

April 7, 2012

High River Gold Shareholders,

Nord Gold released its 2011 year end results on February 24th and held a conference call to cover the details (linked below). Nord is now a public company with its Global Depository Receipts (GDRs) trading on the London Stock Exchange after being spun off from Severstal (NORD:LI on the LSE). Nord owns 75.06% of HRG (630.6M of 840.2M shares). High River Gold released its 2011 year end results on March 30. The good news in Nord becoming public is the increased transparency allowing for easier comparison between HRG and Nord performance. The information below is derived from Nord's year end presentation, their conference call and a Morgan Stanley presentation. The following comparison of HRG vs. Nord sets the tone for what HRG shareholders will expect in any negotiations on a potential upcoming buyout proposal.

2011 HRG vs. Nord (numbers approx.)

Production: 368Koz vs. 754Koz or 49%.

Revenues: \$574M vs. \$1,182M or 49%.

EBITDA: \$310M vs. \$574M or 54%.

Cash flow from Operating Activities: \$190M vs. \$398M or 48%.

Profit: \$170M vs. \$252M or 68%.

Cash & Cash Equivalents: \$162M vs. \$217M or 75%. Note: In addition, HRG has \$86M stock (mostly Detour Gold) and lent Nord \$81M. If liquidated and collected, HRG would have \$330M of cash.

Debt: \$21M vs. \$400M or 5%.

Exploration Costs: \$48M vs. \$115M or 42%. Note: \$22M of these HRG's costs described as exploration and development at Buryatzoloto.

Total Capex: \$123M vs. \$319M or 39%.

Total Cash Costs (TCC): \$671/oz vs. \$816/oz. Note: HRG's mines vs Nord's non-HRG mines.

Resources: 7.2Moz vs. 24.3Moz or 30%. Note: excludes existing Buryatzoloto resources as recently found non 43-101 compliant, excludes 3.4M oz increased potential at Buryatzoloto and 2M oz at Bouly.

Net Asset Value: \$1,876M (\$2.23/HRG share) vs. \$3,867M (\$10.80/Nord share) or 49%. Note: per Morgan Stanley report (excludes Prognoz).

Forward Estimate (HRG vs. Nord)

2012 Production: 392Koz vs. 825Koz or 48%. Note: from Nord presentation.

2013 Production: 492Koz vs. 1,030Koz or 48%. Note: per Morgan Stanley report (includes 100K oz at Bissa).

2014 Production: 552Koz vs. 1,230Koz or 45%. Note: includes 160Koz at Bissa.

Note: As Nord's non-HRG mines have 22% higher Total Cash Costs, HRG's mines should continue to produce well over 50% of Nord's profit going forward.

Updated resource numbers for both Nord and HRG are coming out in April – except for the JORC compliant numbers for Buryatzoloto which are due in Q3. The geology report (see pp. 413 & 442) that went along with the Nord Prospectus stated there was 3.4M oz of P1 (inferred) increased potential at Buryatzoloto. Also, you will note a clarification in HRG's year-end release regarding the CEO's remarks at the Denver Mining Conference. As a reminder, at that presentation he said Bouly has 2m oz of gold. HRG/Nord in-house geologists will be making existing Buryatzoloto resource numbers 43-101 compliant by April 15 as a default notice was issued by the OSC in this regard. Prognoz was put into bankruptcy for the second time recently. This bankruptcy along with the delay of updated Buryatzoloto numbers will prevent us from

seeing the true potential resources at HRG's properties in the near future. This will put HRG minority at a disadvantage if Nord makes a buy-out offer in April. The two 50% partners of Prognoz seem to be using the courts to battle for control of the asset. You would think the easiest way to settle this issue and create value for all parties would be to spin-off Prognoz.

On the Nord conference call, Mr. Zelenski (Nord CEO) explained that both HRG and Nord were trading at very low market caps due to non-liquidity in the shares. Liquidity may be the problem with Nord, but as we HRG shareholders know, the low HRG market cap is a result of purposeful non-promotion by HRG/Nord management. Nord only has a 10% float whereas HRG has a 25% float. To attempt to increase Nord's market cap, Nord management has been doing many investor presentations recently. Four new analysts have initiated coverage on Nord and Nord recently appointed Jefferies Hoare Govett as its sole financial advisor. Illustrating Nord's potential, the Morgan Stanley presentation states that **"Nordgold's production in 2011 was 754k oz vs Polymetal's 810k oz or Randgold's 700k oz. However, Nordgold's market cap is \$2.5bn vs \$6.7bn and \$10.2bn for Polymetal and Randgold, respectively. We believe this discount is due to low liquidity."** It goes on to state that **"Nordgold is trading at a 45% discount to its CIS peers and 54% discount to its African peers based on EV/EBITDA 2012e"**. Nord and Randgold have similar production numbers and will have similar resource numbers (after Nord update in April). Morgan Stanley puts a price target on Nord of US\$9.50/share, but the bullish case shows US\$13.21/share. Nord's current price is US\$6.20/share with a market cap of US\$2.2B.

Alexei Mordashov, who owns approx. 82% of Severstal and approx. 89% of Nord, recently stated to the media that Nord could increase its share float (currently approx. 10.6%) by swapping shares with HRG minority. On Nord's conference call, Mr. Zelenski confirmed this was one way to increase liquidity and another was for Nord to merge with another publicly traded gold company to combine the floats. In a recent article linked below, Zelenski insinuated that they may make an offer after the resource update in April. He suggested such a swap would increase Nord's float to 20%. In other words, Nord is considering offering HRG shareholders approx. 9.4% of Nord's shares.

If Nord wants HRG minority to swap shares, they will need to entice us with a much more attractive offer. HRG minority have observed the very low trading volumes of Nord Gold and note it is very expensive and time consuming using international brokers to trade LSE shares vs. TSX shares. Although a share swap may increase Nord's float, the majority of HRG shareholders would not be sellers of Nord shares until they see a significant increase in the price. This situation would be similar to the existing Nord shareholders not selling at these low prices after swapping for Severstal shares. In essence, contrary to Zelenski's belief, Nord's stock liquidity problems would continue. As such, many minority shareholders are resistant to any share swap proposals. Since HRG minority own 25% of HRG, at a minimum of 50% of Nord's value, minority would require 12.5% of Nord's shares post swap (51M shares at 4 to 1). However, with HRG's EBITDA making up 54% of Nord, profit making up 68% and a \$730M gap between Nord's \$400M debt and HRG's \$330M liquidity, HRG is likely worth over 60% of Nord's value. For example, at 50% of Nord's value (12.5% of Nord's shares) plus HRG minority's portion of HRG's cash, you get to 15.4% of Nord's shares for HRG minority (65M shares or close to a 3 to 1 share swap). See link below. Another option for Nord would be to dividend out HRG's \$330M cash before doing a 4 to 1 share swap. Before minority even consider a share swap proposal, we want to see a better plan for increased liquidity of Nord's shares and updated resource estimates for Buryatzoloto and Prognoz. Also, any share swap proposal would need to include a TSX co-listing and be a non-taxable event.

Any unacceptable offers for HRG will be met with a strong campaign against. The last time Severstal tried a related party bid in summer of 2009, we influenced almost 90% of shareholders not to tender. I communicate with a core cohesive group of shareholders holding 115M shares (majority of minority) and we believe we would have some influence over the other 95M shares. Also, HRG Directors have ignored shareholder complaints and continued to lend money to Nord (another \$19M in Q4 for a total of \$81M). Nord plans on offering its shareholders a dividend after Q1 2012. If HRG Director's continue to lend money to Nord and do not declare an equivalent dividend at HRG, HRG minority will be forced to sue both HRG and Nord for minority shareholder oppression. Such a suit will investigate all transactions and actions by Severstal, Nord and HRG Directors/Management since Severstal took a controlling stake in HRG.

HRG 2011 year-end press release

<http://finance.yahoo.com/news/high-river-gold-reports-2011-031500772.html>

Nord Gold article

<http://www.bloomberg.com/news/2012-03-12/nordgold-to-invest-800-million-to-boost-output-reserves-in-four-years.html?cmpid=yahoo>

Nord Gold 2011 Presentation

<http://www.nordgold.com/en/investor-relations/presentations.aspx>

Nord Gold Conference call

[http://nordgold240212-live.cyber-presentation.de/cgi-bin/slideShow.ssp?fn=presentationOnline&netPid=1660&presentation\\_language=English](http://nordgold240212-live.cyber-presentation.de/cgi-bin/slideShow.ssp?fn=presentationOnline&netPid=1660&presentation_language=English)

Prognoz Update

<http://ca.finance.yahoo.com/news/high-river-provides-bankruptcy-procedures-140249149.html>

HRG Nord Share Swap numbers

<http://freepdfhosting.com/2f77868929.pdf>

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