
OPERATING ACTIVITIES		
Profit after income taxes	136,944	101,409
Adjustments to profit for non-cash items		
Depreciation of property, plant and equipment	42,293	46,381
Accretion expense	1,087	866
Write-down of exploration	2,122	450
Loss/(gain) on disposal of investments	(463)	(10)
Non-cash mining costs	2,415	(17,976)
Fair value adjustment to financial instruments	-	(10,821)
Share based payment expense	-	95
Interest on capital lease	-	22
Gain/loss on disposal of property, plant and equipment	(258)	(122)
Deferred tax expense	13,286	3,072
Other non-cash items	5,881	1,733
Working Capital Adjustments		
Change in trade receivable and other assets	(12,075)	1,452
Change in inventories	(52,483)	(18,979)

Change in other assets	(17,874)	(4,727)
Change in accounts payable and accrued liabilities	5,173	13,463
Income Tax Paid	(6,504)	(9,710)
NET OPERATING CASH FLOWS	119,542	106,595
INVESTING ACTIVITIES		
Investment in exploration and evaluation assets	(32,354)	(11,773)
Expenditure on property, plant and equipment	(49,607)	(23,386)
Allocation of restricted cash		
Proceeds on sale of property, plant and equipment	1,325	1,634
Other investing activities	(455)	(811)
NET INVESTING CASH FLOWS	(81,091)	(34,336)
FINANCING ACIVITIES		
Payments of loans and borrowings	(72,120)	(57,453)
Joint venture repayment of Prognoz contribution		
Other Financing activities	(41,810)	7,414
Proceeds from exercise of share options	67,336	26,248
NET FINANCING CASH FLOWS	(46,594)	(23,791)
Increase (decrease) in cash and cash equivalents	(8,143)	48,469
Net foreign exchange difference	4,208	(4,943)
Cash and cash equivalents, beginning of the period	153,964	82,061
Cash and cash equivalents, end of the period	150,029	125,587

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