

High River Gold Mines Ltd. Reports 2011 Results

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

TORONTO, ONTARIO -- ([Marketwire](#)) -- 03/30/12 -- [High River Gold Mines Ltd.](#) (TSX: HRG) ("High River" or the "Company") today reported its financial results and operational highlights for the year ended December 31, 2011. The Consolidated Financial Statements and related Notes along with the Management's Discussion and Analysis have been filed under the Company's profile at [www.sedar.com](#) and can be viewed on the Company's website at [www.hrg.ca](#).

HIGHLIGHTS FOR 2011

Financial Results

- Net gold revenue of \$563.8 million, an increase of 29% from 2010.
- Net income attributable to equity holders of \$170.4 million (\$0.20 per share) compared to a net income of \$111.7 million (\$0.13 per share) in 2010.
- Cash flow from operations of \$188.9 million, up from \$154.3 million in 2010.
- Cash and cash equivalents increased to \$162.3 million, up from \$ 154.0 million in 2010.
- Working capital increased to \$276.7 million, up from \$210.9 million in 2010.
- Current and long term debt decreased to \$20.5 million, down from \$25.0 million in 2010.
- In January 2011, Royal Gold, Inc. ("RGI") agreed that the Completion Test (as such term is defined in the amended and restated funding agreement (the "Taparko Funding Agreement") dated February 22, 2006 between RGI and Somita S.A. ("Somita")) had been satisfied and agreed to release its security interests in certain collateral (including certain equity investments in public companies) that it held pursuant to the Taparko Funding Agreement.
- In June 2011, High River has agreed to settlement terms with its former contractor in respect of a previously disclosed action brought against Somita. As previously disclosed, a claim regarding services that were delivered to Somita was filed against Somita before the arbitrator in South Africa in 2009. The aggregate amount of the claim was US\$3.7 million and High River filed a statement of defense and counterclaim for damages. The settlement agreement provides for full and final settlement of the contractor's claim against Somita for a settlement amount of US\$1,350,000.

Operations

- Total gold production increased 11% to 367,690 (2010 - 329,971 ounces (100%)). Total cash cost per ounce decreased 0.5% to US\$650 (2010 - US\$653 per ounce) (see the Non-IFRS Financial Measures table).
- The Zun-Holba and Irokinda Gold Mines produced 131,877 ounces (2010 - 135,636) (100%) at a total cash cost of US\$673 per ounce.
- The Taparko-Bouroum Gold Mine produced 131,519 ounces (2010 - 127,684) (100%) at a total cash cost of US\$584 per ounce.
- Gold production at Berezitovy was 104,294 ounces (2010 - 66,651 ounces) (100%) at a total cash cost of US\$ 702 per ounce.
- High River's subsidiary in Burkina Faso, Bissa Gold S.A. ("Bissa Gold"), was granted the mining license for

the Bissa Gold Project by the governmental authorities of Burkina Faso for a term of 20 years with a possibility of renewal. Bissa Gold has engaged an EPCM (Engineering, Procurement, and Construction Management) contractor and mining and processing suppliers.

	Production (100%) Oz	Cash Operating Costs US\$/Oz	Total Cash Costs US\$/Oz
Buryatzoloto	131,877	571	673
Berezitovy	104,294	601	702
Somita	131,519	537	584
Total/Weighted Average	367,690	650	671

2011 total operating and non-operating cash costs reached US\$671 per ounce. Non-operating cash costs per ounce mainly represent corporate administration, exploration, and other expenses such as realized foreign exchange losses.

Zun-Holba and Irokinda Underground Gold Mines:

- Continue to operate close to its full capacity.

Berezitovy Open-pit Gold Mine:

- Production levels continue to be constrained by technical problems.

- Higher gold grade and recovery rate as compared to 2010 made it possible to reduce the decline in gold production against the plan to 12%.

Taparko-Bouroum Open-pit Gold Mine:

- Production increased compared to 2010, mainly due to the higher amount of processed ore partially offset by lower gold recovery rate and grade.

- Unit cash cost increase was caused by several factors, among them lower gold recovery rate, lower ore grade, local currency inflation and its strengthening against the US dollar.

Corporate

- On January 24, 2011, the Company's shareholders approved the change of the Company's governing jurisdiction from the Canadian federal jurisdiction under the Canada Business Corporations Act to the Yukon Territory under the Business Corporations Act (Yukon). The Company received its Letter of Satisfaction dated January 25, 2011. Industry Canada issued the Certificate of Discontinuance effective February 2, 2011. The effect of these filings was to transfer the governing jurisdiction of the Company from the Canadian federal jurisdiction to the Yukon Territory. In connection with the continuance, the shareholders also approved a new general by-law. The Articles of Continuance and the new by-law are available on www.sedar.com.

- The Arbitration Court of the City of Moscow (the "Moscow Court") 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.

- 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%.

- In addition, Argentum CJSC ("Argentum"), a joint venture partner in the Prognoz Silver Project, applied to the Moscow Court to commencing official bankruptcy proceedings for Prognoz Silver.

- Konstantin Sobolevskiy resigned as Chief Executive Officer effective March 5, 2012.

DISCUSSION OF FINANCIAL RESULTS

Selected Financial Results

(in thousands of Canadian dollars except per share amounts)

	2011	2010	2009
Gold revenue	\$563,789	\$ 435,615	\$ 363,259
Net income (loss)	170,364	114,852	(9,764)
Net income (loss) per share (basic)	0.20	0.14	(0.02)
Cash provided by (used in) operating activities	189,867	154,344	125,496
Total Assets	840,218,962	812,332	706,962
Loans and interest payable	\$563,789	25,025	84,031
Weighted average number of shares outstanding (basic)	170,364	816,437,980	634,009,385

The Company's consolidated net gold revenue for 2011 increased to \$563.8 million from \$435.6 million in 2010. An increase in the gold price was the main growth factor. The average realized price was US\$1,543 per ounce compared to US\$1,238 per ounce in 2010.

The Company reported a net income of \$170.4 million (\$0.20 per share) in 2011 compared to a net income of \$111.6 million (\$0.13 per share) during 2010.

Cash flow from operations of \$188.9 million, up from \$ 154.3 million in 2010.

OVERVIEW OF OPERATIONS

Underground Mines

The Company's attributable gold production from Buryatzoloto was 112,016 ounces in 2011, compared to 115,209 ounces in 2010. Buryatzoloto continues to be profitable and in general achieved its production objectives for 2011, with 131,877 ounces (100%) of gold produced at an estimated total cash cost of US\$673 per ounce as compared to 135,636 ounces of gold produced at a total cash cost of US\$628 per ounce in 2010. (See the section Non-IFRS Financial Measures regarding total cash costs.)

Unit cash cost increase in 2011 was caused mainly by macroeconomic factors such as local currency inflation and its strengthening against the US dollar. Inflation rate is on average around 10% per annum in Russia but could be higher for some inputs used in mining industry. In particular salary inflation was the case for Buryatzoloto in 2011 as well. Russian currency strengthened against the US Dollar during 2011 making US dollar denominated unit cash cost higher.

Buryatzoloto continues to operate close to its full capacity. The Company's goal is to maintain historic production levels. The amount of mineable reserves is a concern for the management. An exploration program to extend the life of the mines is underway at Zun-Holba and Irokinda mines and the Company expects the new reserve and resource estimates for Buryatzoloto mines in 2012.

Open Pit Mines

Berezitovy Mine (Russia)

Berezitovy continued to experience technical problems during 2011. However, higher gold grade and recovery rate as compared to 2010 made it possible to reduce the decline in gold production against the plan to 12%. Berezitovy, like Buryatzoloto, was affected by stronger local currency and inflation. However, unit cash cost growth at Berezitovy compared to 2010 was limited by higher gold grade (which required fewer tons to be processed) and a significant production increase (due to the effect of fixed costs which do not depend on production variance and therefore scale back cost per unit of production).

Taparko-Bouroum Mine (Burkina Faso)

Somita was 17% behind production plan in 2011 due to lower ore processing caused by lower availability of loading equipment in mining and lower gold recovery rate caused by the increase of the processing rate up to 200 tons per hour partially balanced by higher ore grade. At the same time, gold production increased as compared to 2010 due to the higher amount of processed ore partially offset by lower gold recovery rate and grade. Unit cash cost increase at Somita in 2011 was caused by several factors, among them lower gold recovery rate, lower ore grade, local currency inflation and its strengthening against the US dollar. Lower gold recovery rate and lower ore grade mean that to produce the same amount of gold higher volume of mining and processing is needed, which therefore pushes up the unit cost.

Exploration Projects

In 2010, the Company applied for a mining license in relation to the Bissa project and the license was granted in June 2011. At the same time, High River continues exploration at the Bissa group permits. In Q1 2011, a new technical report compliant with National Instrument 43-101 -Standards of Disclosure for Mineral Properties ("NI 43-101") was released, which included mineral resource estimates for the Bissa project and some exploration properties in Burkina Faso (Yeou, Ankouma, Bouly, Gougre, Zinigma).

AMENDED STATEMENT OF EXECUTIVE COMPENSATION

The Company has re-filed on SEDAR an amended and restated Form 51-102F6 Statement of Executive Compensation for the year ended December 31, 2010 (the "Executive Compensation Statement"). The original Executive Compensation Statement was filed on March 31, 2011. The revised Executive Compensation Statement now provides disclosure that complies with Item 1.3(4) of Form 51-102F6 regarding external management companies and includes compensation of the Company's officers that is paid by the Company's controlling shareholder to such officers and is attributable to services provided to the Company by such officers.

CLARIFICATION OF BOULY RESOURCE DISCLOSURE BY NORD GOLD

The Company wishes to clarify the statements made by Nikolai Zelenski, the Chief Executive Officer of [Nord Gold N.V.](#), the Company's controlling shareholder, at the European Gold Forum in Zurich, Switzerland in April 2011. During his presentation, Mr. Zelenski referred to estimated mineral resources at the Company's Bouly property that were higher than the mineral resources disclosed in the Company's public record. Although the Company believes that its public record in respect of its Bouly property complies with the standards prescribed by NI 43-101, it felt a clarification was appropriate following discussions with certain shareholders and the Ontario Securities Commission. Mr. Zelenski's statement was informed by the Russian reporting standards rather than NI 43-101, which standards include conceptual "prognostic resources" that are similar to "exploration targets" as defined in NI 43-101. The mineral resources that Mr. Zelenski was referring to were equivalent to "exploration targets" and therefore should be considered by investors as "exploration targets" rather than mineral resources, since the potential quality and grade of such exploration targets is conceptual in nature. In addition, the Company expects to prepare an updated mineral resources estimate for its Bouly property in Q2 2012, which shall be released shortly thereafter.

About High River

High River 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, Berezhitovy 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 contains 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 2011 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**

(In thousands of Canadian Dollars)

	Notes	As at December, 31 2011	As at December 31, 2010	As at January, 1 2010
			(Note 23)	(Note 23)
ASSETS				
Current Assets				
Cash & cash equivalents	3	162,310	153,964	82,061
Inventories	4	121,690	97,663	81,090
Loans to related parties	5	24,361	7,951	-
Other assets	6	37,690	29,015	30,909
		346,050	288,593	194,061
Non-Current Assets				
Exploration and evaluation assets	7	80,035	114,610	102,852
Mine properties	8	107,105	53,296	76,166
Property, plant & equipment	9	244,131	188,788	210,566
Available for sale financial assets		86,023	109,633	64,810
Loans to related parties	5	57,219	-	-
Other assets	6	9,654	1,320	845
Deferred tax assets	10	77,610	56,223	42,720
		661,777	523,871	497,959
TOTAL ASSETS		1,007,827	812,463	692,020
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	11	51,566	34,576	33,753
Loans and other borrowings	12	20,531	23,794	69,454
Derivative Financial Liabilities	12	-	-	13,685
Income tax payable		16,705	19,787	5,695
		88,802	78,157	122,587
Non-Current Liabilities				
Loans and other borrowings	12	-	1,232	14,398
Provisions	13	19,147	17,437	15,126
Deferred tax liabilities	10	93,957	70,782	48,917
		113,104	89,451	78,441
TOTAL LIABILITIES		201,906	167,608	201,029
EQUITY				
Share Capital	16	641,298	641,298	611,815
Warrants	16	-	-	13,265

Contributed surplus	25,079	24,621	15,991
Debtenture conversion option	-	538	538
Available for sale reserve	70,930	90,284	50,967
Foreign currency translation reserve	(45,071)	(34,367)	-
Retained Earnings/(Deficit)	58,515	(109,917)	(221,576)

Equity attributable to equity holders of the Company	750,751	612,458	471,000
Non-controlling interest	16	55,169	32,398
			19,991

TOTAL EQUITY	805,920	644,856	490,991

TOTAL LIABILITIES AND EQUITY	1,007,827	812,463	692,020

High River Gold Mines Ltd.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

For the year ended 31 December
(In thousands of Canadian Dollars)

	Note	2011	2010
			(Note 23)
Revenue			
Gold		563,788	435,615
Silver		10,161	5,154

		573,950	440,770
Cost of sales		(325,365)	(264,232)

Gross Profit		248,585	176,538

Exploration expenses		-	(15,518)
General and administrative expenses		(7,389)	(4,475.00)
Other expenses		(11,495)	(12,914)
Interest income		8,609	2,004
Finance costs		(6,636)	(10,630)
Change in fair value of derivative		-	13,685

Profit before income taxes		231,673	148,690
Income tax expense	10	(40,470)	(24,625)

Profit for the year		191,203	124,065

Attributable to:			
Non-controlling interest		20,839	12,407
Equity holders of the Company		170,364	111,658

Profit for the year		191,203	124,065

Other Comprehensive (loss) Income			
Net (loss) gains on available for sale financial assets		(19,355)	39,317
(net of tax of \$4,510, 2010 - (\$6,488))			
Exchange differences on translation of foreign operations		(10,704)	(34,569)

Other comprehensive (loss) income, net of tax	(30,059)	4,749
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Attributable to:

Non-controlling interest	20,839	12,407
Equity shareholders of the Company	141,219	116,407

Comprehensive Income, net of tax	162,058	128,814
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Profit attributable to equity holders of the Company	170,364	111,658
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Weighted average number of ordinary shares outstanding	840,218,962	840,218,962
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Basic and diluted earnings per share	0.20	0.13
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High River Gold Mines Ltd.**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Expressed in thousands of Canadian Dollars)

	Year ended	
	December 31, 2011	December 31, 2010
OPERATING ACTIVITIES		
Profit after income taxes	191,203	124,065
Adjustments to profit for non-cash items		
Depreciation of property, plant and equipment	79,829	58,199
Accretion expense	1,391	1,364
Write-down of exploration	34	1,533
Loss/(gain) on disposal of investments	1,873	(10)
Non-cash mining costs	(3,264)	(25,081)
Fair value adjustment to financial instruments	-	(13,685)
Gain/loss on disposal of property, plant and equipment	(231)	57
Deferred tax expense	44,640	(1,171)
Other non-cash items	(7,813)	11,512
Working Capital Adjustments		
Change in trade receivable and other assets	(34,240)	5,296
Change in inventories	(22,631)	(14,535)
Change in other assets	(32,137)	(2,535)
Change in accounts payable and accrued liabilities	8,625	13,409
Income Tax Paid	(37,412)	(4,073)
NET OPERATING CASH FLOWS	189,867	154,344

INVESTING ACTIVITIES

Investment in exploration and evaluation assets	(26,874)	(17,109)
Expenditure on property, plant and equipment	(74,421)	(39,176)
Allocation of restricted cash		
Proceeds on sale of property, plant and equipment	1,547	1,641
Loans advanced	(62,929)	-
Other investing activities	(21,182)	(818)
NET INVESTING CASH FLOWS	(183,859)	(55,462)

FINANCING ACTIVITIES

Proceeds from debt issuance	10,340	10,154
Payments of loans and borrowings	(5,935)	(60,822)
Proceeds from exercise of share options	-	26,248
NET FINANCING CASH FLOWS	4,405	(24,420)
Increase in cash and cash equivalents	10,413	74,462
Net foreign exchange difference	(2,067)	(2,559)
Cash and cash equivalents, beginning of the period	153,964	82,061
Cash and cash equivalents, end of the period	162,310	153,964

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