HIGH RIVER GOLD MINES LTD.

AMENDED AND RESTATED ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2011

DATED: July 20, 2012

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PRELIMINARY NOTES

Date of Information

In this Annual Information Form (**"AIF"**), information is given as at December 31, 2011, unless stated otherwise.

Incorporation by Reference

Incorporated by reference into this AIF are the audited consolidated statements of financial position of High River Gold Mines Ltd. ("**High River**", "**HRG**", or the "**Corporation**") as at December 31, 2011 and 2010 and January 1, 2010, and the audited consolidated statements of comprehensive income (loss), cash flows and changes in shareholders' equity for the years ended December 31, 2011 and 2010 together with the notes thereto included in the financial statements (the "**2011 Financial Statements**"). Also incorporated by reference in this AIF is the Corporation's annual management's discussion and analysis ("**MD&A**") for the year ended December 31, 2011 dated March 30, 2012 (the "**2011 MD&A**"). All financial information in this AIF is prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), effective January 1, 2011, and all comparative figures for 2010 have been restated to comply with the new standards adopted. Unless otherwise noted, the Corporation prepares and files its AIF, audited consolidated financial statements and MD&A in Canadian dollars. The 2011 Financial Statements and the 2011 MD&A have been filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com under the Corporation's name. Additionally, the technical reports described below are incorporated by reference into this AIF, subject to the exclusions described below.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this AIF to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this AIF.

Technical Reports

The disclosure in this AIF of a scientific or technical nature is based on technical reports prepared for the respective properties in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The technical reports listed below have been filed on SEDAR at www.sedar.com under the Corporation's name. Incorporated by reference into this AIF are the following technical reports:

1. "Technical Report on the Zun-Holba Project, Republic of Buryatia, Russian Federation" dated April 5, 2012, (the "**Zun-Holba Technical Report**") by Ricardo A. Valls, M.Sc, P.Geo. of Valls Geoconsultant, other than the section "Recommendations" and the recommendations in the section "Summary". Mr. Valls (being the individual who has taken responsibility for the preparation of the Zun-Holba Technical Report) is a "qualified person" as that term is defined in NI 43-101. Mr. Valls is independent of the Corporation.
2. "Technical Report on the Irokinda Project, Republic of Buryatia, Russian Federation" dated April 5, 2012, (the "**Irokinda Technical Report**") by Ricardo A. Valls, M.Sc, P.Geo. of Valls Geoconsultant, other than the section "Recommendations" and the recommendations in the section "Summary". Mr. Valls (being the individual who has taken responsibility for the preparation of the Irokinda Technical Report) is a "qualified person" as that term is defined in NI 43-101. Mr. Valls is independent of the Corporation.

3. "The Taparko-Bouroum Assets, Burkina Faso, NI 43-101 Technical Report" dated July 20, 2012, (the "**Taparko Technical Report**") by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of Wardell Armstrong International ("**WAI**"), other than the section "Recommendations" and the recommendations in the section "Summary". Mr. Newall (being the individual who has taken responsibility for the preparation of the Taparko Technical Report) is a "qualified person" as that term is defined in NI 43-101. Mr. Newall is independent of the Corporation.
4. "The Berezitovy Project, Russia, NI 43-101 Technical Report" dated July 20, 2012, (the "**Berezitovy Technical Report**") by Mark Owen, BSc, MSc, MCSM, CGeol, EurGeol, FGS of WAI, other than the section "Recommendations" and the recommendations in the section "Summary". Mr. Owen (being the individual who has taken responsibility for the preparation of the Berezitovy Report) is a "qualified person" as that term is defined in NI 43-101. Mr. Owen is independent of the Corporation.
5. "The Bissa Asset, Burkina Faso, NI 43-101 Technical Report" dated July 20, 2012, (the "**Bissa Technical Report**") by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI, other than the section "Recommendations" and the recommendations in the section "Summary". Mr. Newall (being the individual who has taken responsibility for the preparation of the Bissa Technical Report) is a "qualified person" as that term is defined in NI 43-101. Mr. Newall is independent of the Corporation.
6. "NI 43-101 Technical Report and Resource Estimate on the Prognoz Silver Project, Republic of Sakha (Yakutia), Russian Federation" dated June 27, 2008 (the "**Prognoz Technical Report**") by William J. Lewis, B.Sc., P.Geo., Senior Geologist, and Dibya Kanti Mukhopadhyay, M.Sc., MAusIMM, Senior Resource Geologist, of Micon International Limited ("**Micon**") other than the sections "Recommendations" and the recommendations of Micon in the section "Summary". Each of the individuals who contributed to, or supervised the preparation of the Prognoz Technical Report was a "qualified person" as that term is defined in NI 43-101. Each of Messrs. Lewis and Mukhopadhyay are independent of the Corporation.

Forward-Looking Information

Certain statements with respect to the Corporation and its business included in, or incorporated by reference into, this AIF may constitute forward-looking information within the meaning of applicable securities laws in Canada ("**forward-looking information**"). The words "anticipates", "believes", "estimates", "expects", "forecasts", "intends", "potential", "targeted", "plans", "projects", "schedule", and similar expressions, or statements that events, conditions or results "will", "may", "might", "could" or "should" occur or be achieved and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Forward-looking information is with respect to the future and is inherently uncertain and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this AIF under the headings "Risk Factors". The Corporation believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in, or incorporated by reference into, this AIF should not be unduly relied upon.

The forward-looking information included in, or incorporated by reference into, this AIF includes, but is not limited to, statements regarding the Corporation's plans and outlook for the next five years including 2012, future production and costs, the planned development of development and exploration properties and the related economics of their operation and future exploration programs and plans. The forward-looking information included in, or incorporated by reference into, this AIF is based on assumptions, which include, but are not limited to:

- the assumptions and inputs contained in the technical reports described under "Preliminary Notes – Technical Reports";
- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of gold and silver;
- the timing of the receipt of regulatory and governmental approvals;
- the availability of financing for development and exploration activities;
- the Corporation's costs of production and the Corporation's production levels;

- the Corporation's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the Corporation's ability to attract and retain skilled staff;
- engineering and construction timetables and capital costs for development projects; and
- the accuracy of the Corporation's resource and reserve estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based.

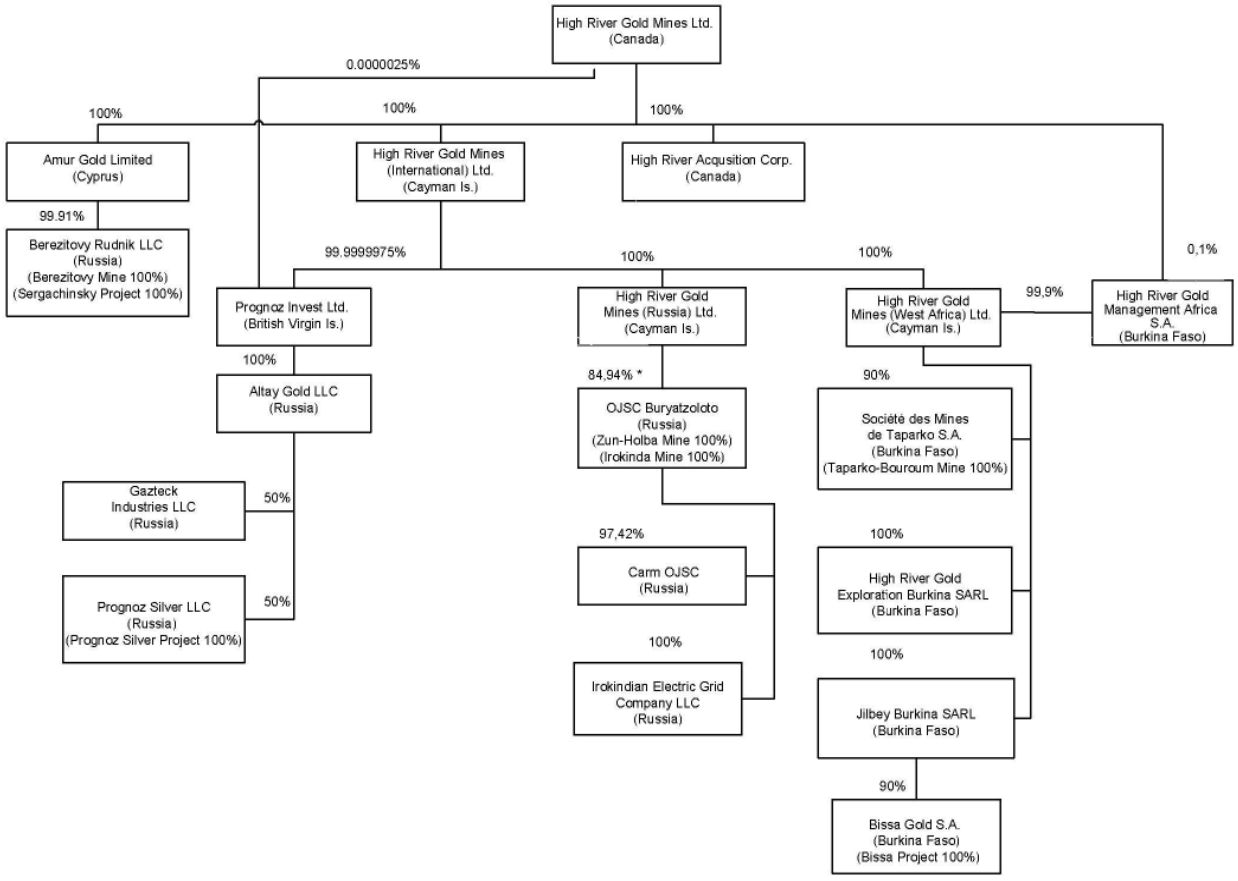
The forward-looking information is subject to risks, uncertainties and other factors that could cause actual outcomes to differ materially from that anticipated by the forward-looking information. The factors which could cause outcomes to differ from current expectations include, but are not limited to gold prices below those assumed, inaccuracies in the estimation of operating and capital costs, incorrect estimations of the mineral reserves and mineral resources and the factors described under the heading "Risk Factors".

All forward-looking information in this AIF and the information incorporated herein by reference is qualified in its entirety by this cautionary statement and, except as may be required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

CORPORATE STRUCTURE

High River Gold Mines Ltd. is the corporation resulting from the amalgamation of High River Resources Ltd. and Nor-Acme Gold Mines Limited under the *Canada Business Corporations Act* by Certificate of Amalgamation dated December 5, 1988. The continuance of High River under the *Business Corporations Act* (Yukon) became effective February 2, 2011. High River's registered office is located at 204 Lambert Street, Suite 200, Whitehorse, Yukon Territory, Canada, Y1A3T2 and its head office is located at Suite 1502, 67 Yonge Street, Toronto, Ontario, Canada, M5E 1J8.

The following chart indicates the Corporation's subsidiaries and affiliated companies, their jurisdictions of incorporation and the percentage of voting shares beneficially owned by the Corporation, as at December 31, 2011.



*Ownership based on the percentage of common shares issued and outstanding. 84.938% of the common shares and 47.643% of the preferred shares of Buryatzoloto are held in trust by High River Gold Mines Ltd. for the benefit of High River Gold Mines (Russia) Ltd.

As at December 31, 2011, the Corporation did not have investees (being any corporation in which High River has an equity investment exceeding 10%).

For purposes of this AIF, the Corporation includes the subsidiaries of High River noted in the charts above.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a mining company, focused on gold, with mineral production and exploration projects in Russia and Burkina Faso. A location map for the Corporation's properties is set out below:

The Corporation, through its subsidiaries, operates two underground gold mines, the Zun-Holba Mine and the Irokinda Mine, both of which are located in the Republic of Buryatia, Russia, and two open-pit mines, the Taparko-Bouroum Mine in Burkina Faso, and the Berezitovy Mine in the Amur Region, Russia.

Three Year History

Over the last three years (2009 to 2011), High River:

- Completed the financing, construction and start-up of its two new open pit mines, Taparko-Bouroum in Burkina Faso, and Berezitovy in Russia.
- Expanded its exploration activities in Burkina Faso and Russia.
- Restructured and refinanced in advance of significant production growth.
- Operated within an environment of rising gold prices and high inflation during most of the period.
- Completed a feasibility study for Bissa Project in Burkina Faso and obtained a mining license, resulting in the commencement of mine construction at the Bissa Project in 2011.

Completion of Financing, Construction, and Start-up of Two New Mines

Commercial production was declared at High River's two open pit gold mines, Taparko-Bouroum in Burkina Faso in September 2007, and Berezitovy in Russia in October 2008. Both new mines experienced start-up problems, before and since the declaration of commercial production.

At Taparko-Bouroum, numerous mill shutdowns occurred throughout 2008 and the first quarter of 2009 due to excessive mill drive-train vibrations. The operations were stabilized at a lower throughput rate in the second quarter of 2009, which was then progressively raised to the planned level in the second half of 2009.

Many operational issues were encountered at Berezitovy since the beginning of production, of which problems with the disc filter plant were the most limiting factor in 2009. The installation of two additional filters in the fourth quarter of 2009 contributed to the solution of the problem, while many other

issues related to availability of the crushing and milling equipment continued to exist. The mine continued to underperform in 2010. Remedial actions were taken throughout 2010 to stabilize and improve the plant processing rate. The second ball mill was successfully installed in the second half of 2010. However, due to the problems with the first ball mill, the plant availability remained below the planned level in 2010. These problems were solved in February 2011 and all three mills (SAG mill and two ball mills) are working normally as of the date hereof. Also, the secondary crushing unit was ordered in 2010.

Expansion of Exploration Activities in Russia and Burkina Faso

High River's 85%-owned Russian subsidiary, OJSC Buryatzoloto ("**Buryatzoloto**") through a subsidiary, acquired a 50% interest and operatorship in the Prognoz Silver Project in 2006. A NI 43-101 compliant resource estimate was announced in June 2008 for the Prognoz Silver Project. No exploration work was conducted at Prognoz Silver LLC ("**Prognoz**") in 2009 and 2010.

Other exploration initiatives in Russia included the Sergachinsky exploration package, acquired in November 2006. Sergachinsky is comprised of six non-contiguous properties, totalling 162.7 square kilometres, located south and west of High River's Berezitovy mine with one of the properties lying adjacent to the Berezitovy mine property. The Sergachinsky exploration property package represents a portion of the exploration up-side potential at Berezitovy. Exploration success at Sergachinsky could extend the mine life at Berezitovy beyond the original 10 year mine-life. All six properties have known gold occurrences and some had past gold production. The exploration work at Sergachinsky continued through 2011 – target delineation works have been performed which comprised soil sampling, IP pole-pole 2D electric survey and LIDAR and airphoto survey.

The Corporation continues exploration at its Bissa group of permits in Burkina Faso. An updated NI 43-101 resource and reserve estimate was released in March 2011. The Corporation completed a feasibility study in 2010 and applied for a mining license. In the first quarter of 2011, the tender procedures to engage an Engineering, Procurement, Construction Management ("**EPCM**") contractor continued and the tenders to engage the suppliers of mining equipment were commenced. In July 2011, High River's 90% indirect 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. The term of the license is 20 years with a renewal possibility. Mine construction at the Bissa project commenced in 2011. Exploration work continued at other properties in Burkina Faso, all of which are at the early stage of exploration.

Restructuring and Refinancing in Advance of Significant Production Growth

At the beginning of 2009, High River faced operational difficulties and a deteriorating liquidity position. The ability of the Corporation to continue as a going concern was dependent on the results of ongoing discussions with the Corporation's lenders, ongoing accommodation of the Corporation's trade creditors, the establishment of steady production at the Taparko-Bouroum and Berezitovy mines and obtaining additional financing. Despite the Corporation's continued efforts to negotiate with its creditors, in April 2009, following a demand of Standard Bank Plc ("**Standard Bank**"), approximately US$27 million of debt under two credit agreements between Standard Bank and High River or its affiliates was assigned to OAO Severstal ("**Severstal**"), which agreed to this assignment in order to prevent immediate default due to the breach of certain covenants and to assist the Corporation with its liquidity position.

In April 2009, three new directors (Alexey Khudyakov, Karl Glackmeyer and Steven Poad), joined the Corporation's board of directors (the "**Board of Directors**" or the "**Board**") replacing Terrence Lyons and John W. Crow, who both resigned. Mr. Khudyakov was also appointed as Chairman of the Board. Also in April 2009, Daniel Frigon resigned as General Manager of Somita SA ("**Somita**") and was replaced by Marco Kelly.

In May 2009, Roman Deniskin resigned from the Board.

Despite the additional liquidity provided by Severstal and High River's efforts to improve its operational and financial performance, the Corporation continued to experience difficulties at the Taparko-Bouroum and Berezitovy mines with the mills continuing to underperform.

During this period, the Corporation faced a delisting review by the Toronto Stock Exchange (the "**TSX**"). In light of the on-going operating and financial difficulties and the TSX delisting review, Severstal

decided to extend an offer to all minority shareholders that allowed them to exchange their shares for cash should they wish to do so. In June 2009, Lybica Holding B.V. ("**Lybica**") and ZAO Severstal Resources ("**Severstal Resources**") mailed a take-over bid circular to High River's shareholders in connection with the offer by Severstal for all the common shares of High River at a price of $0.22 per share in cash, which was subsequently increased to $0.30 per share in cash. In connection with the offer, High River closed a private placement of 59,019,367 shares to Lybica for a price of $0.18 per share for total proceeds of $10,623,486.06. As a result of the private placement, Severstal controlled approximately 57.3% of the outstanding shares of High River. The offer expired in August 2009, with a total of 28,897,135 shares being deposited to the offer. Following the take-up of these shares, Severstal controlled approximately 400.7 million shares, or 61.7% of the outstanding shares of High River.

In July 2009, Andrei Maslov, Treasurer, was appointed as the Corporation's Chief Financial Officer, replacing Steven Poad, who resigned.

In September 2009, two new directors, Igor Klimanov and Andrei Maslov, joined the Board of Directors. Also in September 2009, Driffield Cameron resigned as Vice-President, Exploration, Dan Hrushewsky resigned as Vice President, Investor Relations, Nikolai Zelenskiy resigned as a director and Chief Executive Officer and Stephen Polakoff resigned as a director.

In October 2009, Steven Poad resigned as a director and Andrew Matthews joined the Board of Directors. In addition, Igor Klimanov was appointed as the Corporation's Chief Executive Officer.

In November 2009, Alexey Burkser, previously mine manager at Novaiysk gold mine in Uzbekistan, joined the Corporation as General Director of Buryatzoloto, replacing Veniamin Baltsat, who left Buryatzoloto.

In December 2009, the Corporation closed a private placement of 150,000,000 common shares to Polenica Investments Limited ("**Polenica**"), an affiliate of Troika Dialog Group. The shares were issued for $0.38 per share for total aggregate gross proceeds to the Corporation of $57 million. The shares acquired by Polenica represented approximately 18.7% of the outstanding shares of High River after giving effect to the private placement. Proceeds of the private placement were used for repayment of the approximately US$27 million outstanding under the two credit agreements that were assigned by Standard Bank to Severstal as of April 20, 2009, with the balance being used to fund the exploration program at Buryatzoloto and for general corporate purposes. Richard Ogdon joined the Board of Directors concurrently with the closing of the private placement.

In May 2010, Nord Gold N.V. ("**Nord Gold**") (formerly known as Severstal Gold N.V.), an affiliate of Severstal, purchased from Polenica 150,000,000 common shares of the Corporation, increasing its ownership to approximately 68.88%. On May 28, 2010, Richard Ogdon resigned from the Board of Directors.

In August 2010, Nord Gold exercised the warrants that were acquired by Severstal in connection with the non-brokered private placement on November 20, 2008 that was the result of the strategic review process undertaken by the Corporation in 2008, and transferred to Nord Gold, and acquired 40,674,540 common shares of the Corporation at a price $0.64 per share. The Corporation received cash proceeds of $26,031,705.60 from the exercise of the warrants. Following the exercise of warrants, Severstal increased its ownership position of the Corporation to approximately 70.38%.

In October 2010, Nord Gold acquired 19,000,000 common shares of High River. Following this transaction, Severstal had beneficial ownership and control over 610,362,172 common shares of High River, representing approximately 72.64%.

On October 04, 2010, Igor Klimanov resigned from the position of the Corporation's Chief Executive Officer.

On October 28, 2010, Konstantin Sobolevskiy was appointed as the Corporation's Chief Executive Officer.

On November 12, 2010, the Board of Directors approved the continuance of the Corporation from the federal jurisdiction of Canada to the Yukon Territory. A special meeting of shareholders of High River was held on January 24, 2011 and the continuance of the Corporation to the Yukon Territory was

approved. The continuance of High River under the *Business Corporations Act* (Yukon) became effective February 2, 2011. In connection with the continuance, the shareholders also approved a new general by-law.

On December 20, 2010, Andrei Maslov resigned as the Chief Financial Officer and a director of the Corporation.

Also in December 2010, Alexander Golovanov replaced Alexander Krasavin as General Manager of Berezitovy Rudnik LLC ("**Berezitovy**").

On January 19, 2011, Yury Lopukhin was appointed as the Corporation's Chief Financial Officer and a director of the Corporation, replacing Andrei Maslov, who resigned.

Following discussions between High River and Royal Gold, which commenced in 2010 and concerned the results of the Completion Test at the Taparko mine (as such term was defined in the Taparko Funding Agreement (as hereinafter defined), Royal Gold agreed in January 2011 that the Completion Test 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 amended and restated funding agreement (the "**Taparko Funding Agreement**") dated February 22, 2006 between Royal Gold and Somita.

In February 2011, High River was informed that Prognoz Silver repaid part of an outstanding debt under the contract for exploration work on the Prognoz silver project to Buryatzoloto. The repaid amount was approximately US$18 million. Prognoz Silver's debt originated from the inability of its shareholders, other than High River, to finance their share of expenditures at the Prognoz silver project. Following the repayment, the Arbitration Court of the City of Moscow ("**Moscow Court**") dismissed Buryatzoloto's application for official bankruptcy procedures for Prognoz Silver. In September 2011, the Moscow Court terminated the original application to put Prognoz Silver into bankruptcy that was initially filed by Prognoz Silver itself. In February 2012, Argentum CJSC ("**Argentum**"), a joint venture partner in the Prognoz silver project, applied to the Moscow Court for commencing official bankruptcy proceedings for Prognoz Silver.

In June 2011, High River announced that it agreed to settlement terms with its former contractor, Senet CC ("**Senet**"), in respect of a previously disclosed action brought against Somita. A claim regarding services which were delivered to Somita by Senet, but for which payment is still outstanding, 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 against Senet for damages. The settlement agreement with Senet provides for full and final settlement of Senet's claim against Somita and any and all claims between Senet and Somita arising out of the written agreement between the parties dated February 3, 2006 for a settlement amount of US$1,350,000 paid to Senet.

On June 30, 2011, Sergey Stepanov was elected to the Board of Directors of the Corporation by the shareholders and replaced Igor Klimanov as Director of the Corporation.

On August 22, 2011, Nord Gold acquired 8,200,000 common shares of High River at a price of CAD$1.29 per share. The securities acquired pursuant to the transaction represented ownership and control of approximately 0.98% of the issued and outstanding common shares. Following the transaction, Severstal had beneficial ownership and control over 618,562,172 common shares, representing approximately 73.62% of the issued and outstanding common shares.

On August 25, 2011, Nord Gold announced that it acquired 12,065,300 common shares of High River at a price of CAD$1.29 per share. The securities acquired pursuant to the transaction represented ownership and control of approximately 1.44% of the issued and outstanding common shares. Following the transaction, Severstal had beneficial ownership and control over 630,627,472 common shares, representing approximately 75.06% of the issued and outstanding common shares.

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

Environment of Rising Gold Prices, High Inflation, and Global Recovery

The global credit crisis that began in the summer of 2008 had a profound impact on the Corporation. The ability of High River to access financing was severely curtailed during a time when financing was required due to a depletion of working capital resulting from the delayed start-up of its two new gold mines. By the end of 2010, there were signs of global recovery, which made financial markets more friendly while the gold price continued to trend upwards.

Over the three year period 2009 to 2011, world gold prices increased significantly. In 2011, world gold prices averaged approximately US$1,572 per ounce, compared to US$1,227 per ounce in 2010 and US$972 per ounce in 2009. This had a significantly favourable impact on revenue from production from High River's four producing mines.

In the second half of 2010, the Russian rouble depreciated significantly against major currencies. This improved the profitability of High River's three Russian mines, which partially balanced the impact of inflation from local currencies. The local currencies of Burkina Faso and Russia strengthened against the US dollar in 2011 making dollar denominated unit cash cost higher.

Significant Acquisitions and Dispositions

The Corporation sold the Novophirsovskoe gold deposit in 2009 for proceeds of approximately US$1,000,000.

There were no significant acquisitions or dispositions in 2010 or 2011.

RECENT DEVELOPMENTS

In March 2012, the Ontario Securities Commission (the "**OSC**") noted High River in default of its continuous disclosure obligations under Ontario securities law due to not having filed NI 43-101 compliant technical reports to support the current mineral reserves and mineral resources at its Zun-Holba and Irokinda mines. In 2009, High Gold filed a technical report dated October 10, 2008 to support the mineral reserves and mineral resources of the Zun-Holba mine and a technical report dated September 30, 2008 to support the mineral reserves and mineral resources of the Irokinda mine. As indicated in High River's subsequent public disclosure, the NI 43-101 compliant mineral reserves and mineral resources at the mines have been essentially depleted, though production has been continuing. As a result, the OSC concluded that there was a material change in the mineral reserves and mineral resources at the Zun-Holba and Irokinda mines that was not supported by the technical reports filed in 2009. Accordingly, the OSC was of the view that High River was required to file new NI 43-101 compliant technical reports for the Zun-Holba and Irokinda mines to replace the existing technical reports filed in 2009.

The Corporation applied to the Canadian securities regulatory authorities pursuant to National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults* ("**NP 12-203**") requesting that a management cease trade order be imposed upon the directors, officers and other insiders of the Corporation in lieu of a general cease trade order in respect of the Corporation's continuous disclosure default. A temporary management cease trade order ("**MCTO**") was subsequently issued by the OSC on March 15, 2012 and a permanent MCTO was issued by the OSC on March 27, 2012. The OSC noted that High River would remain in default until it filed new NI 43-101 compliant technical reports for the Zun-Holba and Irokinda mines, which reports were filed on April 16, 2012.

Furthermore, High River engaged Micon International Limited ("**Micon**") to prepare NI 43-101 compliant technical reports for the Zun-Holba and Irokinda mines, and Micon began this work in April 2012. The Micon technical reports are expected to be completed in the third quarter of 2012, and High River expects to file such reports shortly thereafter. Once the technical reports by Micon have been filed, they will supersede the Irokinda Technical Report and the Zun-Holba Technical Report.

On March 5, 2012, Konstantin Sobolevskiy resigned from the position of the Corporation's Chief Executive Officer. On May 15, 2012, Yury Lopukhin, previously Chief Financial Officer of the Corporation, was appointed as the Corporation's Chief Executive Officer. In addition, Georgy Smirnov was appointed as the Corporation's Chief Financial Officer.

DESCRIPTION OF THE BUSINESS

Overview

The Corporation is a gold mining company, which, through its subsidiary Buryatzoloto, operates the Zun-Holba and the Irokinda mines. The primary production method used is underground mining and conventional mill processing; however, a small placer mining operation is also carried on near the Irokinda Mine. The Corporation, through its subsidiary Prognoz Invest Ltd., has a 50% equity interest in the Prognoz Silver Project, located in Yakutia, Russia.

In addition, the Corporation, through its subsidiary Somita, operates the Taparko-Bouroum mine in Burkina Faso, and through its subsidiary Berezitovy, operates the Berezitovy mine in the Amur Region, Russia. The primary production methods at the Taparko-Bouroum mine and the Berezitovy mine are open-pit mining and conventional mill processing.

The Corporation conducts exploration activities at the Bissa Project in Burkina Faso. It also holds additional exploration licenses in Burkina Faso and Russia.

The Corporation's share of total gold production from its operating properties totalled approximately 334,584 ounces during 2011. The following table summarizes production of the Corporation's gold mining operations for each of the years indicated:

	Buryatzoloto						Somita		Berezitovy	
	Zun-Holba Mine		Irokinda Mine		Placer		Taparko-Bouroum Mine		Berezitovy Mine	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Gold Production (oz) (100%)	67,772	65,494	64,105	69,779	0	363	131,519	127,684	104,294	66.651

Gold Sales

Gold is a metal that is traded on world markets, with benchmark prices generally based on the London market (London fix). Gold has two principal uses: product fabrication and bullion investment. Fabricated gold has a wide variety of end uses, including jewellery (the largest fabrication use), electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold bullion is held primarily as a store of value and as a safeguard against the depreciation of paper assets denominated in fiat currencies. Due to the size of the bullion market and the above ground inventory of bullion, activities by the Corporation will not influence gold prices. The following table sets forth, for the years indicated, the high and low London PM fix for gold (in United States dollars):

Year	High	Low
2002	$349.30	$277.75
2003	$416.25	$319.90
2004	$455.75	$373.50
2005	$536.50	$411.10
2006	$725.00	$524.75
2007	$841.75	$608.30
2008	$1,011.25	$712.50
2009	$1,227.50	$801.50
2010	$1,421.00	$1,058.00
2011	$1,895.00	$1,319.00

The doré alloy produced by the Corporation at its mines is further refined by third-parties before being sold as bullion (99.99% pure gold). To a large extent, gold bullion is sold at the spot price.

Employees

As of December 31, 2011, the Corporation had: three full-time employees in Canada working at its executive office in Toronto; two employees working in Burkina Faso; 14 employees at High River Gold Management Africa SA; 148 employees at High River Gold Mines Exploration Burkina SARL and Jilbey Burkina SARL; 628 employees at Somita; 91 employees at Bissa Gold; 1,066 employees at Berezitovy; and 3,239 employees at Buryatzoloto.

Reserves and Resources

The following table sets forth the estimated gold and silver mineral reserves and mineral resources for the Corporation:

Mineral Reserves and Resources Statement [1]
(Reported as 100%) [2]

	Tonnes (000)	Grade Au (g/t)	Grade Ag (g/t)	Gold Ounces Contained [3] (000)	Silver Ounces Contained [3] (000)
Proven & Probable Reserves [4][5]					
Zun-Holba [6]	261	9.4	--	79	--
Irokinda [7]	323	9.2	--	95	--
Taparko-Bouroum [8]	7,190	2.72	--	629	--
Berezitovy [9]	18,351	1.63	--	963	--
Bissa [10]	30,611	1.83	--	1,803	
				3,569	
Measured and Indicated Resources [4]					
Zun-Holba [6]	212	12.1	--	83	--
Irokinda [7]	200	15.6	--	100	--
Taparko-Bouroum [8]	9,468	2.48	--	756	--
Berezitovy [9]	21,148	1.58	-	1,076	--
Bissa [10]	75,834	1.23	--	2,991	--
Prognoz [11]	4,490	--	704.00	--	102,000
				5,006	**102,000**
Inferred Resources					
Zun-Holba [6]	539	10.6	--	198	--
Irokinda [7]	333	13.3	--	143	--
Taparko-Bouroum [8]	8,654	1.87	--	520	--
Berezitovy [9]	6,208	1.24	--	247	--
Bissa [10]	63,332	0.95	--	1,938	--
Labola [12]	1,231	1.22	--	48	
Prognoz [11]	4,870	--	659.00	--	103,000
				3,094	**103,000**

Notes:

(1) All mineral reserves and mineral resources have been calculated in accordance with the CIM Standards or the JORC Code. The JORC Code has been accepted for current disclosure rules in Canada under NI 43-101. All mineral reserves and mineral resources have been reported as of January 1, 2012, other than mineral resources for Prognoz, which are as of December 31, 2007.

(2) Reported as 100% in the above table. High River's interest: Buryatzoloto (Zun-Holba and Irokinda) – 84.94%; Taparko-Bouroum – 90%; Berezitovy – 99.91%; Bissa – 90% and Prognoz - 50%.

(3) Contained metal figures are before mill recovery factors are applied.

(4) Mineral resources (of all categories) that are not mineral reserves do not have demonstrated economic viability. Mineral resources include mineral reserves.

(5) Mineral reserves reflect mining dilution and mining losses of the mine plan.

(6) Mineral resources and reserves for the Zun-Holba project were prepared by Ricardo Valls M.Sc, P.Geo. of Valls Geoconsultant and reported in the Zun-Holba Technical Report. Mr. Valls is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(7) Mineral resources and reserves for the Irokinda project were prepared by Ricardo Valls M.Sc, P.Geo. of Valls Geoconsultant and reported in the Irokinda Technical Report. Mr. Valls is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(8) Mineral reserve and resource estimates for the Taparko-Bouroum project were prepared by Dr Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Taparko Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101. The mineral reserve estimate includes stockpile data, as disclosed in Table 15.9 of the Taparko Technical Report.

(9) Mineral reserves and resources for the Berezitovy project were prepared by Mark Owen, BSc, MSc, MCSM, CGeol, EurGeol, FGS of WAI and reported in the Berezitovy Technical Report. Mr. Owen is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(10) Mineral resources and reserves for the Bissa project were prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Bissa Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101. The mineral reserve estimate includes both Bissa and Gougré and the Gougré mineral reserve estimate is disclosed in Table 14.19 of the Bissa Technical Report. The mineral resource estimate does not include Labola, see note (12) below.

(11) Mineral resource estimates for the Prognoz Project were prepared by William J. Lewis, B.Sc., P.Geo., Senior Geologist, and Dibya Kanti Mukhopadhyay, M.Sc., MAusIMM, Senior Resource Geologist, of Micon and reported in the Prognoz Technical Report. Each of Messrs. Lewis and Mukhopadhyay are independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(12) Mineral resources and reserves for the Labola permit are as at January 1, 2012 and were prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Bissa Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

The following table sets forth the estimated gold mineral resources for the Corporation by zone:

SUMMARY OF GOLD MINERAL RESERVES BY ZONE[1][2][3]

(Reported as 100%)[4]

Deposit		Zone	Cut Off Grade (g/t)	Measured				Indicated				Measured + Indicated				Inferred			
				Tonnage (kt)	Au Grade	Au Metal[5]		Tonnage (kt)	Au Grade	Au Metal[5]		Tonnage (kt)	Au Grade	Au Metal[5]		Tonnage (kt)	Au Grade	Au Metal[5]	
						kg	koz			kg	koz			kg	koz			kg	koz
Russia	**Berezitovy**[6]	Sulphide	0.50	9,669	1.74	16,791	540	11,479	1.45	16,685	536	21,148	1.58	33,476	1,076	6,208	1.24	7,679	247
	Zun-Holba[7]	All Types	3.00	30	15.93	478	15	182	11.55	2,102	68	212	12.17	2,580	83	539	10.60	6,161	198
	Irokinda[8]	All Types	3.00	110	16.35	1,798	58	90	14.67	1,320	42	200	15.59	3,118	100	333	13.33	4,440	143
	AREA TOTAL			**9,809**	**1.94**	**19,067**	**613**	**11,751**	**1.71**	**20,107**	**646**	**21,560**	**1.82**	**39,174**	**1,259**	**7,080**	**2.58**	**18,280**	**588**
Burkina Faso	**Zone 3/5**[9]	All Zones	0.50	-	-	-	-	3,048	2.83	8,625	277	3,048	2.83	8,625	277	1,112	2.50	2,781	89
	Zone 3/5 South[9]	All Zones	0.50	-	-	-	-	58	2.64	154	5	58	2.64	154	5	2	1.41	3	0
	Zone 2N2K[9]	All Zones	0.50	-	-	-	-	1,245	1.72	2,142	69	1,245	1.72	2,142	69	526	1.95	1,025	33
	Zone GT[9]	All Zones	0.50	-	-	-	-	1,232	3.99	4,914	158	1,232	3.99	4,914	158	373	4.21	1,570	50
	F12[9]	All Types	0.50	-	-	-	-	2,364	2.52	5,948	191	2,364	2.52	5,948	191	646	2.74	1,772	57
	Welcome Stranger[9]	All Types	0.50	-	-	-	-	-	-	-	-	-	-	-	-	210	5.03	1,054	34
	Nairy[9]	All Zones	0.50	-	-	-	-	989	1.31	1,296	42	989	1.31	1,296	42	2,086	1.07	2,232	72
	Baola[9]	All Zones	0.50	-	-	-	-	532	0.79	420	14	532	0.79	420	14	817	1.12	915	29
	Yeou[9]	All Types	0.40	-	-	-	-	-	-	-	-	-	-	-	-	1,066	2.39	2,550	82
	Ankouma[9]	All Types	0.50	-	-	-	-	-	-	-	-	-	-	-	-	1,816	1.26	2,296	74
	TAPARKO-BOUROUM TOTAL			**-**	**-**	**-**	**-**	**9,468**	**2.48**	**23,499**	**756**	**9,468**	**2.48**	**23,499**	**756**	**8,654**	**1.87**	**16,198**	**520**
	Bissa[10]	All Types	0.50	1,964	2.47	4,851	156	61,789	1.21	74,765	2,404	63,753	**1.25**	79,616	2,560	19,651	1.05	20,634	663
	Gougré[10]	All Types	0.50	-	-	-	-	3,044	1.90	5,785	186	3,044	**1.90**	5,785	186	3,121	1.39	4,352	140
	Liliga[10]	All Zones	0.50	-	-	-	-	-	-	-	-	-	-	-	-	4,155	1.52	6,315	203
	Bouly[10]	All Types	0.60	-	-	-	-	9,037	0.84	7,625	245	9,037	**0.84**	7,625	245	32,150	0.75	24,127	776
	Bissa Sud[10]	All Types	0.50	-	-	-	-	-	-	-	-	-	-	-	-	568	0.94	534	17
	Zinigma[10]	All Types	0.50	-	-	-	-	-	-	-	-	-	-	-	-	3,687	1.17	4,317	139
	BISSA TOTAL			**1,964**	**2.47**	**4,851**	**156**	**73,870**	**1.19**	**88,175**	**2,835**	**75,834**	**1.23**	**93,026**	**2,991**	**63,332**	**0.95**	**60,279**	**1,938**
	Labola[11]	**All Types**	**0.40**	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	-	-	-	-	1,231	1.22	1,497	48
	AREA TOTAL			**1,964**	**2.47**	**4,851**	**156**	**83,338**	**1.34**	**111,674**	**3,590**	**85,302**	**1.37**	**116,525**	**3,746**	**73,217**	**1.06**	**77,974**	**2,507**
TOTAL – PROJECTS				**11,773**	**2.03**	**23,918**	**769**	**95,089**	**1.39**	**131,781**	**4,236**	**106,862**	**1.46**	**155,699**	**5,005**	**80,297**	**1.20**	**96,254**	**3,095**

Notes:

(1) All mineral resources have been calculated in accordance with the CIM Standards or the JORC Code. The JORC Code has been accepted for current disclosure rules in Canada under NI 43-101. All mineral resources have been reported as of January 1, 2012.

(2) Mineral resources (of all categories) that are not mineral reserves do not have demonstrated economic viability. Mineral resources include mineral reserves.

(3) Numbers may not add up due to rounding.

(4) Reported as 100% in the above table. High River's interest: Buryatzoloto (Zun-Holba and Irokinda) – 84.94%; Taparko-Bouroum – 90%; Berezitovy – 99.91%; and Bissa – 90%.

(5) Contained metal figures are before mill recovery factors are applied.

(6) Mineral resources for the Berezitovy project were prepared by Mark Owen, BSc, MSc, MCSM, CGeol, EurGeol, FGS of WAI and reported in the Berezitovy Technical Report. Mr. Owen is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(7) Mineral resources for the Zun-Holba project were prepared by Ricardo Valls M.Sc, P.Geo. of Valls Geoconsultant and reported in the Zun-Holba Technical Report. Mr. Valls is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(8) Mineral resources for the Irokinda project were prepared by Ricardo Valls M.Sc, P.Geo. of Valls Geoconsultant and reported in the Irokinda Technical Report. Mr. Valls is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(9) Mineral resource estimates for the Taparko-Bouroum project were prepared by Dr Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Taparko Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(10) Mineral resources for the Bissa project were prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Bissa Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

(11) Mineral resources and reserves for the Labola permit are as at January 1, 2012 and were prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI and reported in the Bissa Technical Report. Dr. Newall is independent of the Corporation and a "qualified person" as that term is defined in NI 43-101.

Risk Factors

The following risk factors, as well as risks not currently known to the Corporation, could materially adversely affect the Corporation's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking information relating to the Corporation. In addition to other information contained or incorporated by reference in this AIF, the following factors should be considered:

Nord Gold Exercises Significant Control over the Corporation

Nord Gold owns approximately 75.06% of the outstanding shares of the Corporation and may acquire additional shares. In addition, four of the Corporation's current directors are nominees of Nord Gold and its former Chief Executive Officer and Chief Financial Officer are employees of Nord Gold. As a result, Nord Gold exercises significant control over the Corporation, giving it the ability, among other things, to elect a majority of the Board of Directors, approve significant corporate transactions and delay or prevent a change of control of the Corporation that could be otherwise beneficial to minority shareholders. Nord Gold generally will have the ability to control the outcome of any matter submitted for the vote or consent of High River's shareholders. In some cases, the interests of Nord Gold may not be

the same as those of the Corporation's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Corporation or its minority shareholders.

Conflicts of Interest of Officers and Directors

Certain of the officers and directors of the Corporation are associated with other companies involved in the mining industry, including the Corporation's Chief Executive Officer, Chief Financial Officer and four of the Corporation's current directors, all of whom are employed by Nord Gold, the Corporation's majority shareholder. These associations may give rise to conflicts of interest from time to time. The Corporation's policy on conflicts of interest complies with the procedures established in the *Business Corporations Act* (Yukon), which sets out the necessity of full disclosure of any conflict of interest prior to the Board dealing with the subject matter giving rise to the conflict of interest and the interested party refraining from voting on such matter. The directors are further required to act honestly and in good faith with a view to the best interests of the Corporation and its shareholders.

Liquidity Risk

The Corporation has in the past and may in the future seek to acquire additional funding by sale of common shares, the sale of assets or additional debt. Movements in the price of the Corporation's common shares have been volatile in the past and may be volatile in the future. . Furthermore, since 75.06% of the common share are owned and controlled by Nord Gold, the liquidity of the Corporation's securities may be negatively impacted.

Capital Markets

As future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the gold mining industry and the Corporation's securities in particular.

Despite an apparent trend in global recovery which rose in 2010, the global economic situation still looks unstable, particularly in emerging markets. Thereby the Corporation, along with other mining and resource entities, may have restricted access to capital, bank debt and equity, and are likely to face increased borrowing costs. Although the Corporation's business has not changed, the lending capacity of all financial institutions has diminished and risk premiums have increased.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

The Corporation is Dependent upon Key Officers and Employees

The Corporation is dependent on the efforts of key officers performing the role of Chief Executive Officer and Chief Financial Officer. A number of officers, including former Chief Executive Officers, the Chief Operating Officer and the Executive Chairman, former Chief Financial Officers, Vice-President, Exploration and Vice President, Investor Relations have left the Corporation. The position of Chief Operating Officer was eliminated and the mines now report directly to the Chief Executive Officer. The positions of Chief Executive Officer and Chief Financial Officer are filled by employees of Nord Gold, the Corporation's majority shareholder. The loss of the services of any of the Corporation's key officers could have an adverse effect on the Corporation, which could have a material adverse effect on the Corporation's future cash flows, earnings, results of operations and financial conditions. The Corporation does not have and currently has no plans to obtain key man insurance with respect to any of its key employees. In addition, the Corporation may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Corporation requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

The Success of the Corporation is Dependent on the Price of Gold

The profitability of the Corporation is largely dependent on the price of gold as its revenues are derived primarily from gold mining and sales. Gold prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Corporation, including the US dollar exchange rate with other currencies, central bank lending and sales, producer hedging activities, global demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, the strength of the US dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events or conditions. The Corporation has a no-hedge gold policy.

The future trend in the price of gold cannot be predicted with any degree of certainty. The market price of gold affects the economics of any potential development project and the viability of current operations, as well as having an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Corporation to raise capital. A decrease in the market price of gold and other metals could affect the Corporation's ability to finance the development of its projects and the exploration and development of the Corporation's future cash flow, earning, results of operation, and financial condition. A sustained, significant decline in gold prices could also have a significant impact on the Corporation's revenues due to operations being uneconomic and thereby cause a temporary or permanent closure of the Corporation's mining operations. A closure of any of the Corporation's mining operations could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition, and could curtail further exploration or development due to lack of capacity to finance, possibly resulting in depleting mineral reserves that are not replaced. There can be no assurance that the market price of gold will remain at current levels, that such prices will increase or that market prices will not fall.

If the market price of gold falls and remains below variable production costs of any of the Corporation's planned or current mining operations for a sustained period, losses may be sustained. The Corporation would also have to assess the economic impact of any sustained lower gold prices on recoverability and, therefore, the cut off grade and level of gold reserves and resources. These factors could have an adverse impact on the Corporation's future cash flows, earnings, results of operations, mineral reserves and financial condition. The Corporation does not use derivatives to mitigate its exposure to commodity price risk. Sensitivity of annual pre-tax earnings to a 10% increase or decrease in the realized gold price (US$1,574 per ounce) for the Corporation's 2011 production is approximately $57.5 million.

Operating Cost Risk

The Corporation's financial performance is affected by its ability to achieve targets for production volumes and cash operating costs. High River prepares estimates of future production and cash operating costs of production for the operations. These estimates are based on mine plans that reflect the expected method by which the Corporation will mine reserves at each mine, and the expected costs associated with the plans. Actual gold production and cash operating costs may vary from these estimates for a number of reasons, including if the volume of ore mined and ore grade differs from estimates, which could occur because of changing mining rates; ore dilution; varying metallurgical and other ore characteristics; and short-term mining conditions that require different sequential development of ore bodies or mining in different areas of the mine. Mining rates are impacted by various risks and hazards inherent at each operation, including natural phenomena, such as inclement weather conditions, floods, and earthquakes, and unexpected labour shortages or strikes. Cash operating costs per ounce are also affected by ore metallurgy that impacts gold recovery rates, labour costs, the cost of mining supplies and services, foreign currency exchange rates and stripping costs incurred during the production phase of the mine. In the normal course of operations, High River attempts to manage each of these risks to mitigate, where possible, the effect they have on operating results. Sensitivity of annual earnings to a 10% increase or decrease in the realized mining total cash costs for the Corporation's 2011 production is approximately $23.752 million.

The Corporation is Subject to Currency Risk

By virtue of the location of its operations, development projects, and exploration activities, the Corporation incurs costs and expenses in a number of currencies other than the Canadian dollar. The exchange rates covering such currencies have varied substantially in the last three years. Revenues from mining operations are typically priced in US dollars while the majority of operating and capital costs are incurred in Russian roubles, CFA francs (Burkina Faso) or Canadian dollars, giving rise to potential significant foreign currency translation and transaction exposure, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. The Corporation currently does not hedge the US dollar against other currencies.

The Corporation is Subject to Financing Risks

To fund future investments in its mineral properties, the Corporation requires capital. The Corporation may not have sufficient internally generated cash flow and working capital and may have to access the capital markets. Subject to economic conditions at the time, there can be no assurance the Corporation would be able to raise additional debt or equity financing on acceptable terms. If the Corporation cannot finance its future projects, it could have a material adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation and its Projects are Subject to Risks of Operating in Foreign Countries

The Corporation's projects in the Russian Federation and in Burkina Faso are subject to the risks of operating in foreign countries. The Corporation's foreign operations and investments and its ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil and tribal unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations, changing government regulations with respect to mining (including environmental requirements, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the Corporation's title to properties or mineral rights, problems renewing licenses and permits, opposition to mining from environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. In addition, the enforcement by the Corporation of its legal rights to exploit its properties or to utilize its permits and licenses may not be recognized by the court systems in the Russian Federation or Burkina Faso. The occurrence of one or more of these risks could have a material and adverse effect on the viability and financial performance of its foreign operations, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. Any of these events could also result in conditions that delay or prevent the Corporation from exploring or developing its properties even if economic quantities of minerals are found. In order to limit these risks, the Corporation, among other things, attempts to arrange financing terms for project development or operational activities on a non-recourse basis. In this manner, financial risk is limited to the initial acquisition investment of the project by the Corporation.

The Corporation is subject to the risks of operating in Russia. The economy of the Russian Federation continues to display some characteristics of an emerging market. The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments. Russia's economy continues to improve as the government continues to foster and promote political stability. However, Russian laws, licenses and permits have been in a state of change and the impact of new laws, or the enforcement thereof, may be detrimental to the Corporation and its projects, and new laws may be given retroactive effect. Further, ambiguity exists in regard to the interpretation of licenses and permits and the application of rules and regulations in regard to exploration activities in the Russian Federation. The suspension, limitation in scope or revocation of an exploration or mining license or the levying of substantial fines or penalties could have a material adverse effect on the Corporation's exploration or development activities in the Russian Federation. In such circumstances the Corporation's exploration, development and production activities may be significantly and adversely affected, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

It is not unusual in the context of dispute resolution in Russia for parties to use the uncertainty in the Russian legal environment as leverage in business negotiations. In addition, Russian tax legislation is subject to varying interpretations and constant change. Furthermore, the Corporation's interpretation of tax legislation may not coincide with that of Russian tax authorities. As a result, transactions may be challenged by tax authorities and the Corporation's Russian operations could be subject to significant additional taxes, penalties and/or interest, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

While the government of Burkina Faso has modernized its Mining Code and is considered by the Corporation to be mining friendly, no assurances can be provided that this will continue in the future. The economy and political system of Burkina Faso should be considered to be less predictable than in countries such as Canada and the United States. The possibility that the current, or a future, government may adopt substantially different policies or take arbitrary action which might halt exploration, extend to the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, any of which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Risks Related to Prognoz Silver LLC

The Corporation was recently informed that Argentum, its joint venture partner at Prognoz Silver, had applied to the Moscow Court to commence official bankruptcy proceedings for Prognoz Silver. In order to protect its rights, Buryatzoloto also filed an application for entering into the bankruptcy proceedings, to join them in the capacity of creditor. The Moscow Court is considering the validity of such applications in order to make a decision about whether or not commence the bankruptcy proceedings.

As formal proceedings in connection with Argentum's current application have not been certified, the Corporation is currently considering the circumstances and evaluating its next steps. There is a material risk that formal proceedings will be certified by the Moscow Court. The outcome of any formal bankruptcy proceeding is uncertain. Under Russian law, in the event of a bankruptcy, the mineral license held by Prognoz Silver is to be returned to the Russian government. However, this outcome is not certain and it is possible that the court-appointed observer may sell or transfer the mineral license as part of the debt restructuring. The Corporation will attempt to preserve the mineral license and secure the maximum possible value out of bankruptcy procedures, if such procedures proceed. However, it may be necessary for the Corporation to write off some, or all, of its investment in Prognoz Silver.

Although the Corporation does not currently have active management representation in Prognoz Silver, the Corporation does not believe it has lost joint control of Prognoz Silver and would still have the ability to exercise joint control if it wished to. However, the lack of representation and involvement in Prognoz Silver's financial and operating decisions may have an adverse impact on the Corporation's ability to protect and enhance its investment in Prognoz Silver and the Prognoz Silver Project.

Furthermore, the Corporation is aware of exploration that was conducted at Prognoz in 2008, including 117 drill holes that were completed after the effective date of the Prognoz Technical Report. However, the Corporation does not have sufficient knowledge of the results of such drilling to assess if there has been a material change to the mineral resource estimate, potential value, prospects or development potential of the Prognoz Silver Project.

Government Regulation May Adversely Affect the Corporation and its Projects

The Corporation's mining operations and exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Each jurisdiction in which the Corporation has properties regulates mining activities. Furthermore, the Corporation requires a number of different permits and licenses in order to carry on its business. Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial

actions, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. The Corporation may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to the Corporation or its properties, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. Where required, obtaining necessary permits can be a complex, time consuming process, and the Corporation cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Corporation will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities and or to maintain continued operations that economically justify the cost.

Mining and Mineral Exploration and Development Are Speculative

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Few mining properties that are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities. Large amounts of capital are frequently required to purchase necessary equipment. It is impossible to ensure that the current or proposed exploration programs on properties in which the Corporation has an interest will result in profitable commercial mining operations.

Success in establishing mineral reserves through exploration is the result of a number of factors, including the quality of management, the Corporation's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size and grade, costs and efficiencies of the recovery methods that can be employed, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold or silver, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital. Because of these uncertainties, no assurance can be given that exploration programmes will result in the establishment or expansion of resources or reserves.

The Corporation's ability to increase present production levels is dependent in part on the successful development of new mines and/or expansion of existing mining operations. Major advanced exploration projects include the Bissa property and the Prognoz Silver Project. Development projects have no operating history upon which to base estimates of future cash operating costs. Particularly for development projects, resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result of the substantial expenditures involved, developments are prone to material cost overruns versus budget. Some of the risks associated with establishing new mining operations include: the timing and cost, which can be considerable, of the construction of mining and

processing facilities; the availability and costs of skilled labour, consultants, mining equipment and supplies; the availability and cost of appropriate smelting and/or refining arrangements; and the availability of funds to finance construction and development activities. Project development is also dependent on obtaining the governmental approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Corporation. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. It is also not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur. As a result of all of the foregoing, it is possible that actual cash operating costs and economic returns will differ significantly from those estimated for a project before production.

Current and future mining operations are subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, the unavailability of economic sources of energy or adequate water supplies, inadequate access to the mine site, unanticipated transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands), industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. Hazards such as the discharge of pollutants or hazardous chemicals, unanticipated grade and tonnage of ore to be mined and processed, unusual or unexpected adverse geological or geotechnical formations, or unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, the failure of pit walls, pillars or dams, fire, explosions and natural phenomena and ''acts of God'' such as inclement weather conditions, floods, earthquakes or other conditions may be encountered in the construction of a mine and the drilling and removal of ore. These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary payments and possible legal liability, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation may incur liability as a result of pollution and other casualties at any of its operations or properties, and may not be able to insure fully or at all against such risks, due to political reasons, unavailability of coverage in the market place or other reasons, or may decide not to insure against such risks as a result of high premiums or for other reasons. This can result in delayed production, development or exploration, increases in production, development or exploration costs, monetary payments or legal liability, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation's Properties are Subject to Title Risks

The Corporation has taken all reasonable steps to ensure that it has proper title to its properties. However, the Corporation cannot provide any guarantees that there are no prior unregistered agreements, claims or defects that may result in the Corporation's title to its properties being challenged. A successful challenge to the precise area and location of these claims could result in the Corporation being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Mineral Resource and Reserve Estimates Are Only Estimates and May Not Reflect the Actual Deposits or the Economic Viability of Gold Extraction

Although the Corporation has carefully prepared its mineral reserve and resource figures, in some instances with the assistance of independent experts, such figures are estimates only and no assurance can be given that the indicated tonnages and grade will be achieved or that the indicated level of recovery will be realized over the mine life. There is significant uncertainty in any mineral resource and reserve estimate, and the actual deposits encountered and the economic viability of, and returns from, mining a deposit may differ materially from estimates disclosed by the Corporation. The estimating of mineral resources and reserves is a subjective process and the accuracy of mineral resource and reserve

estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. The mineral resource and reserve estimates have been determined based upon assumed commodity prices, operating costs and exchange rates. Changes in assumptions may render certain mineral resources uneconomic to mine and result in a significant reduction in the reported mineral reserves or resources and thereby have a material adverse effect on the Corporation's cash flows, earning, results of operations and financial condition due to reduced production.

Estimated mineral resources and reserves may require downward revisions based on changes in metal prices, further exploration or development activity, increased production costs or actual production experience. This could materially and adversely affect estimates of the tonnage or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource and reserve of estimates.

Any reduction in estimated mineral reserves or estimated resources as a result could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation has not established the presence of any proven and probable reserves at any of its mineral properties other than Zun-Holba, Irokinda, Berezitovy and Taparko-Bouroum. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves on the Corporation's properties. The failure to establish proven and probable reserves could severely restrict the Corporation's ability to successfully implement its strategies for long-term growth.

The Corporation's Reserves May Not Be Replaced

Zun-Holba, Irokinda, Berezitovy, Taparko-Bouroum, Bissa and the Prognoz Silver Project are currently the Corporation's only source or potential source of production. The Corporation's ability to maintain or increase its annual production will significantly depend on its ability to bring new mines into production and to expand mineral reserves at existing mines. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves and to construct mining and processing facilities. As a result of these uncertainties, there is no assurance that current or future exploration programs may be successful. There is a risk that depletion of reserves will not be offset by discoveries. As a result, the reserve base of the Corporation may decline if reserves are mined without adequate replacement and the Corporation may not be able to sustain production beyond the current mine lives, based on current production rates, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

There is Uncertainty Relating to Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to indicated and measured mineral resources as a result of continued exploration. Certain of the Corporation's life-of-mine plans and production estimates are based on mineral resources. If these mineral resources are not upgraded to proven and probable mineral reserves, it could materially and adversely affect and/or restrict the Corporation's ability to successfully implement its strategies for long-term growth and as a result of the foregoing, it is possible that actual cash operating costs and economic returns will differ significantly from those estimated for such projects.

Production Estimates May Be Inaccurate

No assurance can be given that production estimates for the Corporation's properties will be achieved. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and the accuracy of estimated rates and costs of mining and processing. The life-of-mine estimates for each of the Corporation's material properties are based on a number of factors and assumptions and may prove incorrect.

Actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages or strikes. Failure to achieve production estimates could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation is Subject to Risks and Expenses Related to Reclamation Costs and Related Liabilities

The Corporation is generally required to submit for government approval a reclamation plan and to pay for the reclamation of its mine sites upon the completion of mining activities. The Corporation estimates the net present value of future cash outflows for reclamation costs under IAS 37 at $30.56 million as at December 31, 2011, based on information available as of that date. Any significant increases over the current estimates of these costs could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation's Operations and Profitability are affected by Shortages and Price Volatility of Commodities

The Corporation is dependent on various commodities (such as heavy fuel oil, diesel fuel, electricity, steel, concrete and cyanide) and equipment to conduct its mining operations and development projects. The shortage of such commodities, equipment and parts or significant increase of their cost could have a material adverse effect on the Corporation's ability to carry out its operations and therefore limit or increase the cost of production. Market prices of commodities can be subject to volatile price movements which can be material, occur over short periods of time and are affected by factors that are beyond the control of the Corporation. An increase in the cost, or decrease in the availability, of input commodities equipment or parts may affect the timely conduct and cost of the Corporation's operations and development projects. If the costs of certain commodities consumed or otherwise used in connection with the Corporations' operations and development projects were to increase significantly, and remain at such levels for a substantial period, the Corporation may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of its current projects, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation's Properties Are Subject to Environmental Risks

Both exploration programs and mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products. Laws and regulations involving the protection and remediation of the environment, including those addressing emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive, with the trend towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Corporation and may cause material changes or delays in the Corporation's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect the Corporation's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Corporation's business and the properties operated, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition. The Corporation cannot give any assurance that, notwithstanding its precautions and history of activities, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not result in additional costs or curtailment of planned activities and investments, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Internal Controls and Procedures

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute assurance with respect to the reliability of financial reporting and financial statement preparation.

High River operates in a number of foreign jurisdictions and as such is obligated to comply with local laws and financial reporting requirements. Internal controls and procedures employed over financial reporting are adapted to the business environments within which the Corporation operates. Every effort is undertaken to ensure that reasonable and cost effective procedures and controls are in place to allow for the preparation of reliable financial information.

The Corporation is Dependent on Local Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The Corporation's operations are located in the Russian Federation and Burkina Faso where infrastructure is not always adequate. Inadequate infrastructure, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Inclement Weather and Climate Conditions May Negatively Impact the Corporations Properties

The Corporation's mineral properties are situated in remote parts of Russia and in tropical areas of Burkina Faso where access is limited during certain times of the year, increasing the risk that the Corporation may be unable to explore, develop or operate efficiently during periods of extreme weather. Climate changes or prolonged periods of inclement weather may severely limit the length of time per year in which exploration, development and production can be carried out which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

There are Health Risks Associated With the Mining Workforce in Burkina Faso

Malaria and other diseases such as HIV/AIDS represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge faced by the Corporation's operations in Burkina Faso. There can be no assurance that the Corporation will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks, which could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

The Corporation's Insurance Coverage Does Not Cover All of its Potential Losses, Liabilities and Damages Related to its Business and Certain Risks are Uninsured or Uninsurable

The Corporation maintains insurance to protect it against certain risks related to its current operations in amounts that it believes are reasonable depending upon the circumstances surrounding each identified risk. The Corporation may elect, however, not to insure against certain risks due to high premiums or for various other reasons. These risks include, in the course of exploration, development and production of mineral properties, unexpected or unusual geological operating conditions including, environmental damage, employee injuries and deaths, rock bursts, cave-ins, fire, flooding and earthquakes. Although the Corporation maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in all circumstances. No assurance can be given that such insurance will continue to be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. Should liabilities arise as a result of insufficient or non-existent insurance, any future profitability could be reduced or eliminated.

Competitive Conditions May Affect the Success of the Corporation

The Corporation's business is competitive. Numerous mining companies and individuals compete in the search for and acquisition of quality precious metal mineral properties and management and technical personnel. The Corporation's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. Although the Corporation has acquired such assets in the past, there can be no assurance that its acquisition efforts will succeed in the future. The Corporation faces competition for qualified personnel and there can be no assurance that the Corporation will be able to attract and retain such personnel. Any failure to obtain properties or qualified personnel could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations and financial condition.

Labour and Employment Matters May Impact the Corporation

Exploration, development and production at the Corporation's properties is dependent upon the efforts of the Corporation's employees. Relations between the Corporation and its employees may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Corporation carries on business. Adverse changes in such legislation or in the relationship between the Corporation and its employees may have a material adverse effect on the Corporation's business, cash flows, results of operations and financial condition.

The Corporation's Assets are Held in Foreign Subsidiaries

The Corporation is a holding company that conducts operations through foreign subsidiaries, joint ventures and divisions, and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Corporation's ability to fund its operations efficiently or to pay dividends. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Corporation's valuation and stock price.

The Corporation Does Not Intend to Pay Dividends in the Foreseeable Future

The Corporation has paid no dividends on its common shares to date and does not anticipate paying dividends on its common shares in the foreseeable future. The Corporation anticipates that for the foreseeable future it will retain all future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Corporation's Board of Directors after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs.

Shareholders' Interest in the Corporation May be Diluted in the Future

The Corporation may from time to time undertake offerings of its common shares or of securities convertible into common shares including stock options and similar incentive plans in the future. The increase in the number of common shares issued and outstanding and the possibility of the issuance of common shares on conversion of convertible securities may have a depressive effect on the price of common shares. In addition, as a result of such additional common shares, the voting power of the Corporation's existing shareholders will be diluted.

The Corporation's Common Shares are Publicly Traded and are Subject to Various Factors that May Make the Corporation's Share Price Volatile

The market price of the Corporation's common shares could fluctuate significantly, in which case common shares may not be able to be resold at or above the purchase price. The market price of the Corporation's common shares may fluctuate based on a number of factors in addition to those listed in this AIF, including:

- the Corporation's operating performance and the performance of competitors and other similar companies;

- the market's reaction to the issuance of securities or to other financing transactions, to the Corporation's press releases and other public announcements and to the Corporation's filings with the various securities regulatory authorities;
- changes in earnings estimates or recommendations by research analysts who cover the Corporation's common shares or the shares of other companies in the resource sector;
- changes in general economic conditions;
- the number of the Corporation's common shares;
- the arrival or departure of key personnel; and
- acquisitions, strategic alliances or joint ventures involving the Corporation or its competitors.

In addition, the market price of the Corporation's common shares is affected by many variables not directly related to the Corporation's success and is therefore not within the Corporation's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Corporation's shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of common shares on the exchanges in which the common shares trade has historically made the Corporation's share price volatile and suggests that the Corporation's share price will continue to be volatile in the future.

Environmental and Social Policies

In March 2008, the Corporation adopted an environmental policy and a health and safety policy, which was implemented through the course of 2008 and 2009. High River strongly believes that it is the duty of every manager and employee to comply with these policies as they are an integral element of the Corporation's sustainability efforts.

The environmental policy applies to the Corporation, its employees and its contractors and commits the Corporation to, among other things:

- Comply with all applicable laws and regulations and when practicable, to strive to exceed these requirements;
- Implement formal environmental management systems that are aligned with applicable international standards;
- Identify, assess, monitor, control and manage significant environmental risks;
- Identify potential environmental emergencies;
- Implement, maintain and regularly test emergency response plans; and
- Establish clear and meaningful environmental objectives and targets aimed at continuous improvement.

The health and safety policy commits the Corporation to, among other things:

- Comply with all applicable laws and regulations;
- Provide a working environment free of uncontrolled hazards;
- Identify and eliminate or control significant health and safety risks;
- Implement formal health and safety management systems;
- Identify potential emergency situations emergencies;
- Maintain and regularly test emergency response plans; and
- Provide employees and contractors with appropriate training.

In 2009, High River Gold continued the implementation of its Health, Safety and Environment ("**HSE**") programs in line with its "Safe Production" philosophy. This philosophy is not only a key to safer work places; it is also a strategy to improve environmental management at the operations.

There were no significant environmental incidents in 2009. Both in Russia and Burkina Faso, the Corporation continued to work closely with the local communities. At the Taparko facility, closer ties were developed with local civic leaders to better understand their needs and concerns for the future.

Full compliance with applicable HSE legislative requirements in Russia and Burkina Faso was maintained. New reporting systems were implemented to better align with Severstal requirements. While continuously striving to improve health and safety performance, High River strongly believes that by providing all employees with a controlled work environment, with the proper level of training, fit for

purpose equipment and safe work systems, accidents will be prevented, employee motivation will improve and so will productivity. Implementation of this approach to safety is challenging.

In September 2009, the tragic loss of two Buryatzoloto employees at the Irokinda mine, the result of a roof failure in one of the operating zones of the mine, gave rise to a detailed review of ground support procedures. Additional training and ground control directives were implemented to prevent such events in the future. A detailed follow-up review of incident investigation reports at Russian operations was conducted in September and October and corrective action plan implementation was verified for compliance with planned actions.

The result of these focused visits and detailed reviews of safety performance at all HRG operations provided the motivation to proceed with a more systematic approach to health and safety. The implementation of a new safety culture for the Corporation in 2010, based on the elements of the "Safe Production" philosophy, was approved by senior management. This new safety culture places an increased emphasis on training, technical compliance with standards and regular focused technical and safety audits by senior site management.

Unfortunately, the first months of 2010 were challenging as High River continued to strive to improve its safety performance at its Russian operations, and more particularly, at Buryatzoloto. In January 2010, a roof failure occurred at Zun-Holba underground mine resulting in the death of an underground miner trainee. In February 2010, following an equipment failure with the ore scraper, an employee was reported missing. The body of the deceased employee was recovered following very difficult search and rescue efforts. The recommendations from the resulting investigations are being implemented along with additional corrective and preventive measures which were approved by senior management. These included changes in senior management personnel, the appointment of a new safety director reporting directly to the General Director of Buryatzoloto and very detailed corrective measures which were communicated to all mine supervisors. Later in February, a mine supervisor at Berezitovy mine was fatally injured as a result of a fall while working on the edge of the mine pit. The results of the investigation prompted the review of safety standards regarding pit wall inspections. These sad events reinforced the Corporation's resolve to increase its emphasis on the implementation of the new safety culture with a lower tolerance for unsafe actions.

Due to strong compliance with the new safety culture by HRG in 2011, the following positive results were achieved:

- additional corrective and preventive measures were approved by senior management, including the requirement for the mine management to control the successful performance of the safety blockage on vehicles and machinery and to stop the works if the safety blockage is out of order;

- recommendations were made to other mines to carry out geological and surveying examination of operating faces with the purpose of identifying any potential hazardous factors; and

- several programs were implemented at Somita to continue improving safety performance at the mine including enhanced training, group safety meetings, one-on-one coaching and formal internal safety audits.

PROJECTS AND OPERATIONS – BURKINA FASO

The disclosure in this AIF of a scientific or technical nature for the Corporation's Burkina Faso properties is based on technical reports prepared for these properties in accordance with NI 43-101 as described above under "Preliminary Notes – Technical Reports".

BISSA

Unless otherwise stated, the information, tables and figures that follow relating to the Bissa assets is extracted from the Bissa Technical Report prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI. Dr. Newall is a "qualified person" as such term is defined in NI 43-101. The technical information contained in this section of the AIF has also been reviewed and approved by Dr. Newall of WAI.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Bissa Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's SEDAR profile at www.sedar.com.

Introduction

The Bissa Asset in Burkina Faso is owned by High River Gold Mines Ltd ("HRG"), a Canadian based gold mining company with producing mines and advanced exploration projects in Burkina Faso and Russia. The Bissa Technical Report has been prepared for HRG by, or under the supervision of, qualified persons, within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) in support of HRG's disclosure of scientific and technical information.

Project Location, Accessibility and Climate

The Bissa gold deposit is located approximately 85km north of Ouagadougou, the Capital City of Burkina Faso. The Bissa Group Property is accessible via Route Nationale 22, a sealed road, connecting Kongoussi to Ouagadougou. Travel time from Ouagadougou is about 1½ hours. The airport at Ouagadougou has flight connections to the major cities in Europe.

The climate is characterised by a wet season extending from June to September with the heaviest rains in August, and mean annual rainfall between 400 and 600mm. Typical daytime temperatures range from 25°C in December to 45°C in May, decreasing about 10°C at night.

History

Exploration work was initiated by previous operators during the 1990's leading to the discovery of a small, near surface gold resource at Bissa Hill. In 2004, Jilbey Burkina acquired an option on the Bissa and Zandkom permits and conducted extensive verification of the historical work. Further exploration programmes followed in 2004, (Jilbey Burkina - resampling and drilling to verify historical data), 2005-2006, 2007 and 2008 (Jilbey Burkina and HRG – trenching and RC and core drilling). Following the successful takeover of Jilbey Burkina in September 2005, High River resumed drilling on the Bissa Group Property and over 31,000m of drilling were completed.

Property Ownership

HRG owns the mining permit of Bissa Gold through its 90% subsidiary Bissa Gold SA, the remaining 10% carried interest in Bissa Gold SA is held according to the law by the State of Burkina Faso. The Bissa Gold exploitation permit, which includes areas that were previously part of the Namtenga exploration permit, was obtained in June 2011 and is valid for 20 years.

Property Description

Bissa is an advanced gold exploration project and Bissa group permits are underlain by volcano-sedimentary rocks on the northeast edge of the Boromo greenstone belt, part of the extensive lower Proterozoic Birimian greenstone belts of the West African craton. More particularly, the Bissa Hill deposit is located within the Sabce shear zone, a regional structure which extends for more than 30km on the property. Gold mineralisation is associated with sulphide mineralisation and quartz veining hosted in a strongly altered, deformed sedimentary package. The main zone of mineralisation forms a northeast trending tabular body steeply dipping to the north.

Geology and Mineralisation

The Bissa Hills area lies in the early Proterozoic Birimian Greenstone Belt of the West African Craton and occurs on the northeast portion of the Boromo greenstone belt. The dominant geological features in this area include the Kogkoundi Granodiorite, an elongated northeast-southwest felsic intrusion and the Sabce deformation zone with a large linear chain of gold-in-soil anomalies located along its northwest margin. The volcano-sedimentary sequence comprises mafic to intermediate volcanic and clastic sedimentary rocks, the contact between the two being characterised by a thin and discontinuous quartz-pebble conglomeratic sub-unit.

Exploration work on the Bissa and Zandkom permits has led to the delineation of a number of near surface gold deposits that have been traced by trenching and drilling over a strike length of approximately 5km. The gold mineralisation consists of disseminated sulphides, sulphide stringers, quartz veining and attendant hydrothermal alteration and quartz breccia bodies developed in highly strained sedimentary and volcanic rocks, loosely sub-parallel to the dominant foliation fabric of the Sabce shear zone.

Exploration and Drilling

After the discovery of Bissa deposit, exploration works have been carried out in the area. The exploration database between 1998 and 2011 for the Bissa-Zandkom Project comprises 167 trenches (~15,395m), 244 core boreholes (~33,310m) and 1178 reverse circulation boreholes (~105,868m).

HRG has ownership of many other exploration permits in Burkina Faso, data provided by HRG in September 2011 has summarised the activities during the first eight months of 2011 below.

Mineral Resource & Mineral Reserves

The Mineral Resource and Mineral Reserve estimate presented in the Bissa Technical Report have been prepared in accordance with the guidelines of the JORC Code (2004), however for consistency the term Mineral Reserve has been used. It should be noted that for the purpose of the Bissa Technical Report the terms Ore Reserve and Mineral Reserve have the same meaning.

WAI has estimated resources for the Bissa project which can be summarised as follows at a variety of gold cut-off grades:

Bissa Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Ore Type			**Laterite/Saprolite/Transition/Fresh**			
Cut Off Grade (g/t)			**0.3**	**0.5**	**0.7**	**1.5**
Measured	**Tonnage (kt)**		2,208	1,964	1,396	1,082
	Au (g/t)		2.24	2.47	3.17	3.73
	Metal	**kg**	4,947	4,851	4,425	4,038
		oz	159,039	155,966	142,251	129,814
Indicated	**Tonnage (kt)**		72,194	61,789	26,741	12,573
	Au (g/t)		1.09	1.21	1.84	2.56
	Metal	**kg**	78,691	74,765	49,203	32,187
		oz	2,529,989	2,403,742	1,581,923	1,034,838
Measured + Indicated	**Tonnage (kt)**		74,402	63,753	28,137	13,656
	Au (g/t)		1.12	1.25	1.91	2.65
	Metal	**kg**	83,638	79,616	53,628	36,225
		oz	2,689,028	2,559,708	1,724,174	1,164,652
Inferred	**Tonnage (kt)**		25,249	19,651	7,042	2,852
	Au (g/t)		0.91	1.05	1.66	2.33
	Metal	**kg**	22,977	20,634	11,689	6,645
		oz	738,714	663,393	375,807	213,639

Two other important exploration properties lie within a few kilometres of Bissa that will benefit from its development. In particular, the hard ore from Gougré is likely to provide additional feed to the Bissa plant.

Bouly, which lies to the southeast of Bissa, appears to represent a large, low grade gold-copper porphyry, whilst Gougré which lies to the southwest of Bissa appears to be shear related.

WAI has undertaken resource estimations for both targets:

Bouly Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)			
Applied Cut Off Grade			**0.6**
Measured	**Tonnage (kt)**		0
	Au (g/t)		-
	Metal	**kg**	0
		oz	0
Indicated	**Tonnage (kt)**		9,037
	Au (g/t)		0.84
	Metal	**kg**	7,625
		oz	245,139
Measured + Indicated	**Tonnage (kt)**		9,037
	Au (g/t)		0.84
	Metal	**kg**	7,625
		oz	245,139
Inferred	**Tonnage (kt)**		32,150
	Au (g/t)		0.75
	Metal	**kg**	24,127
		oz	775,673

Gougré Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.5**	**1.0**	**1.5**	**2.0**
Indicated	**Tonnage (kt)**		3,044	2,468	1,669	1,080
	Au (g/t)		1.90	2.16	2.60	3.07
	Metal	**kg**	5,785	5,335	4,338	3,314
		oz	185,997	171,509	139,473	106,554
Measured + Indicated	**Tonnage (kt)**		3,044	2,468	1,669	1,080
	Au (g/t)		1.90	2.16	2.60	3.07
	Metal	**kg**	5,785	5,335	4,338	3,314
		oz	185,997	171,509	139,473	106,554
Inferred	**Tonnage (kt)**		3,121	1,862	947	528
	Au (g/t)		1.39	1.83	2.41	2.96
	Metal	**kg**	4,352	3,410	2,282	1,566
		oz	139,922	109,644	73,367	50,360

Other resource estimates have been made for the more advanced exploration projects. At Zinigma, the following resource has been defined:

Zinigma Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.5**	**1.0**	**1.5**	**2.0**
Inferred	**Tonnage (kt)**		3,687	1,854	839	361
	Au (g/t)		1.17	1.60	2.06	2.51
	Metal	**kg**	4,317	2,959	1,725	904
		oz	138,792	95,150	55,465	29,071

The Labola deposit is not part of the Bissa Gold Project despite the fact that Labola property and its resource estimation are mentioned in the Bissa Technical Report. Labola permit lies in the southwest of Burkina Faso approximately 5 hours' drive from the capitol Ouagadougou.

Geologically, the zone extends for at least 11km and mineralisation comprises a series of parallel/sub-parallel quartz veins, trending north-northeast and generally steeply dipping, hosted within a metasedimentary suite.

The area is characterised by a profusion of artisanal workings, some of which are on an industrial scale. Limited exploration work to date has defined an Inferred resource:

Labola Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)				
Cut Off Grade (g/t)	**Inferred**			
	Tonnes (kt)	**Density (t/m^3)**	**Au Grade (g/t)**	**Metal Au (oz)**
0.4	1,231	2.4	1.22	48,136
0.6	905	2.4	1.48	42,927
1.0	481	2.4	2.09	32,272
2.0	163	2.4	3.43	17,950
3.0	68	2.4	4.84	10,552
4.0	35	2.4	6.17	7,027

WAI has used its own resource estimate to provide an optimised reserve and mine schedule for the operations.

Using a US$1,250/oz gold price and a series of agreed Key Performance Indicators, the following reserve applies:

Bissa Open Pit Mineral Reserves as of 01 January 2012 (WAI, COG=0.9g/t Au) (in Accordance with the Guidelines of the JORC Code (2004)			
Ore/Rock Type	**Ore (kt)**	**Au (kg)**	**Au (g/t)**
Weathered Proven	114	294	2.57
Weathered Probable	10,742	18,655	1.74
Fresh Proven	1,365	4,031	2.95
Fresh Probable	16,807	30,304	1.80
Weathered Proven and Probable	10,856	18,949	1.75
Fresh Proven and Probable	18,172	34,335	1.89
Total Proven and Probable	**29,028**	**53,284**	1.84
Waste* (kt)	159,989		
Note- **Mining Factors of 6% Dilution and 97% Mining Recovery applied.** ***Waste is given inclusive of *Inferred* material, which is also treated as waste**			

Mining

The operation at Bissa envisages open pit mining at an annual rate of approximately 3-4Mtpa, utilising drill & blast with a truck and shovel approach to ore and waste haulage.

Mineral Processing

A CIL process route was proposed for the Bissa mine at a nominal rate of 1.4Mtpa (from the Genivar 2009 study), although the new design target throughput is nearer to 4Mtpa.

The proposed crushing circuit consisted of a primary crusher followed by Semi-Autogenous Grinding (SAG) mill and Ball mill. The crushed material would then be leached in the CIL circuit in a series of agitator tanks and the dissolved gold adsorbed on to activated carbon. The activated carbon would be recovered from the slurry by screening and directed towards an elution circuit. The leached slurry, at a density of 43% solids, would be sent via a pumping station to a tailings pond. Process water requirements were predicted to be in the order of 238m^3/h.

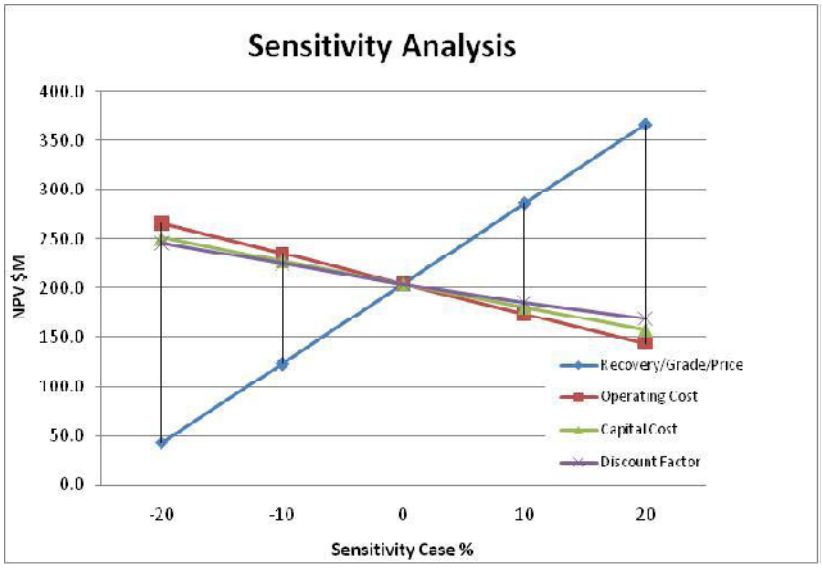
Environmental Studies

The project is considered to be in compliance with national standards and is moving towards International Compliance.

Economic Analysis

The WAI life of mine model results in a positive NPV at various discount rates and at various gold prices, as well as the relatively high internal rate of return at nominal input parameters. This shows that the reserves considered in the financial model are profitable for exploitation in the current economic environment. A summary of Bissa Key Financial Indices and sensitivity analysis are presented below.

Summary of Bissa Key Financial Indices	
NPV 5 (US$M)	338.7
NPV (US$M)	**204.3**
NPV 15 (US$M)	147.2
NPV 20 (US$M)	91.2
Internal Rate of Return	35%
Pay-Back Period (Years)	3.0
Discounted Pay-Back Period (Years)	4.0



Bissa Sensitivity Analysis

The deposit consists of a large gold ore resource. The fact that the key financial indices remain reasonably high given the conservative cost input parameters and recovery used in the models, shows good economic potential for the project.

Conclusions

The Bissa Hills area lies in the early Proterozoic Birimian Greenstone Belt of the West African Craton and occurs on the northeast portion of the Boromo greenstone belt. The gold mineralisation consists of disseminated sulphides, sulphide stringers, quartz veining and attendant hydrothermal alteration and quartz breccia bodies developed in highly strained sedimentary and volcanic rocks, loosely sub-parallel to the dominant foliation fabric of the Sabce shear zone.

The operation at Bissa envisages open pit mining at an annual rate of approximately 3-4Mtpa, utilising drill & blast with a truck and shovel approach to ore and waste haulage. A CIL process route was proposed for the Bissa mine at a nominal rate of 1.4Mtpa although the new design target throughput is nearer to 4Mtpa.

TAPARKO-BOUROUM

Unless otherwise stated, the information, tables and figures that follow relating to the Taparko-Bouroum assets is extracted from the Taparko Technical Report prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI. Dr. Newall is a "qualified person" as such term is defined in NI 43-101. The technical information contained in this section of the AIF has also been reviewed and approved by Dr. Newall of WAI.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Taparko Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's SEDAR profile at www.sedar.com.

Introduction

The Taparko-Bouroum Assets in Burkina Faso are owned by High River Gold Mines Ltd ("HRG"), a Canadian based gold mining company with producing mines and advanced exploration projects in Burkina Faso and Russia. The Taparko Technical Report has been prepared for HRG by or under the supervision, of qualified persons within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) in support of HRG's disclosure of scientific and technical information.

Project Location, Accessibility and Climate

The Taparko-Bouroum gold project is located in the Namantenga Province, Burkina Faso in West Africa, approximately 200km northeast of Ouagadougou, the Capital City of Burkina Faso.

The Taparko-Bouroum Project area comprises two separate sites. The Taparko mine is located in a sparsely populated area readily accessible by road from Ouagadougou. The road to Taparko, a distance of approximately 200km, is paved, giving a driving time of approximately 2 hours. The Bouroum site is located approximately 49km northwest of the main Taparko site where all the mining and milling infrastructures are located. It is accessible from Taparko via a gravel road.

The climate is characterised by a wet season extending from June to September with the heaviest rains in August, and mean annual rainfall between 400 and 600mm. Typical daytime temperatures range from 25°C in December to 45°C in May, dropping about 10°C at night. No surface accumulations of water remain throughout the year except for man-made storage reservoirs

History

The original discovery at Taparko was made in 1980 by the Burkina Faso Government department of geology and mining. Minorex, a Canadian consultancy, continued exploration starting in 1987. Incanore Gold Mines Ltd. ("Incanore") and HRG entered into a joint venture agreement for the Taparko property in August 1993. Since 1995, exploration work has consisted of extensive surface trenching, diamond and, to a lesser extent, reverse circulation ("RC") drilling; In August 2004, HRG was granted the exploitation permit for Taparko.

During the period 1985-1987, the French Bureau de Recherches Géologiques et Minières ("BRGM") and BUMIGEB (the Burkina Faso geological survey) carried out regional exploration studies in the Bouroum area and resulted in the assessment of auriferious quartz veins in F12. Artisanal mining activity at F-12 commenced in 1987 following the departure of BUMIGEB. In 1994, Channel Resources was granted the Bourum Licence. In May 2002, Channel entered into a joint venture agreement with AXMIN Limited and completed a Bankable Feasibility Study. HRG signed a Heads of Agreement with AXMIN to conduct a joint prefeasibility study on the Taparko and Bouroum properties. The field work in 2002 and 2003 included detailed geological mapping and geochemical surveys in addition to drilling. The Government of Burkina Faso issued the exploitation permit for the Bouroum property in June 2005.

Property Ownership

The Taparko-Bouroum Group Property comprises two Exploitation Licences, covering areas of 666.5km^2 in Taparko and 11.7km^2 in Bouroum and owned by High River Gold whose rights to the Taparko-Bouroum gold project is held through the Société des Mines de Taparko, SOMITA SA, a Burkinabe subsidiary. SOMITA SA is 90% owned by HRG with the remaining 10% carried interest is held by the Government of Burkina Faso.

Property Description

The Taparko-Bouroum gold project is the first commercially operated gold mine in the country since the government-operated Poura mine closed in 1999. The area lies within the early Proterozoic Birmian Greenstone belts of the West African Craton. Gold mineralisation at Taparko-Bouroum deposits are concentrated in a system of quartz veins and veinlets.

Geology and Mineralisation

The Taparko and Bouroum gold deposits comprise sulphide-poor quartz veins hosted by shear zones of differing orientation. At Taparko, gold occurs in the quartz veins and in quartz vein selvages, and is also sometimes found in the shear zone itself where gold grades similar to the quartz vein mineralisation occur. Much of the gold mineralisation at Taparko and Bouroum available for mining is developed in the weathered zone; the saprolite profile at Taparko is between 20-30m thick and 10-20m at Bouroum.

At Taparko, economically important mineralisation is restricted to a number of discrete zones which include the GT zone in the south, the contiguous 2N/2K zone and the 3/5 Zone further north.

The GT Zone, the most southerly and highest grade auriferous zone was the source of the initial production from the mine, and has a strike extent of 400m.The gold mineralisation is concentrated in the upper of two quartz vein systems over true widths between 5 and 15m. The lower quartz vein system is virtually barren.

Zone 2 extends over a distance of 500m, subdivided into 2N, (southern) and 2K (northern), and separated by a short very low grade interval. Zone 2 is characterised by relatively local and restricted accumulations of white quartz with good gold grades in a generally low-grade environment.

Zone 3/5 is the largest of the individual ore zones with an overall quartz content of 60% and extends over a distance of 1,100m. The gold grade distribution has excellent grade continuity above cut-off and is not substantially different between the quartz veins and the shear zone material itself. The width of the zone above cut-off varies from 10 to 20m, dipping to the east.

Recent exploration in 2011 has identified that the entire mineralised zone extends both at depth and to a lesser extent, along strike, offering up the potential to significantly extend the mine life.

The Bissinga Zone at Bouroum was worked in 2008 up to May 2009 and it is believed that some 20,000t of ore remains in the pit @ 5g/t, whilst a further 10,000t at the same grade is present on a small stockpile.

However, the F-12 Zone is by far the most important of the three auriferous zones on the Bouroum property and consists of a southern “tail” dipping steeply west, curving to form an east-west-trending oriented central section that is characterised by two massive, white “buck reef” quartz vein splays with little to no sulphide, and reaches widths up to 70m on the surface.

Both quartz veins are associated with zones of intensely silica and carbonate-altered basalt, often containing moderate pyrite (>2%) and gold mineralisation, and separated by a zone of folded siliceous basalt containing minor pyrite and low-grade gold mineralisation that is better developed in the footwall rocks of the “footwall” splay where brecciation is also evident.

To the east, the deposit thins substantially before being abruptly truncated by a northnortheast fault. The strike length of the F-12 Zone is approximately 500m.

The Welcome Stranger Zone is situated some 150m to the north of the F-12 Zone close to the contact between layered clastic metasedimentary rocks (hangingwall) and mafic volcanic rocks (footwall) and is interpreted as a “sigmoidal tension gash”. The core of this zone is a white quartz vein extending over a strike length of 180m (unfolded) and is up to 10m wide on the surface.

Exploration and Drilling

Since 1995, there have been several exploration programmes carried out on the area and includes of geological mapping, extensive surface trenching, diamond drilling, reverse circulation drilling and geochemical surveys. The exploration database for the Taparko Project comprises 560 trenches (30,820m), 495 core boreholes (48,808m) and 189 reverse circulation boreholes (11,940m). The exploration database for the Bouroum area including the Nairy, Baola, F12&Welcome Stranger, Yeou and Ankouma deposits comprises ~64,200m RC drilling, ~2200 m trenches and ~18,400 m core drilling.

HRG has ownership of many other exploration permits in Burkina Faso; data provided by HRG in September 2011 covers the activities during the first eight months of 2011. Nairy, Baola, Yeou, Ankouma, Welcome Stranger and F12 are all considered as potential sources of ore for the Taparko plant.

Mineral Resource & Mineral Reserves

Resource estimates have been prepared by WAI for Taparko, Bouroum (F12), Nairy and Baola as of 1 January 2012. The smaller Welcome Stranger resource is not detailed here, nor are the Yeou and Ankouma nearby projects, full details of which appear in the bulk of the Taparko Technical Report.

Taparko Resource Estimate (WAI 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.5**	**1.0**	**1.5**	**2.0**
Indicated	**Tonnage (kt)**		5,583	5,055	4,180	3,170
	Au (g/t)		2.84	3.05	3.43	3.96
	Metal	**kg**	15,835	15,437	14,324	12,555
		oz	509,078	496,286	460,526	403,647
Measured + Indicated	**Tonnage (kt)**		5,583	5,055	4,180	3,170
	Au (g/t)		2.84	3.05	3.43	3.96
		kg	15,835	15,437	14,324	12,555
	Metal	**oz**	509,078	496,286	460,526	403,647
Inferred	**Tonnage (kt)**		2,013	1,803	1,485	1,125
	Au (g/t)		2.67	2.89	3.24	3.72
	Metal	**kg**	5,379	5,218	4,818	4,194
		oz	172,946	167,752	154,881	134,817

F12 (Bouroum) Resource Estimate (WAI 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.5**	**1.0**	**1.5**	**2.0**
Indicated	**Tonnage (kt)**		2,364	2,217	1,836	1,326
	Au (g/t)		2.52	2.63	2.91	3.36
	Metal	**kg**	5,948	5,829	5,345	4,449
		oz	191,240	187,416	171,845	143,031
Measured + Indicated	**Tonnage (kt)**		2,364	2,217	1,836	1,326
	Au (g/t)		2.52	2.63	2.91	3.36
	Metal	**kg**	5,948	5,829	5,345	4,449
		oz	191,240	187,416	171,845	143,031
Inferred	**Tonnage (kt)**		646	604	550	442
	Au (g/t)		2.74	2.88	3.04	3.34
	Metal	**kg**	1,772	1,738	1,669	1,477
		oz	56,956	55,889	53,665	47,490

Notes:

1. Mineral Resources are not reserves until they have demonstrated economic viability based on a Feasibility study or pre-feasibility study. 2. Mineral Resources are reported inclusive of any reserves. 3. The contained Au represents estimated contained metal in the ground and has not been adjusted for metallurgical recovery.

Nairy Mineral Resource Estimate – Total in-situ Resources (WAI 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.3**	**0.5**	**1.0**	**1.5**
Measured	**Tonnage (kt)**		-	-	-	-
	Au (g/t)		-	-	-	-
	Metal	**kg**	-	-	-	-
		oz	-	-	-	-
Indicated	**Tonnage (kt)**		1,167	989	503	248
	Au (g/t)		1.17	1.31	1.87	2.54
		kg	1,366	1,296	941	630
	Metal	**oz**	43,904	41,667	30,262	20,624
Measured + Indicated	**Tonnage (kt)**		1,167	989	503	248
	Au (g/t)		1.17	1.31	1.87	2.54
		kg	1,366	1,296	941	630
	Metal	**oz**	43,904	41,667	30,262	20,624
Inferred	**Tonnage (kt)**		2,608	2,086	895	331
	Au (g/t)		0.94	1.07	1.56	2.15
	Metal	**kg**	2,451	2,232	1,396	713
		oz	78,816	71,775	44,880	22,913

Baola Mineral Resource Estimate – Total in-situ Resources (WAI 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)						
Cut Off Grade			**0.3**	**0.5**	**1.0**	**1.5**
Measured	**Tonnage (kt)**		-	-	-	-
	Au (g/t)		-	-	-	-
	Metal	**kg**	-	-	-	-
		oz	-	-	-	-
Indicated	**Tonnage (kt)**		674	532	84	16
	Au (g/t)		0.72	0.79	1.31	2.00
		kg	485	420	109	32
	Metal	**oz**	15,603	13,516	3,519	1,041
Measured + Indicated	**Tonnage (kt)**		674	532	84	16
	Au (g/t)		0.72	0.79	1.31	2.00
		kg	485	420	109	32
	Metal	**oz**	15,603	13,516	3,519	1,041
Inferred	**Tonnage (kt)**		981	817	359	189
	Au (g/t)		1.00	1.12	1.65	2.02
	Metal	**kg**	981	915	592	381
		oz	31,526	29,430	19,036	12,244

WAI has estimated reserves for Taparko and F12, based on a US$1,250 gold price and a series of Key Performance Indicators.

Taparko Open Pit Mineral Reserves as of 01 January 2012 (WAI) (in accordance with the guidelines of the JORC Code (2004)						
Open Pit (Area)			**GT**	**2N2K**	**3/5**	**Total**
Cut Off Grade (g/t)			**0.67**	**0.67**	**0.67**	**-**
Probable	**Tonnage(kt)**		993	1,187	2,779	4,959
	Au(g/t)		4.18	1.67	2.86	2.83
	Metal	**kg**	4,149	1,976	7,945	14,071
		koz	133	64	255	452
Proven + Probable	**Tonnage(kt)**		993	1,187	2,779	4,959
	Au(g/t)		4.18	1.67	2.86	2.83
	Metal	**kg**	4,149	1,976	7,945	14,071
		koz	133	64	255	452

Bouroum F12 Open Pit Mineral Reserves as of 01 January 2012 (WAI) (in Accordance with the Guidelines of the JORC Code (2004)			
Open Pit (Area)			**F12**
Cut Off Grade (g/t)			**0.82**
Probable	**Tonnage(kt)**		2,087
	Au(g/t)		2.42
	Metal	**kg**	5,049
		oz	162,324
Proven + Probable	**Tonnage(kt)**		2,087
	Au(g/t)		2.42
	Metal	**kg**	5,049
		oz	162,324
Note: 5% dilution and 97% mining recovery applied			

Mining

The open pits are operated by hydraulic excavators loading pre blasted ore/waste for onward processing/ disposal via rigid body dumptrucks. Mining is currently based on 10m high benches for ore and waste and both are excavated on 2.5m high lifts.

Main production comes from Pit 3/5 at approximately 88kt per month. Production from the GT Pit had resumed, following a suspension of production between October 2010 and May 2011, and it was producing about 110kt per month. Pit 2N/2K was not currently being worked having previously being mined between October 2010 and May 2011.

Mineral Processing

The Taparko processing plant consists of conventional crushing, grinding and carbon-inleach (CIL) circuits which recover gold for the production of doré.

Run-of-mine material is initially crushed using one of two crushing circuits depending on whether it is classified as being “hard” or “soft”, after which it is ground using a rubber lined ball mill, operating in closed circuit with a cluster of hydrocyclones, to a target p70 of 75µm.

The ground pulp is mixed with sodium cyanide at a concentration of 0.4g/l and the gold allowed to leach into the solution from which it is recovered using activated carbon. This carbon is separated from the pulp using a series of screens after which it is washed and the gold extracted using an atmospheric Zadra elution process.

The pregnant eluate then undergoes electrowinning in order to plate the gold on to steel wool cathodes with a subsequently washed, calcined and then smelted in order to produce doré bars which typically contain 70% Au.

The original design capacity of the plant was 1.0Mtpa; however, since 2010, attempts have been made to increase the total capacity to 1.5Mtpa. This has resulted in a number of changes to the plant operating parameters, most significantly an increase in the grind size of the mill product, which has resulted in an overall reduction in the amount of gold recovered.

This can be seen in the table below which details annual production since 2008.

Taparko-Bouroum Gold Mine Operating and financial Data (HRG, MD&A Results 2010-2011)				
	2011	**2010**	**2009**	**2008**
Tonnes mined	1,456,947	1,349,000	813,000	266,000
Tonnes milled	1,421,278	1,274,000	814,000	369,000
Gold grade (g/t)	3.3	3.4	4.0	3.0
Recovery (%)	84.4	90	93.5	91.4
Gold production (oz)-100% (*)	131,519	127,684	99,536	30,667
High River share of production – 90.00%	118,368	114,915	89,582	27,600
Direct mining cost (US$/oz)	526	442	423	754
Cash operating cost (US$/oz)	537	462	441	806

*Gold Production is comprised of refined gold and dore alloy

In order to improve these recoveries, metallurgical staff at Taparko has proposed a number of operational and capital expenditure programmes for 2012. These include;

- Reinstalling a Knelson concentrator to recover coarse gold;
- Purchasing a regrind mill to restore grind size to target parameters; and
- Installing a further two leach tanks to increase leach residence times.

Operating costs at Taparko are relatively high although this is due primarily to the fact that all electricity used in the processing operation is generated on-site using relatively expensive light fuel oil. As there is insufficient infrastructure in the area to allow for a connection to the national grid, there is little that can be done to address these costs although staff are planning to use cheaper heavy fuel oil in preference to light fuel oil, where possible, during 2012.

Overall, the historical production has shown that the processing operation at Taparko is well suited to treating the ores from both the Taparko and Bouroum deposits.

Where any issues have arisen, which has been almost exclusively the result of attempts to increase throughput, the metallurgical staff have been quick to identify them and propose solutions indicating a closely monitored and well run operation.

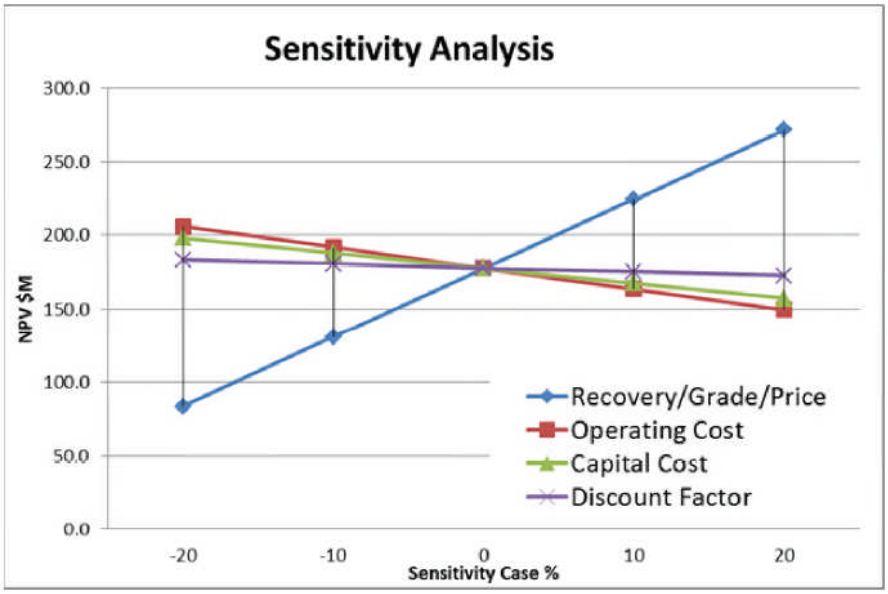
Environmental Studies

The mine's EHSC elements are well-managed. Indeed, the operation could offer several learning opportunities for many other mines owned by HRG, particularly in the areas of the management of biodiversity, water, tailings, and H&S and employee training.

Economic Analysis

The WAI life of mine model results in a positive NPV at various discount rates and at various gold prices at nominal input parameters. It shows that the reserves considered in the financial model are profitable for exploitation in the current economic environment. A summary of the Taparko Key Financial Indices and sensitivity analysis is presented below.

Summary of Taparko Key Financial Indices	
NPV 5% (US$M)	184.9
NPV 11.2% (US$M)	**160.6**
NPV 15% (US$M)	148.1
NPV 20% (US$M)	133.8



Taparko Sensitivity Analysis

The fact that the key financial indices remain reasonably high given the conservative cost input parameters and recovery used in the models, shows good economic potential for the project.

Conclusions

The gold mineralization found at Taparko and Bouroum may be characterized as formed in a classic mesothermal setting during the later stages of orogenesis events, with a strong structural control.

Mining commenced in 2005 and the Taparko mine has been developed with three open pits. The Taparko processing plant consists of conventional crushing, grinding and carbon in leach (CIL) circuits which are used to produce gold doré. The plant, which was designed to treat 1.0Mtpa, has recently undergone a ramp up in production to achieve a nominal annual throughput of 1.5Mt.

The exploration works at Taparko and Bouroum have generally been done to a good standard. Licence documentation are in good order and suitable for the future needs.

Nairy and Baola are also considered as potential sources of the Taparko Plant.

In Yeou deposit, the magnitude and spatial distribution of the anomalous zones gives positive results for further work.

Ankouma North represents a positive exploration prospect that requires further drilling to better understand the structure.

PROJECTS AND OPERATIONS – RUSSIAN FEDERATION

The disclosure in this AIF of a scientific or technical nature for the Corporation's Russian Federation properties is based on technical reports prepared for these properties in accordance with NI 43-101 as described above under "Preliminary Notes – Technical Reports".

ZUN-HOLBA

Unless otherwise stated, the information, tables and figures that follow relating to the Zun-Holba project is based on the Zun-Holba Technical Report prepared by Ricardo A. Valls, M.Sc, P.Geo. of Valls Geoconsultant. Mr. Valls is a "qualified person" as that term is defined in NI 43-101. The technical information contained in this section of the AIF has also been reviewed and approved by Mr. Valls.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Zun-Holba Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's SEDAR profile at www.sedar.com.

Project Description & Location

The Zun-Holba mine is located in the western portion of Buryatia within the Okinskiy district, which borders with the Irkutsk Region to the north and west and Mongolia to the south.

The Zun-Holba mine is situated 736 km west of the Buryatian capital city of Ulan-Ude, 100 km from the village of Mondy and 150 km from the village of Orlik, which is the district centre. It is located about 2,000 m above sea level. The longitude and latitude for the site are approximately 52°04' N, 100°50' W, respectively.

High River advises that it holds its interest in the Zun-Holba mine through its 85% interest in Buryatzoloto, the open joint stock company. Buryatzoloto, a Russian company, owns a 100% interest in the Zun-Holba mine and has operated the mine since 1996.

The mine's project parameters must be approved by the state authority, Rostechnadzor, once a year. To obtain a Rostechnadzor permit, HRG must operate according to applicable Russian laws and abide by the conditions of the license agreement.

The Zun-Holba Mine mineral inventory consists of the following deposits: Zun-Holba deposit (license UDE 00213 BE), Pionerskoye deposit (license UDE 00231 BR) and Smezhnoye and Pravoberezhnoye deposits (UDE 00419 BR). Within the Okinskiy district, Buryatzoloto holds three licenses for the Zun-Holba mine and for portions of the area around it. The table below summarizes the licenses and coordinates of the Zun-Holba project.

License Series	License Number	Type of License	Date License Granted	Date License Expires	License Area	Annual Fees (Rubles)	Annual Fee (US $/km^2)
UDE	00213	BE Exploration	May 22, 1998	January 11, 2019	242.2 ha	Au – 6% Ag – 6.5% of revenue from the recovered metal	----
UDE	00419	BR Exploration/ Exploitation	July 30, 1999	June 29, 2024	67 km^2	203 Roubles per 1 km^2	$6.50
UDE	00231	BR Exploration/ Exploitation	July 10, 1999	July 9, 2013	3.1 km^2	203 Roubles per 1 km^2	$6.50

Accessibility, Climate, Local Resources, Infrastructure & Physiography

The closest settlement to the Zun-Holba mine is the village of Mondy which is linked to the village of Samarta via a 100 km long dirt road (covered with gravel). Samarta is the main mine settlement where Zun-Holba mine's head office, ambulance, central boiler-house and accommodations for the exploration team, mill and administration personnel are located. The settlement of Samarta, which is located close to the mill, carbon in pulp (CIP) and tailings pond, is connected to the Zun-Holba mine site by a 12 km

gravel covered dirt road. The mine site contains the entire mine infrastructure, including the engineering office and accommodations for mine personnel.

From the village of Mondy, it is 203 km via a paved road to the village of Kultuk at the southern end of Lake Baikal. From Kultuk, the main paved highway connects to the cities of Ulan-Ude to the east and Irkutsk to the north. Kultuk is also the nearest station for the Trans-Siberian railway line where the transfer point for bags of flotation concentrate shipped from the Irokinda mine is located. The bags of flotation concentrate are transferred from the rail cars to trucks for shipment to the Zun-Holba mine for final processing. Buryatzoloto also maintains a small transfer yard in Kultuk, as other supplies shipped by rail are also transferred to trucks in Kultuk for shipment to Zun-Holba mine.

Access to the district centre of Orlik, with a population of approximately 1,000 inhabitants, is available through the village of Mondy via a 50 km long dirt road. The population of the Okinskiy district is approximately 4,500 inhabitants and, as a result, hiring of labour for the Zun-Holba mine operations is possible mainly by tapping the labour resources of other districts in Buryatia and the adjacent Irkutsk Region.

The Zun-Holba deposit lies in a very dissected area of relief in the western part of the Kitoiskie bald peaks. The highest elevation is 3,001.6 m as represented by the Ulan-Sardak mountain and the minimal elevation is 1,273.6 m located at the mouth of the Hara-Gol river. Relative distances between the highest mountain tops and the river valleys range from 400 to 500 m and up to 800 to 1,000 m. Slope grades of the mountain ridge of the Kitoiskie bald peaks reach up to 600 m, and some cases have vertical walls.

The network of rivers within the district is typical of mountainous regions with the largest rivers, Urik and Kitoy, having continuous year round water flow. The vegetation surrounding the Zun-Holba Mine is sparse because of its location within landscapes of mountain tundra, bare rock and rocky river scapes. The vegetation is composed of larch, cedar (Siberian pine), short cedar, short birch, bushes, lichens and mosses. The wildlife in the area is abundant and consists of elk, Siberian stag, Siberian mountain goat, musk deer, wild boar, bear, wolf, fox, lynx, wolverine, squirrel, sable, ermine, chipmunk and rabbit. There are fresh water fish in the rivers and lakes including grayling, goldilocks and burbot. Biologists have determined that there are more than 150 species of birds in the Okinskiy district.

The climate is continental with large daily variations in the temperature. The annual precipitation is 500 mm. The annual average temperature is -7.4 º C with an average temperature in July of 15 º C and in January of -22 º C. Winter lasts about 7 months with snow cover forming around the middle of October and melting by the middle or end of May. The thickness of the snow varies from 10 to 70 cm. Despite this, even at the height of summer, the snow at higher elevations can precipitate at any time. Permafrost is pervasive in the area with depths up to 250 to 300 m. Seasonal melting of the permafrost is accompanied by wide development of solifluction in the slopes and the formation of swamps in the upper parts of river valleys. The mine operates all year round.

Processing of the run-of-mine ore is realized through the use of a gravity-flotation plant with further processing of flotation concentrate in the CIP plant. Industrial water for the mill is completely recycled from the flotation tailings pond. The flotation concentrate is processed in the CIP plant, using cyanide. The CIP plant discharges its tailings directly into its own tailings pond which works with the CIP plant in the closed recycle water system. Excess water of the CIP tailings pond is detoxified and delivered into the mill tailings pond.

Drinking water is not used for any technological needs. The source of the water supply for the domestic drinking and industrial fire prevention needs for the camp of Samarta is underground water derived from capped wells located on the right bank of the Samarta river. The source of the water supply for domestic drinking and industrial fire prevention needs for the camp at Zun-Holba Mine is underground water derived from drill holes with a water-intake system located on the right bank of the Zun-Holba river.

Power supply to the Zun-Holba Mine is presently provided by the double-line 110 kV power line with the electrical energy demand of the Samarta and Zun-Holba sites provided by two transformer substations (KTPB-110/35/6 kV) with transformers of 10,000 kilovolt-ampere capacity. At the Samarta site, the emergency electrical supply is provided by eleven power generators with a total capacity of 8,360 kilowatts.

History

Construction of the mine was approved by the State Committee of the Reserves (SCR) of the USSR in 1973, but no mining was carried out between 1973 and 1984. Gradual development of the deposit started in 1986 and full mining and processing operations commenced in 1991.

Prior to 1991, mining operations at the Zun-Holba mine were undertaken by the cooperative "Sayany" of the industrial union "Zabaikalzoloto" which is located in the city of Chita.

In January, 1991, based on an order by V.V. Rudakov, a head of "Glavalmazzoloto" of the USSR, a state gold mining company (Buryatzoloto) was founded with its assets comprised of a placer mine (Tsipicanskiy) and both the Zun-Hoba mine and the Irokinda mine.

During the disintegration of the USSR, reformation occurred, based on government decisions, which lead to the Tsipicanskiy placer mine becoming a joint stock company and Buryatzoloto receiving exploration-mining licenses for the Zun-Holba deposits.

Prior to 1995, all exploration and mining works on the Zun-Holba property were conducted by state organizations; however, between 1994 and 1995, Buryatzoloto became an open joint stock company and the licenses were reregistered to the company. At that time 30% of the company shares were acquired by High River through an open cash auction. By 2005, High River had acquired 85% of Buryatzoloto's stock.

Gold in the Zun-Holba area was discovered in 1955 by geologists of the State Ilchirskaya expedition of the trust Soyuzgeolasbest. Between 1956 and 1959, evaluation work was conducted after which full scale exploration programs were conducted between 1959 and 1993.

During the first stage of exploration between 1956 and 1959, the mineralized zones (bodies) Sulphidnoye, Dorzhy-Banzarovskoye, Severnoye-1,2, Dorozhnoye 1,2,3,4, and Parallelnoye were discovered. Between 1974 and 1976, the Vavilovskoye mineralized zone was found and by 1991 all the currently known mineralized zones had been discovered.

Between 1982 and 1993, detailed exploration was conducted by the Zun-Holba exploration team of the Okinskaya expedition of the State Industrial Geological Association Buryatgeologia.

During the detailed exploration program at the Zun-Holba deposit, exploration drifts to trace mineralization were developed 50 to 100 m apart, vertically. In addition, a total of 1,006 drill holes including 326 surface and 680 underground holes were drilled. Between surface and the #11 adit level the drilling grid varies from 20 x 20 m to 50 x 50 m; between the adit #11and adit # 12 levels the drilling grid was from 40 x 40 m to 40 x 60 m and below the adit #12 level the grid was 20 to 30 m x 40 to 160 m. The main core diameters were 59 mm and 76 mm for the exploration drilling programs with an average core recovery of 84%.

Since 2000, Buryatzoloto has conducted a drilling program to evaluate the lower levels of the Zun-Holba deposit between the 1690 m and 1400 m levels. However, due to the limited availability of drilling locations and the construction of the drilling stations, one of the features of the drilling programs has been to drill a fan of holes from each drilling station.

Geological Setting

The Zun-Holba deposit is located in a Caledonide system in the north eastern peripheral part of the Garganskaya dome which comprises the core of the approximately east-west striking Gargan-Butugolskiy anticlinorium, and is included in the Holbinskoye mineralised area (Garganskiy gold district). The Holbinskoye mineralised area includes the Zun-Holba and Baroon-Holba gold deposits along with a number of occurrences viz Pionerskoye, Smezhnoye and Pravoberezhnoye.

The structure of the Zun-Holba mine property is characterised by a narrow anticline of the metamorphosed basement rocks whilst the flanks of the anticline are composed of cover rocks comprising silicified limestones and dolomite of the Irkutnaya suite, and volcanogenic-terrigenous rocks of the Ilchirskaya package. The mineralised zones are stepped and en echelon resulting from faults forming simultaneously with folding.

Exploration

Exploration is an ongoing part of the activities at the Zun-Holba mine and is expected to continue. At the present time, the main focus of the exploration programs is to explore the flanks and down dip potential of the Zun-Holba deposit from underground. The underground exploration programs consist of underground drilling which is conducted from a number of stations designed to maximize the drilling coverage.

The exploration in 2011 consisted of the following work:

- 632 m of underground drifting;
- 39,710 m of underground drilling;
- 47 km2 of mapping; and
- 26,639 m of surface drilling.

The below table shows the 2012 exploration program for the Zun-Holba Mine.

Exploration works					**"Reserves" increase (C2)**		**Exploration Expenses, (thousand RUB)**
Underground Workings (m)	Surface Drilling (m)	Underground Drilling (m)	Trenches (m^3)	Mapping (km^2)	Ore (thousand t)	Au (kg)	
7,445	20,200	32,520	10,000	0		3,000	362,159

Core sampling was conducted in all of the exploration drill holes with the entire core containing the mineralized intersection sent for assaying during the sampling process and no core retained as reference. The core sample length ranged from 0.1 to 2.0 m depending on the width of the mineralized intersections. The quality control of the sampling was conducted systematically by conducting a comparison of the calculated and actual weights of the core samples. The reliability of core sampling was evaluated by conducting a comparison of core sampling with the bulk and channel samplings. Through the comparison, it was determined that there was an insignificant understatement of gold and silver grades derived from the core sampling, which allowed the geologists to consider that the drilling results were reliable enough to outline mineralized bodies for "reserve" estimation.

The sampling method for the mineralization exposed by the underground drifts was developed during the detailed exploration stage and continues to be used for exploration. Sampling is also performed during the mining operations as follows:

1) For the shrinkage stoping method, with levels (drifts) 1.0 to 1.5 m high, the drifts are sampled from the roof by 3 x 5 cm channel samples 3 m apart along the strike of the mineralized zone using geological boundaries as the limiting factor for each sample. Within the "reserves" block, the drifts are sampled 3 to 8 m apart and averaging 6 m down or up dip.

2) For the top-down (underhand) or bottom-up (overhand) cut and fill methods, the sampling method does not differ from the method used for the shrinkage stoping.

Down-hole geophysical surveys were conducted simultaneously with the detailed exploration drilling to identify the inclination of the drill holes, identify the lithological (rock) sequence and the depth of the quartz-sulphide mineralized bodies, to study the continuity and morphology of the mineralized bodies, and the deposit structure. Furthermore, the geophysical surveys were used in the "reserve" estimation to determine an in situ density using the gamma-method.

Mineralisation

The mineralisation is found in two types:

- Quartz-sulphide rocks; and
- Gold-bearing altered host rocks such as silicate, carbonate and graphite-containing schists.

The sulphides in the mineralised rock amount to 8-9% with dominant pyrite at 90 to 95%. The secondary sulphide minerals amount to approximately 5 to 7% and are represented by galena, sphalerite, chalcopyrite as well as accessory minerals including arsenopyrite, fahlore and bournonite.

Drilling

In 2011, drilling was conducted underground using a 262 Diamec drill with BQ core (outside diameter equals 59.6 mm). The average drill hole length is approximately 260 m. A typical hole currently takes an average of 4 to 5 days to complete, or 10 shifts, with an average drilling rate of 26 to 32 m/shift.

In 2011, the Zun-Holba Exploration Team drilled 39,710.4 m of exploration drilling against a plan of 39,600 m from underground. In addition to this, drilling contractor drilled 18,691.5 m from surface against the plan of 20,700 m.

In 2011, the following ore bodies were explored: Severnoe-3, Sulfidnoe-1 and 2, Vavilovsloe-1, Parallelnoe, Dorozhnoe-4 and Kontaktovoe. The Dalnee zone and Zun-Holba deep levels were also investigated.

The 2011 exploration programs included drilling seven deep holes with the depth in the range 1000-1830 m. The holes aimed at intersecting Persepctivnaya zone at the 800 m level. The drifting reached the 1290 m level of the zone, while some mineralized zones were confirmed at the 1100 m level. This drilling was conducted in two steps. First, 1000m were drilled by a LF-90 drill rig. Second, the hole was finished by LF-230 at the planned depth. In 2011, the following holes were drilled:

- C-11-5: depth of 1,666.0 m with no visible mineralization; there is no assay data available.
- C-13-5a: depth of 1,710.0 m. At depths 1,527.9-1,596.0 m, mineralized zones were observed; at depths 1,533-1,535 m (767 m level), a quartz vein 1.81 m thick was discovered with gold grade 15.2 g/t and silver 24.3 g/t.
- C-12-4: depth of 1,821.2 m with no visible mineralization; no assay data yet.
- C-4-5: depth of 1,291 m. At depths 781-797 m (level 1,190 m). The mineralized zone was observed, including 791-794 m with 50-70% quartz; there is no assay data available.
- C-5-5: depth of 1,186 m with no visible mineralization; there is no assay data available.
- C-3-5: depth of 993 m with no visible mineralization; there is no assay data available.
- C-2-5: depth of 1,104 m with no visible mineralization; there is no assay data available.

Holes C-11-5, C-12-4 and C-13-5 at the upper levels intersected potential Yuzhnaya zone with grades up to 0.4 g/t. Prognostic “resources,” P1, of deep levels at the Zun-Holba Mine are estimated at 50 t. Buryatzoloto geologists estimate that the increase of P1 “resources” as result of the 2011 exploration plan is 10 t.

As of January 1, 2012, a total of 2,492 drill holes totalling 447,812.7 m were drilled since 1982, and a total of 148,511 core and 76,278 geochemical (chip) samples were taken.

For both underground drilling and surface drilling, the core recovery is almost 98 to 99%. There are no drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results.

Sampling and Analysis

The sampling method for the mineralization exposed by the underground drifts was developed during the detailed exploration stage and continues to be used for exploration. Sampling is also performed during the mining operations as follows:

1) For the shrinkage stoping method, with levels (drifts) 1.0 to 1.5 m high, the drifts are sampled from the roof by 3 x 5 cm channel samples 3 m apart along the strike of the mineralized zone using geological boundaries as the limiting factor for each sample.

2) For the top-down (underhand) or bottom-up (overhand) cut and fill methods the sampling method does not differ from the method used for the shrinkage stopping. Along the strike of the

mineralized zone, the spacing between the sample intersections is 3 m and averages 5 to 7 m down or up dip.

The area of mineralization covered by each exploration composite is between 11 and 33 m^2 with an average of approximately 21 m^2 and the tonnage covered by each composite varies from 28 to 249 t and averages 98 t.

Channel sampling is also conducted. This sampling is a routine sampling method used in mines in order to identify ore and waste development rounds. In these cases, the chip sampling is submitted to the mine's on-site assay laboratory with the results available usually within 24 to 36 hours of being submitted to the laboratory.

Depending on the geological boundaries, mineralization is sampled by core samples of varying length to a maximum of one metre. All host rocks without sulphide mineralization are photographed in the core boxes and sampled by geochemical (chip) samples up to 5 m in length.

Security of Samples

Internal check assays are performed to find random errors in the analytical work. The internal check assaying is done for each quarter and on a semi annual and annual basis. According to the Russian guidelines the amount of check analyses for each grade range cannot be less than 30.

Based on the initial assays and the corresponding check assays, a mean square deviation is calculated. Further, a relative mean square deviation is calculated and this value defines the comparability of the gold grades for the grade range. The value of the relative mean square deviation for the grade range must be no more than the maximal limits of the deviation indicated in the SCR guidelines.

Mineral Resources and Reserves Estimate

The mineral resources and mineral reserves have been classified according to the CIM Guidelines 2005. A summary of the current mineral reserve and resource estimates for the Zun-Holba mine are shown in the tables below.

Mineral Reserve Estimate (January 1, 2012)			
	Tonnes	**Au g/t**	**Au, kg**
Proven	38,528	11.7	453
Probable	222,082	9.0	2,001
Proven + Probable	260,610	9.4	2,454

Mineral Resource Estimate (January 1, 2012)*			
	Tonnes	**Au g/t**	**Au, kg**
Measured	30,072	15.9	478
Indicated	182,356	11.5	2,102
Inferred	538,812	10.6	6,161
Measured + Indicated	212,428	12.1	2,580
* Mineral resources include mineral reserves.			

The 2011 exploration-mining parameters currently in use are:

1) Cut-off grade of 3 g/t gold to outline the boundaries of the mineralized zones.
2) Minimum gold grade of 7g/t over a mineralized zone composite intercept.
3) Minimum mining thickness of 1 m. When thickness is less, but the gold grade is higher, it is recommended to use the metrogram.
4) Minimum gold grade in a mineable block of 15.5 g/t gold.

5) Minimum gold grade of 11.9 g/t gold in a block being mined with workings targeted to reach a mineable block.

6) Maximum thickness of 3 m for waste rock and low grade mineralization being included in the "reserve" estimation.

7) Uneconomic "reserves" are considered to be blocks with gold grade less than 15.5g/t or 11.9 g/t but higher than 7 g/t. In the Russian terminology any uneconomic "reserves" are considered to be "off balance reserves" while economic "reserves" are considered to be "balance reserves."

8) Estimate silver "reserves" within the outlines of the gold "reserves."

Mining Operations

During 2011, the mining operation used the following mining methods (% usage):

1) Shrinkage stoping with short blast holes (7% of production);

2) Timbered stoping method (17% of production);

3) Cut and fill method (45% of production); and

4) Shrinkage stoping with backfill (31% of production).

The primary mining method is the conventional cut and fill method with at least 45% of the present mining being conducted using this method. Both the bottom-up and top-down cut and fill methods are employed at the mine. The cut and fill method is used because it allows the mine to control the ground conditions by controlling the pressure within the stope not only during mining but also after completing the mining cycle. While the primary cost associated with developing and extracting the mineralization is significantly increased by using the cut and fill method, it is compensated for by a cost reduction in ground support, increased extraction of the mineralization and a reduction in the amount of secondary dilution in the broken material in the stopes. This mining method also increases safety, expands the possibility of increasing the areas available for mining activities and improves the working conditions in the headings. The fill is cemented waste rock and consists of primarily crushed rock, sand and cement.

The shrinkage stoping method with backfill is the secondary mining method used at the Zun-Holba Mine. Mining occurs from the bottom-up, in horizontal slices. Broken mineralized material is left in place, but some material will be removed, allowing working space for the next ore slice. Once the top of the stope is reached, all the ore is removed and the stope is backfilled.

The timbered stoping method is used in unstable mineralized zones with a thickness of up to 3.0 m, hosted within unstable rocks. With this method, the initial development can take place either in the mineralized zone or in the surrounding host rock. The initial development is completed by using jacklegs and stopers. Following the stope development, the walls are supported by a timber frame with the space between the timber frame and the walls filled to avoid loss of the broken material. The broken mineralized material is drawn out after each blast from either the cross-cuts located on the transportation drift level (if the initial development was in waste) or via cross-cuts located at different levels from the transport level (if the initial development was in the mineralization). Before extraction of the remaining mineralized material, the upper part of the frame is closed by a platform to provide safety.

All mining methods are labour intensive with the use of both jacklegs and stopers to drill the blast holes. Extraction of the broken material is accomplished primarily by using slushers to move the material into the ore and waste passes. From the ore and waste passes the broken material is loaded into rail cars using either a chute (for the cut and fill and timbered stoping methods) or a mucking machine (shrinkage stoping).

On average, the dilution for the Zun-Holba Mine is 22.8%, while the mining losses of 4.7% are assumed. The minimum thickness of the block than can be mined is 1m. Based on an annual projected production rate of 376,000 t/y, the Zun-Holba Mine has a current mine life of one year based on reserves.

Currently, all machinery at the Zun-Holba Mine adequately supports the operations, exploration and development of the mine. However, underground work is required in order to access ore blocks currently identified as mineral resources, but not mineral reserves. Stripping is currently used for surface exploration and all requirements necessary to conduct stripping are currently fulfilled at the Zun-Holba Mine.

IROKINDA

Unless otherwise stated, the information, tables and figures that follow relating to the Irokinda project is based on the Irokinda Technical Report prepared by Ricardo A. Valls, M.Sc, P.Geo. of Valls Geoconsultant. Mr. Valls is a "qualified person" as that term is defined in NI 43-101. The technical information contained in this section of the AIF has also been reviewed and approved by Mr. Valls.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Irokinda Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's SEDAR profile at www.sedar.com.

Project Description & Location

The Irokinda mine is located in the far northern portion of Buryatia in the Muiskay district. The mine is situated 700km northeast of the Buryatian capital city of Ulan-Ude which hosts an international airport with regional flights to major Russian cities and to international destinations, and 74km from the village of Taksimo which is the nearest railroad station and main logistics centre. It is located about 1,350 m above sea level. The longitude and latitude for the site are approximately 56°00' N, 115°10' E, respectively.

High River advises that it holds its interest in the Irokinda project through its 85% interest in the Buryatzoloto, open joint stock company. Buryatzoloto, a Russian company, owns a 100% interest in the Irokinda project and has operated the mine since 1996. Buryatzoloto's head office is located in Ulan-Ude.

The mine's project parameters must be approved by the state authority, Rostechnadzor, once a year. To obtain a Rostechnadzor permit, HRG must operate according to applicable Russian laws and abide by the conditions of the license agreement.

Within the Muiskay district, Buryatzoloto holds one active license for the Irokinda Mine and for portions of the area around it, UDE 00212 BE. The mineral licence is 213 km^2 in area and covers the Irokindinskoye deposit of the mine. The licensed area has the status of a "mining allotment" with an unlimited license depth for mining. The license was granted to mine gold and silver at the Irokindinskoye deposit and provides the right for any exploration works within the mining allotment. License UDE 00212 BE is subject to an annual tax equalling 6% of the gold and 6.5% of the silver revenue from the recovered metal. In addition to the annual tax on the recovered metal, Buryatzoloto must pay annual fees of 207 roubles per 1 km^2 for licence UDE 00212 BE to cover the required exploration licence payments. The licence was granted on May 8, 1998 and expires on December 31, 2012.

Accessibility, Climate, Local Resources, Infrastructure & Physiography

The Irokinda mine is readily accessible from the railway station at Taksimo on the Baikalo-Amurskaya (Baikal-Amur) railway via a 70km all-weather gravel road, which takes approximately two hours by 4WD vehicle. This road crosses a high mountain pass which is prone to poor weather during the winter months, but is rarely closed as a result of regular inspections and snow clearance. The population of Irokinda village comprises approximately 400 local inhabitants and 700 company employees on a rotational schedule. The Irokinda village is a valuable source of skilled personnel, employed to work for both the underground mining operations and the surface facilities.

Electric power for the Irokinda mine and settlement is supplied from a 220/110/35kV substation, located in Taksimo and transmitted via a single 70km, 110kV power line.

The main water source for the Irokinda mine consists of two wells located in the western outskirts of the Irokinda settlement. Fresh water consumption at the mine is 121,400m^3/y. Industrial water for the plant is recycled, with the make-up water obtained from the wells. Domestic waste is drained from the mine facilities into septic tanks and production waste from the processing plant is pumped to the tailings

pond. The flotation tailings facility is operational year-round and is the intended site for the permanent storage of flotation tails and recycle water cleaning.

Irokinda is located at an altitude of approximately 1,350m. The landscape in this region changes from alpine in the north to middle alpine taiga to the south, with elevations ranging from 1,100-1,500m. The main geographical feature in the region is the Yuzno-Muisky mountain ridge with the Irokinda deposits located on its southern flank.

The climate of the region is severe continental with long cold winters, short wet summers and great fluctuations in the daily and yearly temperatures. The winter season extends over 7 months with snow cover usually lasting 234 days. The average winter temperature ranges from -22°C to -32°C in January (the coldest month). Summer temperatures in July range from 15°C to 17°C. The average annual temperature is -6.7°C. The Irokinda mine operates all year round.

In 2012, tails of the processing plant are stored in sections No. 3 and No. 4-1 of the tailing pond. In February 2012, construction of sections No. 4-2 and No. 4-3 began. The existing tailings area, together with areas being constructed, is sufficient for several years of production. Sections No. 1 and No. 2 of the tailing pond are filled, decommissioned and allowed to revegetate naturally.

History

Mining at the Irokindinskoye deposit began in 1974 with the pilot operations and Irokinda mining area organized by the Tsipikansky placer mine. The pilot processing plant was also built in 1974 and the first 350 t of ore was mined and processed in the area of the Yurasovskaya vein. Prior to 1991, mining operations at the Irokinda Mine were undertaken by the state owned gold mining company, Zabaikalzoloto which is located in the city of Chita.

During the period from 1975 to 1991, during the course of the pilot operations, a total of 112,600 t of ore containing 2,953 kg of gold was mined. The initial mining operation was conducted on the Yurasovskaya, #30 and Serebryakovskaya veins by the cooperative Vitim. The cooperative Vitim was part of the state owned gold mining company, Zabaikalzoloto which is located in the city of Chita.

Prior to 1993, all exploration and mining works on the Irokinda Project were conducted by state organizations, however, between 1994 and 1995, Buryatzoloto became an open joint stock company and the licenses were reregistered to Buryatzoloto. At that time, 30% of Buryatzoloto's stocks were acquired by High River via an open cash auction, with High River acquiring 85% of Buryatzoloto's stock by 2005.

With the inception of Buryatzoloto, the period of active development began with targeted production growth and implementation of a development program that allowed the company to create modern efficient operations at the mine and improve the social conditions for its staff.

Between 1995 and 2006, Buryatzoloto mined a total of 2,324,448 t of diluted ore grading 10.5 g/t containing 24,518.1 kg of gold. During the same period a total of 2,176,003 t of ore was processed which produced 21,021.8 kg of refined gold. The yearly run-of-mine diluted ore and processed ore from 2007 to 2011 is shown in the below table.

Year	Run-of-Mine Diluted Ore			Ore Processed at the Plant	
	Ore Tonnes	Average gold grade (g/t)	Gold (kg)	Tonnes	Refined Gold
2007	301,954	9.2	2,783.7	275,485	2,339.7
2008	310,627	8.6	2,684.3	290,792	2,313
2009	332,693	8.5	2,828.1	316,004	2,340.8
2010	304,783	8.3	2,527.6	313,049	2,037.1
2011	319,548	7.4	2,370.5	311,030	1,993.9

Geological Setting

The main structural unit in the region is the Uzhno-Muiskaya formation, which is one of the blocks of the Archean basement rocks. The boundaries of the formation on its western and eastern sides are represented by its contacts with the Kelyansakaya and Tuldunskaya mobile zones, respectively, while the northern and southern boundaries are represented by the Muisky and Tilishminsky faults, respectively.

The Archean formations are represented by the Uzhno-Muiskaya formation, a 2,500 m thick, dislocated series of amphibole, biotite-amphibole, biotite-garnet-pyroxene gneisses and calciphyres, which have been ruptured by dykes and sills of intrusive rocks. Metamorphism of the rocks is of granulite facies.

The early Proterozoic rocks comprise acidic flows, green schists and carbonaceous rocks and have a thickness of approximately 7,000 m. Molasse sediments of late Proterozoic age comprise two sub-suites, a lower (sand schists) and an upper (sand conglomerates). The thickness of the sediments is approximately 2,500 m. Quaternary unconsolidated sediments are rare and occur in river valleys and along the slopes of the dividing ranges.

Magmatism within the region is complicated and there are a variety of magmatic products, separated either by age or petrography with both Archean and early Proterozoic intrusive units identified.

The Irokindinskoye ore field exhibits aspects which clearly demonstrate that it is a separate geological block, with the block being bounded by major faults. In the ore field, three adjacent blocks have been detected: Irokindinsky, Kindikansky and Zapadny. The internal structure of the blocks is complicated by an extra level of faults which comprise a complicated net inside each block. The Irokindinsky and Kindikansky blocks form the western boundary of a solid Archean rock mass and are composed of tectonic rocks of the Kindikanskaya suite. The Zapadny block which is composed of early Proterozoic intrusive rocks of the Muisky complex contains the Kvarzevoye deposit.

The structure of the Irokindinskoye deposit, located within the homonymous block of the ore field, is characterized by a combination of three systems of faulting which are branches of the Kelano-Irokindinskaya graben structure. These branch structures with shear characteristics, vary by dimension and location and contain the gold-quartz veins of the deposit.

Exploration

Due to the rugged landscape features which greatly contribute to the exploration depth, the mode of occurrence and morphology of the veins, and the extremely irregular distribution of gold, exploration of the strike, depth and continuity of the veins is performed using surface trenches and drill holes while the main exploration is conducted using underground mine development.

The long term exploration programs planned between 2007 and 2015 target further opportunities located both within the limits of the Irokindinskoye deposit and in adjacent areas. The exploration in 2011 consisted of the following work:

- 3,748 m of underground drifting;
- 18,211 m of underground drilling;
- 9,047 m3 of trenching;
- 6.86 km2 of mapping; and
- 50,399 m of surface drilling.

Mineralization

The deposit contains five paragenetic mineral associations corresponding to five stages of mineral generation:

1) Quartz;
2) Tourmaline-scheelite-quartz;
3) Carbon-quartz;
4) Gold-sulphide-quartz; and
5) Carbon.

Thermobaric research indicates that the mineral generation process temperature ranges are quite wide from 500°C to 50°C. The gold-sulphide-quartz productive stage of mineralization was generated at temperatures ranging between 330°C and 170°C.

Gold and silver are the primary products resulting from mining at the Irokinda mine. Gold is native, mainly occurring in quartz but on rare occasions it occurs as interstitials with sulphides. According to analytical results, approximately 90% of gold occurs as free gold with approximately 10% occurring in interstitials with sulphides.

Gold in the veins occurs as spongy aggregates, plates, flakes, ambages, dendrite and falciform separations. Gold grain sizes range usually up to 1 to 2 mm, and in rare instances up to 1 to 2 cm. The colour of the gold is light yellow to bright yellow and the gold ranges in purity (fineness) from between 650 to 750 to 880 to 900.

Silver usually occurs in association with gold, galena and fahlore. The silver separations usually form a lumpy or falciform texture or appearance. The colour of the silver is silverwhite and the grain size is not larger than 1 to 2 mm.

Drilling

Drilling underground is conducted using Diamec 262 and SKB-4 drills with BQ core (outside diameter equals 59.6 mm). In 2011 and 2010, 35,435 m of drilling was conducted underground.

Veins tested by trenches and stripping on surface are further evaluated to depth by drilling both vertical and inclined holes on a grid of 160 x 80 to 160 m, with further consecutive infill drilling on the grid, where defined mineral shoots are cross-cut, down to a 40 x 40 m pattern. The same methodology is used underground for testing the lower levels of veins being mined with additional cross-cuts and drilling chambers excavated for this purpose. The surface drilling is performed by with SKB-4 drill rigs.

In 2011 and 2010, 104,523 m of drilling was conducted on surface.

Sampling and Analysis

The sampling method for the mineralization exposed by the underground drifts was developed during the detailed exploration stage and continues to be used for exploration. Sampling is also performed during the mining operations as follows:

1) For the shrinkage stoping method, with levels (drifts) 1.0 to 1.5 m high, the drifts are sampled from the roof by 3 x 5 cm channel samples 3 m apart along the strike of the mineralized zone using geological boundaries as the limiting factor for each sample.

2) For the top-down (underhand) or bottom-up (overhand) cut and fill methods the sampling method does not differ from the method used for the shrinkage stopping.

The area of mineralization covered by each exploration composite is between 11 and 33 m^2 with an average of approximately 21 m^2 and the tonnage covered by each composite varies from 28 to 249 t and averages 98 t.

Channel sampling is also conducted. This sampling is a routine sampling method used in mines in order to identify ore and waste development rounds. In these cases, the chip sampling is submitted to the mine's on-site assay laboratory with the results available usually within 24 to 36 hours of being submitted to the laboratory.

Depending on the geological boundaries, mineralization is sampled by core samples of varying length to a maximum of one metre. All host rocks without sulphide mineralization are photographed in the core boxes and sampled by geochemical (chip) samples up to 5 m in length. The samples are stored in a secure location on site before being transferred to the onsite or external laboratory.

Security of Samples

Internal check assays are performed to find random errors in the analytical work. The internal check assaying is done for each quarter and on a semi annual and annual basis. According to the Russian guidelines the amount of check analyses for each grade range cannot be less than 30.

Based on the initial assays and the corresponding check assays, a mean square deviation is calculated. Further, a relative mean square deviation is calculated and this value defines the comparability of the gold grades for the grade range. The value of the relative mean square deviation for the grade range must be no more than the maximal limits of the deviation indicated in the SCR guidelines.

Mineral Resource and Mineral Reserve Estimates

The mineral resources and mineral reserves have been classified according to the CIM Guidelines 2005. A summary of the current mineral reserve and resource estimates for the Irokinda mine are shown in the tables below.

Mineral Reserve Estimate (January 1, 2012)			
	Tonnes	**Au g/t**	**Au, kg**
Proven	187,787	9.1	1,709
Probable	134,917	9.3	1,257.7
Proven + Probable	322,704	9.2	2,967

Mineral Resource Estimate (January 1, 2012)*			
	Tonnes	**Au g/t**	**Au, kg**
Measured	110,356	16.3	1,798.5
Indicated	89,864	14.7	1,319.7
Inferred	332,918	13.3	4,440.5
Measured + Indicated	200,220	15.6	3,118.2
* Mineral resources include mineral reserves.			

The 2011 exploration-mining parameters currently in use are:

1. Cut-off grade of 3 g/t gold to outline the boundaries of the mineralized zones.
2. Minimum gold grade of 6.8 g/t over a mineralized zone composite intercept.
3. Minimum mining thickness of 1 m. When thickness is less than 1 m, but the gold grade is higher, it is recommended to use the metrogram (3 and 6.8 g\t).
4. Maximum length of 12 m for waste rock and low grade mineralization being included in the “reserve” estimation.
5. Uneconomic “reserves” cut-off is 1 g/t, minimum thickness 1 m.
6. Minimum silver grade taken into account 3 g\t.

Mining Operations

The following two mining methods were mainly applied at the mine:

1) Between 1974 and 1995, a supported stoping method supplemented with upwall cutting was used. This method is used for the mining of mineralized veins of short strike length hosted in rock deemed to be of a medium stability. The mined space was supported by anchored props, timber cribbing and in some cases bolts.

2) Since 1996, the room-and-pillar mining method with the room locations following the dip of the vein has been used. This method is used for mining veins which have an extended strike length and are located in stable and very stable rock. This method is conducted by extracting 8 m wide chambers using jacklegs and stopers to drill short blast holes.

All of the mining methods used at Irokinda are labour intensive with the use of both jacklegs and stopers to drill the blast holes. Extraction of the broken material is accomplished primarily by using

slushers to move the material into the ore and waste passes. From the ore and waste passes, the broken material is loaded into rail cars.

Between 2007 and 2011, Irokinda mined a total of 1,569,605 t of diluted ore grade 7.8 g/t containing 12,227 kg of gold. During the same period a total of 1,506,360 t of ore was processed which produced 11,157 kg of refined gold.

The yearly output of the process plant is approximately 320,000 t/y with the work schedule arranged in two shifts by 12 hours each with year round work coverage. Average dilution is 32.5%. Based on an annual projected production rate of 320,000 t/y, the Irokinda mine has a current mine life of three years based on resources (Russian "reserves") or 1 year based on reserves.

Currently, all machinery at the Irokinda mine adequately supports the operations, exploration and development of the mine. However, underground work is required in order to access ore blocks currently identified as mineral resources, but not mineral reserves.

Stripping is currently used for surface exploration and all requirements necessary to conduct stripping are currently fulfilled at the Irokinda mine.

BEREZITOVY

Unless otherwise stated, the information, tables and figures that follow relating to the Berezitovy project is extracted from the Berezitovy Technical Report prepared by Mark Owen, BSc, MSc, MCSM, CGeol, EurGeol, FGS of WAI. Mark Owen is a "qualified person" as such term is defined in NI 43-101. The technical information contained in this section of the AIF has also been reviewed and approved by Dr. Phil Newall, Director of Mining and Minerals of WAI.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Berezitovy Technical Report, which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on the Company's SEDAR profile at www.sedar.com.

Introduction

Wardell Armstrong International (WAI) was commissioned by High River Gold Mines Ltd. (HRG) to prepare a National Instrument 43-101 (NI 43-101) compliant report on the Berezitovy Gold Mine in Russia.

The Berezitovy Technical Report documents the geological block modelling, the mineable reserve, mineral processing, environmental and social issues and financial assessment of the mining operations from project commencement to end of the mine life.

Project Location, Accessibility and Climate

The Berezitovy property is located in the Tyndinski district, within the western part of the Amurskaya Oblast of the Russian Federation, 1,000km north of Blagoveshensk, the Amurskaya Oblast capital city. The nearest population centre is Urusha (Pop. 4,700) located 50km to the south, on the Trans-Siberian railway and a major road.

The main road access to the site is from the railway station in the town of Scovorodino (~128km), initially westwards following the main Federal Highway between Chita and Khabarovsk and then north-westwards from the village of Madalan along the mine road, a distance of some 65km.

The average mean temperature for the region is -3.6°C. Summer temperatures can reach 36°C with average summer temperatures of 25.5°C. Winter temperatures can be as low as -50°C with an average winter temperature of -30°C.

History

The Berezitovy Deposit was discovered in 1932 during the development of a gold placer deposit in the Konstantinovsky Stream which has its source in the location of the current open pit. From 1960 to 1962 and from 1974 to 1980 Amurskaya Geological Expedition (AGE) undertook geological mapping, surface and underground exploration and evaluation of the Berezitovy deposit. Between 1975 and 1980 AGE carried out approximately 18,700 metres of drilling in 59 inclined holes oriented on grid due east. In

total some 2,750 metres of trenching spaced 15 to 40 metres apart were completed on the deposit. In 1980, AGE carried out regional geochemical soil sampling over the whole property and anomalous concentrations of up to 30ppb Au were detected in several areas the most prominent of which covered 250m by 500m, coinciding with the main Berezitovy deposit.

In 2003 HRG acquired the licence and started undertaking exploration works. Modern mining operations began in December 2007. The deposit is mined by conventional open pit techniques with drill and blast, and haulage utilising CAT and Belaz trucks. In 2011, the mining rate was 1.8Mtpa and a processing rate at approximately 1.4Mtpa, further expansion to 2.0Mtpa is planned.

Property Ownership

The Berezitovy property is owned by High River Gold Mines Ltd, a Canadian based gold mining company with producing mines and advanced exploration projects in Burkina Faso and Russia. HRG holds the Berezitovy asset right through its 99.91% subsidiary Berezitovy Rudnik LLC. Its common shares (HRG) are traded on Toronto Stock Exchange (TSX). The Berezitovy licence number is BLG 11787 BR, covering 17km² and valid from 09 October 2003 until 01 August 2017. Apart from Berezitovy, HRG also has the Sergachinskaya exploration licence (BLG 14149-BR) which compromises six satellite areas and allows both exploration and subsequent mining activities for gold ores at each of the areas. This licence is valid from 04 July 2007 until 25 May 2032 and covers 167.2km².

Property Description

The Berezitovy Gold Mine is a well-established open pit producing 1.8Mtpa. The process plant had a throughput of approximately 1.4Mtpa, with 250t/hr through the CIP plant to a dry paste plant at a nominal average grade of 2.62g/t Au in 2011. Around Berezitovy, HRG has identified some exciting exploration targets that require further work.

Geology and Mineralisation

The Berezitovy deposit is bounded to the north by the east-northeast trending Severa (North) Sergachinski fault, to the south by the Yuzhna (South) Sergachinski fault, to the west by the north trending Khaiktinski fault and to the east by the similarly north trending Bolshe Ilichinski fault.

The area of the Berezitovy is underlain predominantly by early Proterozoic age, biotitefeldspar gneissose granites and granodiorites. The southern part of the area is marked by feldspar-pyroxene gabbro.

Gold mineralisation in and around the Berezitovy property is related to explosive breccias within granitic gneisses. This is present within a north-northwest trending and steeply southwest dipping zone of brecciated and hydrothermally altered granodiorite. In addition, gold mineralisation is associated with metasomatic alteration and quartz flooding in granitic and granodioritic rocks. The near surface oxidation zone is very shallow (5-7m deep) and mineralisation throughout is predominantly sulphides.

A set of east-west trending andesite porphyry and lamprophyre dykes cut the deposit and are generally not mineralised. Higher gold values, however, commonly occur along the dyke contacts and some gold mineralisation occurs in the dykes. A post mineral diorite dyke separates the main Berezitovy deposit into two parts; the northern area containing the North Zone and the southern one containing the Central and South Zones.

At Berezitovy, gold is associated with polymetallic sulphides and quartz-sericite (berezite) metasomatic alteration. Locally, tourmaline, garnet and epidote are also common. The overall outline of the mineralised zone is due to the juxtaposition of two inverted cone shaped structures (breccia pipes), which have provided channel ways to the hydrothermal fluids and the associated gold-polymetallic mineralisation.

Gold mineralisation, commonly in the range of 0.5-15g/t Au, is present in various facies of brecciated zones with disseminated sulphides and in silicified rocks. Sulphide mineralisation consists predominantly of pyrite, sphalerite and galena.

Exploration and Drilling

The main gold occurrences within the property (from north to south) are Berezitovy (North and South Zones); Flangovaya; Trubnaya (Pipe) – newly identified zone; Opozncan; Orogzhan; Beregovaya; and Yuzhnaya (South) zone.

Apart from Berezitovy, HRG also has title over a licence encompassing six satellite areas, namely, Perevalniy (Solmachmiy); Kolbachi (Quartsiviy); Pravoberezhniy; Videnovski (Videnovsovskiy); Koloktikan and Lazarevskii.

Of these, only Perevalniy has had recent work undertaken on it, and although at an early stage of exploration, trench results look promising. However, the results of the awaited assays will be crucial in making a more educated assessment of the styles, magnitude and tenor of any mineralisation present.

The others remain to be fully explored, although Orogzhan is worthy of note, even though it is the subject of a legal dispute, as the proximity to the mine (within 2km) make it of strategic importance should ore grade mineralisation be delineated. Orogzhan comprises two occurrences, namely Beregovaya and Yuznaya.

In 2002 and 2003, HRG carried out a programme of infill diamond drilling and underground sampling for metallurgical tests and a 25-hole infill surface diamond drilling programme totalling 4,644m.

Drilling around the current open pit during 2010 amounting to 10,879.9m in 34 holes of which 23 were exploration holes and 11 were twin drill holes to check quality of in-pit grade control data.

Mineral Resource & Mineral Reserves

The Mineral Resource and Mineral Reserve estimate presented in this Technical Report have been prepared in accordance with the guidelines of the JORC Code (2004), however for consistency the term Mineral Reserve has been used. It should be noted that for the purpose of this Technical Report the terms Mineral Reserve and Ore Reserve have the same meaning.

A summary of results of the evaluation of the in-situ resources are shown below, for three different cut-off grade levels: 0.3g/t, 0.5g/t and 0.7g/t Au.

Berezitovy Resource Estimate (WAI, 01 January 2012) (in accordance with the guidelines of the JORC Code (2004)					
Ore Type			**Sulphide**		
Cut Off Grade (g/t)			**0.3**	**0.5**	**0.7**
Measured	**Tonnes (kt)**		10,275	9,669	8,510
	Au (g/t)		1.66	1.74	1.89
	Metal	**kg**	17,046	16,791	16,094
		koz	548	540	517
Indicated	**Tonnes (kt)**		12,410	11,479	9,755
	Au (g/t)		1.38	1.45	1.60
	Metal	**kg**	17,066	16,685	15,644
		koz	549	536	503
Measured + Indicated	**Tonnes (kt)**		22,685	21,148	18,266
	Au (g/t)		1.50	1.58	1.74
	Metal	**kg**	34,112	33,476	31,738
		koz	1,097	1,076	1,020
Inferred	**Tonnes (kt)**		7,362	6,208	4,627
	Au g/t		1.11	1.24	1.45
	Metal	**kg**	8,150	7,679	6,729
		koz	262	247	216

NB –
1. Mineral Resources are not reserves until they have demonstrated economic viability based on a feasibility study or pre-feasibility study.
2. Mineral Resources are reported inclusive of any reserves.
3. Grade represents estimated contained metal in the ground and has not been adjusted for metallurgical recovery.

WAI has undertaken a pit optimisation using the Mineral Resource Block Model prepared by WAI and updated in January 2012. The model was depleted to contain only those Mineral Resources which have not been extracted as of 01 January 2012. WAI used NPV Scheduler® software for the optimisation, applying conceptual financial and technical parameters which have been provided by HRG. WAI estimated the Berezitovy open pit Mineral Reserves using the final optimised pit; the results indicate a

total of 18.4Mt of Proven and Probable ore, with an average grade of 1.63g/t and 963kOz of contained gold (total includes 3.9Mt of stockpile ore). The life of mine schedule targets an average production rate of 2.0Mtpa of ore, with a total 14.4Mt of ore produced from the pit over a mine life of 8 years.

Berezitovy Open Pit Mineral Reserves as of 01 January 2012 (WAI)
(in accordance with the guidelines of the JORC Code (2004))

Ore Type	COG	Proven				Probable				Proven + Probable				Pit Summary	
		Ore (kt)	Au (g/t)	Au (kg)	Au (kOz)	Ore (kt)	Au (g/t)	uA (kg)	Au (kOz)	Ore (kt)	Au (g/t)	Au (kg)	Au (kOz)	Waste (kt)	Stripping Ratio (t/t)
Sulphide (In-situ)	0.50	9,102	1.71	15,531	499	5,332	1.91	10,189	328	14,433	1.78	25,721	827	38,656	2.68
Sulphide (Stockpiles)	0.50	-	-	-	-	3,917	1.08	4,245	136	3,917	1.08	4,245	136	-	-
Total		**9,102**	**1.71**	**15,531**	**499**	**9,249**	**1.56**	**14,435**	**464**	**18,351**	**1.63**	**29,966**	**963**	-	-

Note: Mining Factors of 6% Dilution and 97% Mining Recovery applied
*Waste is given inclusive of Inferred material.

Berezitovy Deposit LOM Mining Schedule (WAI 01 January 2012)

Year		1	2	3	4	5	6	7	8	Total
Rock	**kt**	5,853	7,475	7,604	7,647	7,646	7,276	7,776	1,812	**53,089**
Waste	**kt**	4,152	5,474	5,605	5,647	5,645	5,276	5,777	1,079	**38,656**
Stripping Ratio	**t/t**	2.44	2.74	2.80	2.82	2.82	2.64	2.89	1.47	**2.68**
Total Ore	**kt**	**1,701**	**2,001**	**1,999**	**2,000**	**2,001**	**2,000**	**1,999**	**733**	**14,433**
Au Grade	**g/t**	**1.96**	**2.04**	**1.91**	**1.77**	**1.60**	**1.61**	**1.64**	**1.70**	**1.78**
Contained Metal	**kg**	**3,339**	**4,077**	**3,827**	**3,547**	**3,196**	**3,220**	**3,270**	**1,244**	**25,721**
	koz	**107**	**131**	**123**	**114**	**103**	**104**	**105**	**40**	**827**

Note: Mining Factors of 5% Dilution and 97% Mining Recovery applied
*Waste is given inclusive of inferred material.

Mining

The Berezitovy Gold Mine is a well-established operation utilising a conventional open pit mining system; mining top-down bench by bench and employing drill and blast of ore and waste rock combined with truck haulage to the surface. Both ore and waste is loaded using hydraulic excavators and electric shovels, with 45t and 55t diesel powered BELAZ and CAT off-highway trucks for transport of rock.

The deposit is divided into two orebodies – Northern and Southern. The orebodies merge into one orebody, termed the Southern orebody, at the +600m level. As a result the Berezitovy production plan involves two pushbacks - Stage I Pit and Stage II Pit.

The Stage I pushback encompasses extraction of the Southern orebody (from 2006-2012/13), with mining occurring between the +820 and +630m horizons and at two working faces. Subsequent to merging of the two mining fronts at the +630m level, the Stage II pushback will begin with mining at one working face from the +630m horizon down to the pit limit.

There are three ore types at Berezitovy. High-grade ore is defined by gold grades of >2.0g/t Au and is sent straight to the mill after extraction. Medium-grade ore (balance ore) ranges between 1.0-2.0g/t Au and low-grade ore (off-balance ore) between 0.5-1.0g/t Au. At 01 January 2012, 1,398kt of medium-grade ore (average grade 1.71g/t) is stockpiled in various stockpiles at the pit outskirts, providing a contingent of almost a year of feed to the mill. In addition, 2,519kt of low-grade material (average grade 0.74g/t) is also stockpiled.

Mineral Processing

An annual processing capacity of approximately 1.4Mtpa was achieved in 2011, although this was well below the target 1.8Mtpa. The target is to achieve an annual throughput of 1.8Mtpa in 2012 and 2.0Mtpa in 2013.

Gold recoveries have gradually increased over the four year period, this can be attributed to the installation of a second ball mill in parallel with the original, which has rectified the problem of under

grinding the material. A rate of 80-82% passing 74µm is now achieved. The productivity of these two ball mills is some 0.9Mtpa.

Since the modification of the three original Chinese filters and the installation of two new Russian filters, the filtration station has had no problems in coping with the increased capacity of the processing plant. It was reported that leach tails have not been sent directly to the wet tailings dam since October 2009. Although it is reported that the current filtration station would not be able to cope with an increase in production to 2.0Mtpa, further modifications would be made, or additional filters installed, in order to meet the increased demand. Under no circumstance would tailings be diverted to the wet tailings dam, as was previously the case.

Trial testwork, in which gravity processing equipment was incorporated into the grinding circuit, proved unsuccessful. This equipment has subsequently been removed.

The method of head sample analysis, in which the sample is filtered with both the solids and solution going for assay, still needs to be reviewed.

The economics of producing lead and zinc from the leach tailings should be reviewed through on-site laboratory flotation tests.

Environmental Studies

The health and safety procedures and protocols at the site are thorough and efficient. The scope of the H&S policies and the importance was placed on training and understanding of these procedures.

The fuel and oil storage facilities on site should be the priority for the site and although the fuel tanks are not used on a daily basis, the storage of emergency fuel supplies in them is not in line with national legislation or international best practice. This is a major area of risk for the company, a new facility is planned for construction, all efforts should be taken to ensure that the risk of contamination from the current facility is minimised.

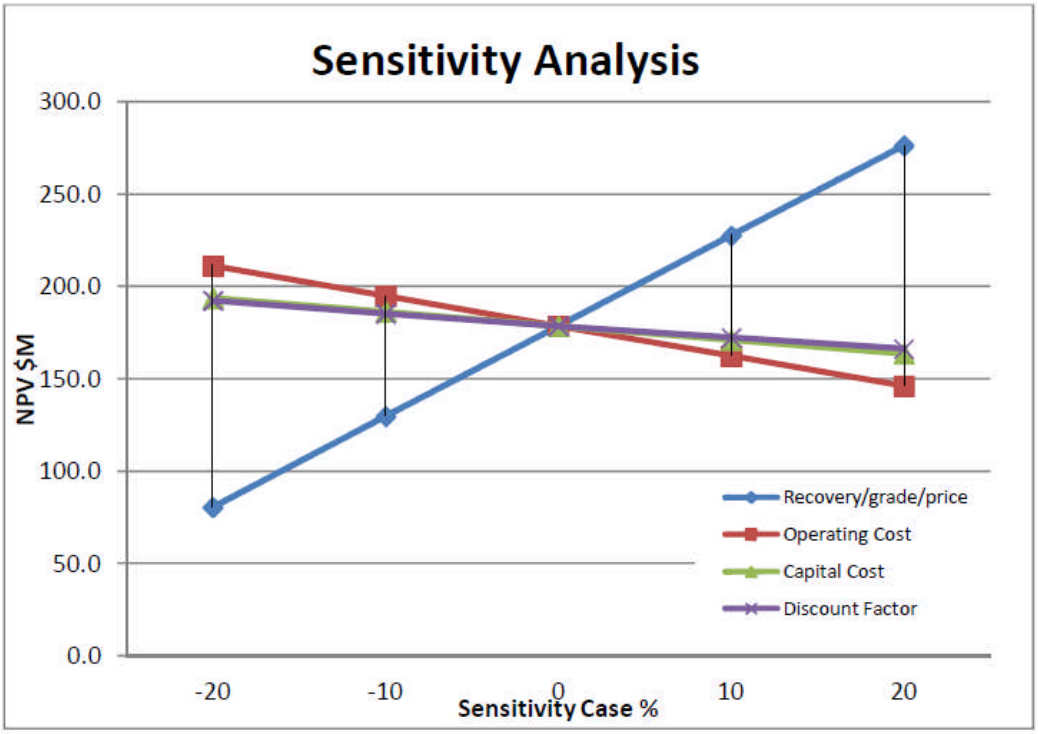
The environmental monitoring appeared to be compliant with the licence requirements however not enough data was scrutinised to comment on international compliance.

Whilst the site appears to comply with national legislation in the majority of areas, with the exception of fuel and oil storage, there are several aspects which fall short of international best practice.

Economic Analysis

The WAI life of mine model results in a positive NPV at various discount rates and at various gold prices at nominal input parameters. This shows that the reserves considered in the financial model are profitable for exploitation in the current economic environment.

Summary of Berezitovy Key Financial Indices	
NPV 5% (US$M)	221.4
NPV 11.2% (US$M)	**178.6**
NPV 15% (US$M)	158.5
NPV 20% (US$M)	137.1



The deposit consists of a large gold ore resource, with potential to increase, as the area is being intensively explored.

The fact that the key financial indices remain reasonably high given the conservative cost input parameters and recovery used in the models, shows good economic potential for the project.

Conclusions

The Berezitovy ore zone is well known through extensive drilling and exploitation. The geologic models for the emplacement of mineralisation appear robust and act as a good pointer for further potential mineralisation in the area.

A 300t sample was tested at the “Baley” pilot processing plant in the Russian Federation. Standard procedures were used in analysis and testing of samples. Based on testwork results Cyanide leaching followed by selective flotation of zinc and lead from leach tailings is chosen for process.

The Berezitovy processing plant was constructed between May 2006 and December 2007, recent additions and modifications to the plant have increased the processing capacity.

The Berezitovy Gold Mine is a well-established open pit operation, with pre-production having commenced in 2006. Ore production from the mine in 2011 was 1.8Mtpa. An annual processing capacity of approximately 1.4Mtpa was achieved in 2011, although this was well below the target 1.8Mtpa. The target is to achieve an annual throughput of 1.8Mtpa in 2012 and 2.0Mtpa in 2013. If successful, this will result in a projected average gold production of more than 100koz of gold per annum. Historic production statistics indicate that total cash costs for the first 7 months of 2011 were US$585/oz with an average total mine operating cost of US$1.83 per tonne of rock, equating to US$21.76 per tonne of ore mined.

DIVIDENDS

The Corporation has not declared or paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on its shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series of which there were 840,218,962 common shares and no preferred shares issued and outstanding as at December 31, 2011.

Common Shares

Holders of common shares are entitled to receive notice of any meetings of shareholders of the Corporation, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Preference Shares

Preference shares may, at any time or from time to time, be issued in one or more series. The Board of Directors shall fix before issue, the number of, the consideration per share of, the designation of, and the other provisions attaching to the shares of each series. Except as required by law or as otherwise determined by the Board of Directors in respect of a series of shares, the holder of a preference share shall not be entitled to vote at meetings of shareholders. The preference shares of each series rank on a parity with the preference shares of every other series and are entitled to preference over the common shares and any other shares ranking subordinate to the preference shares with respect to priority and payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation.

MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Corporation are listed and posted for trading on the TSX under the symbol "HRG". The following table sets forth information relating to the trading of the common shares on the TSX for the months indicated.

Month	High (Cdn$)	Low (Cdn$)	Volume
January 2011	1.44	1.14	18,115,098
February 2011	1.31	0.91	10,252,186
March 2011	1.11	0.91	6,840,180
April 2011	1.25	1.08	12,074,291
May 2011	1.24	1.07	8,433,777
June 2011	1.20	1.05	8,701,253
July 2011	1.34	1.15	6,629,657
August 2011	1.48	1.18	10,050,261
September 2011	1.54	1.26	11,815,364
October 2011	1.42	1.10	8,031,697
November 2011	1.36	1.23	9,862,968
December 2011	1.33	1.19	5,097,613

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The names, province and country of residence of the directors and officers of the Corporation, the positions and offices held by them within the Corporation and their principal occupations for the past five years are set forth in the following table. The directors and executive officers of the Corporation, as a group, do not beneficially own, directly or indirectly, or exercise control or direction over any shares of the Corporation. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of High River as a group is based upon information furnished by the directors and executive officers and is as at July 20, 2012. Each of the directors of the Corporation has been elected to serve until the next annual meeting of shareholders of the Corporation.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation for Past Five Years
Karl Glackmeyer [(1) (2) (3)] Saint Lazare, Quebec	Director since 2009	Retired; Formerly President and CEO, Fairstar Explorations Inc.
Alexey Khudyakov [(1) (2) (3)] Moscow, Russia	Non-Executive Chairman of the Board since 2009	Vice President, Altimo; Formerly Vice President, Private Equity, Alfa Bank
Yury Lopukhin [(4)] Moscow, Russia	Chief Executive Officer; Director since 2011	Senior Financial Manager, Severstal-Gold; Formerly Chief Financial Officer, Buryatzoloto; Senior Manager of Strategy, Severstal Resources

Name and Municipality of Residence	Position with the Corporation	Principal Occupation for Past Five Years
Andrew Matthews [1] [5] Ontario, Canada	Director since 2009	Development Officer, Office of Bernard Trottier, MP, Etobicoke-Lakeshore; formerly Vice-President of 2002905 Ontario Inc., a Toronto-based development company; formerly Senior Employee Relations Consultant, BMO Financial Group; Senior HR Consultant, Sun Life Financial Canada
Oleg Pelevin [6] Moscow, Russia	Director since 2008	Head of Strategy, Severstal-Gold; Formerly Head of Strategy, Gold Division, Severstal-Resources CJSC
Georgy Smirnov Moscow, Russia	Chief Financial Officer	Head of Treasury, Severstal Gold; Formerly Head of Treasury at Sodrugestvo Group of Companies; various positions in the Finance Department of X5 Retail Group and Eurochem OJSC
Sergey Stepanov [7] Moscow, Russia	Director since 2011	Chief Operating Officer, Severstal Gold LLC; Formerly Chief Operating Officer, OJSC Vorkutaugol; Chief of Staff, SUAL Holding
Evgeny Tulubensky [6] St. Petersburg, Russia	Director since 2008	Chief Legal Officer, Severstal-Gold, Formerly Chief Legal Officer, Gold Division, Severstal-Resources CJSC; Senior Lawyer, Severstal-Resources CJSC; Manager, Severstal OJSC
Edward Villeneuve Ontario, Canada	Vice President Health, Safety & Environment	Vice President Health, Safety & Environment, High River Gold Mines Ltd.; Formerly Vice-President, Environment, Health and Safety Assurance, Noranda/Falconbridge; Manager, Health and Safety, Xstrata Copper Canada

Notes:
[1] Member of the Audit Committee
[2] Member of the Corporate Governance and Compensation Committee
[3] Appointed on April 8, 2009
[4] Appointed on January 19, 2011 as a nominee of Severstal
[5] Appointed on October 7, 2009
[6] Appointed on November 20, 2008 as a nominee of Severstal
[7] Appointed on June 30, 2011

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set out below, none of the directors or officers of High River is, or has been within the ten years prior to the date hereof, a director or executive officer of any corporation (including High River) that, while such person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On December 3, 2008, the Ontario Securities Commission issued a permanent MCTO against Nikolai Zelenskiy, in his capacity as Chief Executive Officer of the Corporation, and Steven Poad, in his capacity as Chief Financial Officer of the Corporation. The permanent MCTO was issued in connection with the Corporation's failure to file its interim financial statements for the nine month period ended September 30, 2008 and the related management's discussion and analysis and superseded a temporary MCTO dated December 2, 2008 with respect to Mr. Zelenskiy and a temporary MCTO dated November 19, 2008 with respect to Mr. Poad. The MCTO was lifted following the filing of the required continuous disclosure documents on December 18, 2008.

As a result of the delay in filing, High River requested that the OSC and other Canadian securities regulatory authorities issue a temporary MCTO that prohibited certain directors and officers of the Corporation from trading in securities of High River. A MCTO in respect of securities of the Corporation was issued by the OSC on April 3, 2009 against Nikolai Zelenskiy, in his capacity as Chief Executive Officer of the Corporation, and Steven Poad, in his capacity as Chief Financial Officer of the Corporation. On April 15, 2009, the OSC issued a permanent MCTO against Nikolai Zelenskiy, in his capacity as Chief Executive Officer of the Corporation, and Steven Poad, in his capacity as Chief Financial Officer of the Corporation. The issuance of such temporary MCTO would generally not affect the ability of persons who have not been directors or officers of High River to trade in their securities. However, in its discretion, the OSC may determine that it would be appropriate to issue an issuer cease trade order affecting all of High River's securities. The MCTO was lifted following the filing of the required continuous disclosure documents on May 12, 2009.

On March 15, 2012, the OSC issued a temporary order that all trading in and all acquisitions of securities of High River, whether direct or indirect, by Karl Glackmeyer, Alexey Khudyakov, Oleg Pelevin, Yury Lopukhin, Evgeny Tulubensky, Andrew Matthews, Sergey Stepanov, Konstantin Sobolevskiy and Nord Gold (the "**Respondents**") cease for a period of fifteen days from the date of the temporary order, subject to certain exceptions as provided for in the temporary order. The temporary order was issued in connection with the Corporation's failure to file a NI 43-101 compliant technical report to support the mineral reserves and mineral resources at its Zun-Holba mine and a 43-101 compliant technical report to support the current mineral reserves and mineral resources at its Irokinda mine. On March 27, 2012, the OSC issued a permanent MCTO against the Respondents. The MCTO was lifted following the filing of the required technical reports on April 16, 2012.

Conflicts of Interest

Certain directors and officers of the Corporation are engaged in, and will continue to engage in, other activities in the industry in which the Corporation operates and, as a result of these and other activities, may become subject to conflicts of interest.

In particular, each of the following individuals is an officer of or otherwise employed by an affiliate of Nord Gold, which holds approximately 75.06% of the issued and outstanding common shares of the Corporation: (i) Oleg Pelevin, a director of the Corporation; (ii) Evgeny Tulubensky, a director of the Corporation; (iii) Sergey Stepanov, a director of the Corporation; (iv) Yury Lopukhin, the Chief Executive Officer and a director of the Corporation; and (v) Georgy Smirnov, the Chief Financial Officer of the Corporation. Such individuals' responsibilities to their employer may, therefore, conflict from time to time with the interests of the Corporation.

In addition, certain of the directors and officers serve as directors and officers of other public entities and therefore it is possible that a conflict may arise between their duties as a director or officer of High River and their duties as a director or officer of such other entities.

High River has addressed and continues to address such conflicts of interest in accordance with reasonable expectations and objectives of each of the parties involved. Furthermore, the directors and officers of High River are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and High River will rely upon such laws in respect of any directors' or officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors and officers in accordance with the *Business Corporations Act* (Yukon) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

PROMOTERS

No person or corporation is, or has been, within the three most recently completed financial years or during the current financial year, a promoter of the Corporation or a subsidiary of the Corporation.

LEGAL PROCEEDINGS

The Corporation is not a party to, nor is any of its property the subject of, any legal proceedings or any pending legal proceedings, or, to the Corporation's knowledge, contemplated legal proceedings, the outcome of which could have a material adverse effect on the Corporation.

In 2009 through 2011, the Corporation was involved in the following material legal proceedings:

In October 2009, Buryatzoloto filed a claim to the Moscow Court against Prognoz to recover the indebtedness under the contract for exploration work on the Prognoz Silver Project. The amount of claim including interest and costs was approximately 600 million Russian roubles (approximately US$20.5 million). In December 2009, the court made a decision in favour of Buryatzoloto which decision was supported by appellate court in March 2010. The court awarded the amount which was claimed.

Following this, Prognoz started a legal action in Moscow to declare itself bankrupt. In order to protect its interests, Buryatzoloto also filed to put Prognoz into bankruptcy. On June 7, 2010 the Moscow Court approved the application of Buryatzoloto for official bankruptcy procedures for Prognoz.

In February 2011, the Corporation was informed that Prognoz repaid part of an outstanding debt due under the contract for exploration work on the Prognoz Silver Project to Buryatzoloto.

Following the repayment, the Moscow Court dismissed Buryatzoloto's application for official bankruptcy procedures for Prognoz. In September 2011, the Moscow Court terminated the original application to put Prognoz Silver into bankruptcy that was initially filed by Prognoz Silver itself. In February 2012, Argentum applied to the Moscow Court for commencing official bankruptcy proceedings for Prognoz Silver. The formal bankruptcy proceedings have not yet been initiated by the court. As the formal proceedings are not yet started, High River is considering the circumstances of the Argentum's application and evaluating its next steps.

In 2009, a claim regarding services which were delivered to Somita by Senet, but for which payment is still outstanding was filed against Somita before the arbitrator in South Africa. The aggregate amount of the claim is US$3.7 million. The Corporation filed a statement of defense and counter claim against Senet for damages, the amount of which is proportionate to the amount of Senet claim. In June 2011, High River agreed to settlement terms with Senet. The settlement agreement with Senet provides for full and final settlement of Senet's claim against Somita and any and all claims between Senet and Somita arising out of the written agreement between the parties dated February 3, 2006 for a settlement amount of US$1,350,000 paid to Senet.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding voting securities, and no associate or affiliate of any of such persons or companies has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation, other than as disclosed below or otherwise disclosed in this AIF.

In June 2009, Severstal (through Lybica and Severstal Resources) made a take-over bid to all minority shareholders at a price of $0.22 per share in cash which was subsequently increased to $0.30 per share in cash. As part of the offer, High River entered into a support agreement (the "**Support Agreement**") with Lybica. The special committee of the Board that had been struck in connection with the take-over bid unanimously determined that the offer was fair to minority shareholders and in the best interests of the Corporation and unanimously recommended that shareholders accept the offer.

In connection with the offer, High River closed a private placement of 59,019,367 shares to Lybica for a price of $0.18 per share, for total proceeds of $10,623,486.06 As a result of the private placement, Severstal controlled 57.3% of the outstanding shares of High River.

The offer expired in August 2009, with a total of 28,897,135 shares being deposited to the offer. Following the take-up of these shares, Severstal controlled approximately 400.7 million shares, or 61.7% of the outstanding shares of High River.

In December 2009, the Corporation closed a private placement of 150,000,000 common shares to Polenica, an affiliate of Troika Dialog Group. The shares were issued for $0.38 per share for total aggregate gross proceeds to the Corporation of $57 million. The shares acquired by Polenica represented approximately 18.7% after giving effect to the private placement. Proceeds of the private placement were used for repayment of the approximately US$27 million outstanding under the two credit agreements that were assigned by Standard Bank to Severstal as of April 20, 2008, with the balance being used to fund the exploration program at Buryatzoloto and for general corporate purposes. Richard Ogdon joined the Corporation's Board of Directors as Troika's nominee concurrently with the closing of the private placement. Prior to the placement, Polenica was not an insider of the Corporation.

In 2010, Polenica decided to divest its position in the Corporation. On May 28, 2010, Nord Gold acquired 150,000,000 shares of the Corporation. As a result, Nord Gold increased its shareholding in the Corporation to approximately 68.88%. In connection with this transaction, Richard Ogdon resigned from the Board of Directors.

In August 2010, Nord Gold exercised the warrants that Severstal had acquired pursuant to the Severstal Private Placement and acquired 40,674,540 common shares of the Corporation at a price $ 0.64 per share. The Corporation received cash proceeds of $ 26,031,705.60 from the exercise of the warrants. Following the exercise of warrants, Severstal increased its ownership position in the Corporation to approximately 70.38% of the issued and outstanding common shares.

On August 22, 2011, Severstal purchased, through its indirect subsidiary Nord Gold, an additional 8,200,000 common shares of High River at a price of $1.29 per common share. Following the acquisition, Nord Gold beneficially owned and controlled 618,652,172 common shares, representing approximately 73.62% of the issued and outstanding common shares. On August 25, 2011, Severstal purchased through its indirect subsidiary Nord Gold, an additional 12,065,300 common shares of High River at a price of $1.29 per common share. Following the acquisition, Severstal, through Nord Gold, beneficially acquired and controlled 630,627,472 common shares, representing 75/06% of the issued and outstanding common shares.

On March 14, 2012, Nord Gold announced the completion of the separation of Nord Fold from Severstal via a Private Exchange Offers transaction (the "**Exchange Transaction**"). Following the Exchange Transaction, Severstal no longer has beneficial ownership or control over any common shares of High River. Nord Gold retains ownership and control over 630,627,472 common shares of High River, representing approximately 75.06% of the issued and outstanding common shares.

On July 18, 2012, Nord Gold announced its intention to make a formal offer to acquire the common shares of the Company that Nord Gold and its affiliates do not already own, including common shares issuable upon exercise of convertible High River securities, for a price per common share, at the option of the tendering shareholder, of either (a) 0.285 global depositary receipts of Nord Gold or (b) $1.40 in cash. On July 19, 2012, the board of directors of the Company established a special committee of independent directors to consider the offer, alternatives to the offer, and engage a financial advisor to prepare the formal valuation of High River in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Corporation is Equity Financial Trust Company at its principal office in the City of Toronto, Ontario.

MATERIAL CONTRACTS

Reference is made to the material contracts which have been filed by the Corporation on SEDAR at www.sedar.com.

Below are the particulars of each contract, other than those entered into in the ordinary course of business, that is material to the Corporation and that was entered into between January 2011 and December 2011 or was entered into prior to those dates but is still in effect.

Somita

1. Convention D'Investissements Miniers Entre Le Gouvernement Burkinabè (l'État) and High River dated December 15, 1995.
2. Agreement dated June 14, 2004 between High River Gold and Axmin. Under this agreement, High River agreed to purchase the Bouroum property gold reserves from Axmin and to option Axmin's exploration properties. Axmin retains back-in rights on the exploration properties, subject to certain conditions.
3. Loan Agreement dated October, 2005 between Somita and Royal Gold, Inc. for a project financing loan totalling US$35 million for development of the Taparko-Bouroum Project.
4. Convention Miniere Entre L'Etat et Somita Relative au Permis Bouroum dated April 26, 2007.
5. Amended and Restated Guaranty Agreement In Support of Somita Funding Agreement dated as of January 17, 2011 to induce Royal Gold to agree that the Completion Test has been satisfied and to execute and effectuate the releases, and in satisfaction of a condition precedent to Royal Gold providing such releases.

Berezitovy

1. Contract on delegation of powers of the general director and rendering of management services dated February 11, 2010 between Severstal Gold and Berezitovy.

Buryatzoloto

1. Assignment Agreement dated October 21, 2010 between Buryatzoloto and Malakhit LLC for assignment to Buryatzoloto of the right to receive a debt in the amount of 234,243,215.53 Russian roubles from North Gold Mining Company LLC.
2. Novation Agreement dated October 21, 2010 between Buryatzoloto and North Gold Mining Company LLC for the substitution of the obligation of North Gold Mining Company LLC to pay to Buryatzoloto the amount of 234,243,215.53 Russian roubles by an interest bearing loan agreement.

INTERESTS OF EXPERTS

The following persons, firms and companies named below have prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 - *Continuous Disclosure Obligations* by the Corporation during, or relating to, the Corporation's most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by such person, firm or company.

KPMG LLP, Chartered Accountants, Licensed Public Accountants, the Corporation's external auditors, have prepared the audit report dated March 30, 2012 on the Corporation's audited consolidated financial statements with accompanying notes as at and for the year ended December 31, 2011. KPMG LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

The Zun-Holba Technical Report was prepared by Ricardo A. Valls, M. Sc., P. Geo., of Valls Geoconsulant. Mr. Valls is independent of the Corporation and to the knowledge of the Corporation, Mr. Valls does not hold any shares of the Corporation

The Irokinda Technical Report was prepared by Ricardo A. Valls, M. Sc., P.Geo., of Valls Geoconsultant. Mr. Valls is independent of the Corporation and to the knowledge of the Corporation, Mr. Valls does not hold any shares of the Corporation.

The Taparko Technical Report was prepared by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI. Dr. Newall is independent of the Corporation and to the knowledge of the Corporation, Dr. Newall does not hold any shares of the Corporation.

The Berezitovy Technical Report was prepared by Mark Owen, BSC, MSc, MCSM, CGeol, EurGeol, FGS and approved by Dr. Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals, each of WAI. Each of Messrs. Owen and Newall are independent of the Corporation and to the knowledge of the Corporation, they do not hold any shares of the Corporation.

The Bissa Technical Report was prepared by Dr Phil Newall, BSc (ARSM), PhD (MCSM), CEng, FIMMM, Director of Mining and Minerals of WAI. Dr. Newall is independent of the Corporation and to the knowledge of the Corporation, Dr. Newall does not hold any shares of the Corporation.

The Prognoz Technical Report was prepared by William J. Lewis, B.Sc., P.Geo., Senior Geologist, and Dibya Kanti Mukhopadhyay, M.Sc., MAusIMM, Senior Resource Geologist, each of Micon. Each of Messrs. Lewis and Mukhopadhyay are independent of the Corporation and to the knowledge of the Corporation, neither they, nor Micon hold any shares of the Corporation.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee is appointed by the Board of Directors to assist the Board of Directors in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to provide an open avenue of communication between management, the independent auditors, the internal auditors and the Board of Directors and to assist the Board of Directors in its oversight of the:

- integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of the Corporation and the control systems in place to monitor them;
- compliance with legal and regulatory requirements related to financial reporting; and
- independence and performance of the Corporation's independent auditor.

The Audit Committee shall also perform any other activities consistent with the Audit Committee Charter, the Corporation's by-laws and governing laws as the Audit Committee or Board of Directors deems necessary or appropriate.

The Audit Committee is responsible for reviewing and approving annual and quarterly financial statements (MD&A), and any reports, opinions or significant transactions in connection with the financial statements of the Corporation.

The Audit Committee Charter is attached to this AIF as Schedule "A".

Composition of Audit Committee

The members of the Audit Committee are Alexey Khudyakov, Andrew Matthews and Karl Glackmeyer. Each of the foregoing is independent and financially literate within the meaning of Multilateral Instrument 52-110.

Relevant Education and Expertise

The following section lists the education and experience of each Audit Committee member that is relevant to their responsibilities as a member of the Audit Committee.

Alexey Khudyakov – Mr. Khudyakov is a Vice President at Altimo. Prior to his appointment, Mr. Khudyakov was the former Vice President, Private Equity at Alfa Bank, and was an associate at McKinsey & Co., Moscow. He graduated MSc cum laude in Applied Math from the Moscow Institute of Physics and Technology, and holds a Masters of Business Administration degree from INSEAD. Mr.

Khudyakov is presently a director and member of the audit committee member at Turkcell (NYSC), a director of Kyivstar (Ukraine); and a former director and compensation committee member of Golden Telecom (NASDAQ), now part of Vimpelkom (NYSE).

Andrew Matthews - Mr. Matthews was appointed as an independent director of the Board on October 7, 2009. Mr. Matthews is a lawyer and consultant with thirteen years of experience advising senior management. Mr. Matthews is currently Development Officer, Office of Bernard Trottier, MP, Etobicoke-Lakeshore; formerly Vice-President of 2002905 Ontario Inc., a Toronto-based development company. He previously held senior positions at BMO Financial Group and Sun Life Financial Canada. Mr. Matthews obtained his Bachelor of Laws degree from University of Alberta, Edmonton. He is a member of the Law Society of Alberta.

Karl Glackmeyer – Mr. Glackmeyer was appointed as an independent director of the Board on April 8, 2009. Mr. Glackmeyer has over 40 years of experience in the mineral resource business. From 1994 to his retirement in 2004, Mr. Glackmeyer was the President and Chief Executive Officer of Fairstar Explorations Inc., a company listed on the Toronto Stock Exchange. From 1984 to 1991, he was president of Yorbeau Resources Inc., a mineral exploration company traded on the Montreal Exchange. Mr. Glackmeyer obtained a Bachelor of Applied Sciences degree from Laval University in 1967.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for approving non-audit services. The Chairman of the Audit Committee will review requests for additional services submitted by management and estimated costs thereof. The Chairman may approve such services or refer the request to the full committee or the Board of Directors.

External Fees by Audit Category

The following table lists the fees paid or estimated to be paid to KPMG LLP by category, for the last two fiscal years:

	Year ended December 31, 2011	Year ended December 31, 2010
Audit Fees*	$570,000	$510,000
Audit-related Fees*	$275,000	-
Tax-related Fees*	-	-
All Other Fees	-	$4,000
Total Fees	$845,000	$514,000

* Includes audit services for the corporate office and subsidiaries.

Audit Fees

"Audit Fees" includes the aggregate fees paid to the auditors for audit services.

Tax Fees

"Tax Fees" includes tax compliance work reviewing the annual tax returns and tax planning issues.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the management information circular of the Corporation dated June 5, 2012. Additional financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2011.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

High River Gold Mines Ltd.
Mandate of the Audit Committee

Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of High River Gold Mines Ltd. (the "Corporation") is to provide an open avenue of communication between management, the independent auditors, the internal auditors and the Board and to assist the Board in its oversight of the:

- integrity, adequacy and timeliness of the Corporation's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of the Corporation and the control systems in place to monitor them;
- compliance with legal and regulatory requirements related to financial reporting; and
- independence and performance of the Corporation's independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation's by-laws and governing laws as the Committee or Board deems necessary or appropriate.

The Committee's role is one of oversight. It is not the responsibility of the Committee to determine that the Corporation's financial statements are complete and accurate and in accordance with generally accepted accounting principles or to plan or conduct audits. The financial statements are the responsibility of management. The independent auditors are responsible for performing an audit and expressing an opinion on the fair presentation of the Corporation's financial statements in accordance with generally accepted accounting principles.

Authority

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the independent auditors as well as any officer of the Corporation, or the Corporation's outside counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall have unrestricted access to the Corporation's books and records and has the authority to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. Subject to Board approval, the Committee has the authority to set and pay the compensation of the advisors employed by the Committee. The Chairperson or other member of the Committee so designated by the Committee may represent the Committee to the extent permitted by applicable legal and listing requirements. The Committee may communicate directly with the external auditors and internal auditors (if appointed).

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Composition and Meetings

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements;
2. Members of the Committee and the Chairman shall be appointed by the Board and may be removed by the Board in its discretion. The Committee will be elected annually at the first Board meeting following the annual general meeting;
3. The Committee shall be comprised of three or more directors, one of whom shall serve as the Chairman;
4. Each member of the Committee shall be an "independent" director as such term is defined in Schedule "A";
5. All members of the Committee shall be "financially literate" as determined by the Board pursuant to the definition in Schedule "A". The Board may at its discretion require that at least one member of the

Committee shall have accounting or related financial management expertise as determined by the Board;

6. The Committee shall meet, at the discretion of the Chairperson or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum;
7. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office;
8. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose;
9. The Committee shall maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities;
10. The Committee may invite such other persons to its meetings, as it deems appropriate; and
11. The independent auditors will have direct access to the Committee are their own initiative.

Responsibilities

A. With Respect to the Interim and Annual Financial Statements, the MD&A, and the AIF

1. The Committee shall review the Corporation's interim statements for approval of same prior to their being filed with the appropriate regulatory authorities and/or disclosed to the public. The Committee shall review the Corporation's annual audited financial statements and report thereon to the Board for approval of same prior to their being filed with the appropriate regulatory authorities and/or disclosed to the public. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the independent auditors as and when the Committee deems it appropriate to do so;
2. The Committee shall review Management's Discussion and Analysis relating to annual and interim financial statements, the Annual Information Form and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities and/or released to the public;
3. The Committee shall review Management's annual and interim earnings releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities and/or released to the public;
4. The Committee shall review the post-audit or management letter containing the recommendations of the independent auditors and management's response and subsequent follow-up to any identified weaknesses;
5. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than documents referred to in paragraphs 1, 2 and 3, and must periodically asses the adequacy of such procedures;
6. The Committee shall review the evaluation of internal controls by the independent auditors, together with management's response; and
7. The Committee shall meet no less frequently than annually separately with the independent auditors and the Chief Financial Officer to review the Corporation's accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deems appropriate.

B. With Respect to the Independent Auditors

1. The independent auditors are ultimately accountable to the Board of Directors through the Committee. The Board has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors (or nominate the independent auditors to be proposed for unit holder approval in any proxy statement);
2. The Committee shall review the performance of the independent auditors;

3. The Committee shall annually recommend to the Board the appointment of the independent auditors, or, as appropriate, the discharge or replacement of the independent auditors when circumstances warrant. The Committee will set the compensation for the independent auditors;
4. The Committee shall be responsible for ensuring that the independent auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the independent auditors and the Corporation. The Committee is responsible for discussing with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for recommending that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence;
5. The Committee considers the core services provided by the auditors include the annual audit, tax planning and tax compliance. The Committee shall pre-approve, in accordance with section 204 of *Multilateral Instrument 52-110* and all other applicable laws, any engagements for non-audit services beyond the core services to be provided by the independent auditors or any of their affiliates, together with estimated fees, and consider the impact on the independence of the independent auditors;
6. The Committee shall review the independent auditor's audit plan, including scope, procedures and timing of the audit; and
7. The Committee shall review the results of the annual audit with the independent auditors, including matters related to the conduct of the audit.

C. Other Committee Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate including:

1. Establishing and reviewing the Corporation's procedures for the receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters;
2. Establishing and reviewing the Corporation's procedures for the confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters;
3. Conducting or authorizing investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it in the conduct of any investigation;
4. Setting clear policies for High River hiring partners and employees or former partners and former employees of the independent auditors;
5. Making inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk; and
6. Reporting annually to the shareholders in the Corporation's Annual Information Form or in the Management Information Circular prepared for the annual and general meeting of shareholders on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.

Amended August, 2006

AUDIT COMMITTEE CHARTER

Schedule "A"

Independence Requirement of Multilateral Instrument 52-110

A member of the Audit Committee shall be considered "independent", in accordance with *Multilateral Instrument 52-110 - Audit Committees* ("MI 52-110") if that member has no direct or indirect relationship with the Corporation, which could reasonably interfere with the exercise of the member's external judgment. The following persons are considered to have a material relationship with the Corporation and, as such, cannot be a member of the Audit Committee:

(a) an individual who is, or has been, an employee or executive officer of the Corporation, unless the "prescribed period" has elapsed since the end of the service or employment;

(b) an individual whose immediate family member is, or has been, an executive officer of the Corporation, unless the "prescribed period" has elapsed since the end of the service or employment;

(c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the Corporation, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the Corporation, unless the "prescribed period" has elapsed since the person's relationship with the internal or external auditor, or the auditing relationship, has ended;

(e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the Corporation's current executive officers serve on the entity's compensation committee, unless the "prescribed period" has elapsed since the end of the service or employment;

(f) an individual who

(i) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of directors or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee; or

(ii) receives, or whose immediate family member receives, more than $75,000 per year in direct compensation from the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of directors or any board committee, or as a part-time chair or vice-chair of the Board or any Board committee, unless the "prescribed period" has elapsed since he or she ceased to receive more than $75,000 per year in such compensation.

(g) an individual who is an affiliated entity of the Corporation or any of its subsidiary entities.

Prescribed Period Under Multilateral Instrument 52-110

The "prescribed period" means the shorter of:

(a) the period commencing on March 30, 2004 and ending prior to the date the determination as to the independence of the individual by the Board of Directors is made; and

(b) the three-year period ending immediately prior to the date the determination as to the independence of the individual by the Board of Directors is made.

Financial Literacy Under Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.