



# High River Gold: sound 2009 results impressive Q4 EPS of C\$0.05

On April 19, 2010 High River Gold Mines Ltd. released its final 2009 operational and financial results. The Company executed impressive results, achieving increased production and implementing outstanding cost control at its operating mines while progressing with its Bissa exploration project. We now have enough visibility for future cash flows to use a DCF valuation approach. We update our target price to \$2.53/share and retain our BUY recommendation.

## Positive

Strong 53% production growth and excellent cost control: 336,000 ounces of gold were produced in 2009 compared to 220,000 ounces in 2008 (100% basis), while Total cash costs decreased 21% to US\$505/oz in 2009 compared to US\$638/oz in 2008.

Continued expansion at operating mines: a second ball mill at Berezitovy is planned to commission in 1H10 which we estimate will add 50% to the current processing capacity at the mine.

Strong progress at the Bissa exploration project: the Company plans to complete a bankable feasibility study and start mine development in 2010.

The company's financial position has improved substantially in 2009: the Company paid down \$92.3 mln in debt; working capital turned positive to \$95.8 mln compared with a deficit of \$42.1 mln in 2008 and the Company's net debt decreased to \$1.4 mln as of end 2009, compared with \$169 mln a year earlier.

In 4Q09 the Company recorded an impressive C\$0.05 EPS, which in our view represent a key turning point in HRG's financial performance.

Q409 cash generation totaled \$40.0 mln compared to \$33.0 mln in 3Q09 and \$22.8 mln in 2Q09. The impressive cash generation makes us believe the Company will have enough resources to finance its future capital expenditures.

## Negative

The mature state of Irokinda and Zun-Holba operations suggests less than 12 months of production at current rates; we believe that their mine life can be extended due to substantial \$23 mln exploration budget for 2010.

*Note: all numbers are expressed in Canadian Dollars unless otherwise stated*

Shares data	
Ticker	HRG
Shares issued, mln	799
Current price, C\$	0.78
<b>Target price, C\$</b>	<b>2.53</b>
<b>Upside</b>	<b>224%</b>
Market value, C\$ m	
Market capitalization	623.4
Net debt	1.4
Enterprise value	625.3
2010E EPS, C\$/share	0.09

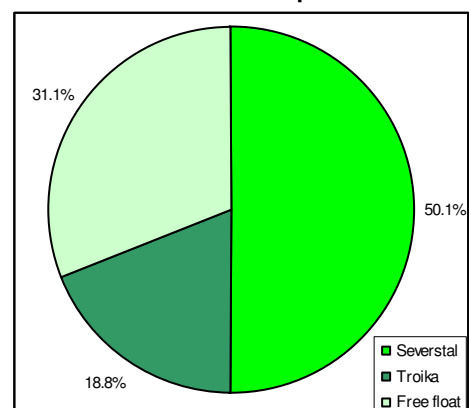
Source: Company data, OLMA estimates

## HRG share price performance



Source: Bloomberg

## Ownership



Source: Bloomberg, company data

## Overview of operations

The Company has shown outstanding operational success: gold production grew 53% to 336,000 ounces (100%) in 2009 from 220,000 ounces in 2008 while Total production costs decreased 28% to US\$560/oz in 2009 compared to US\$776/oz in 2008.

The growth of production came primarily from HRG's two new mines, Taparko and Berezitovy, which are now starting to deliver on planned production results: a set of start-up technical issues encountered at Taparko and Berezitovy throughout 2009 has been addressed and a greatly improved production was achieved at these mines.

The Company recorded an impressive 21% reduction in Total cash costs at its operations from US\$638/oz in 2008 to US\$505/oz in 2009, which came primarily from a combination of cost control measures, higher operating levels and a drop in exchange rate for the Rouble.

### *High River Gold 2009 operating results review*

	2009	2008	Y-o-Y
<b>Gold production (100%)</b>			
Buryatzoloto*	149	146	2%
Taparko-Bouroum	100	31	225%
Berezitovy	87	16	458%
<b>Total</b>	<b>336</b>	<b>192</b>	<b>75%</b>
<b>Total cash costs, US\$/oz</b>			
Buryatzoloto*	494	580	-15%
Taparko-Bouroum	469	838	-44%
Berezitovy	564	775	-27%
<b>Total</b>	<b>505</b>	<b>638</b>	<b>-21%</b>

\* Includes Irokinda, Zun-Holba and placer operations

Source: Company data, Olma estimates

The company achieved stable operations at its Irokinda and Zun-Holba underground mines with gold production slightly increased to 149koz in 2009 (100%) and Total cash costs reduced down to US\$494/oz, from US\$580/oz a year earlier. The company's cost increased at the Buryatzoloto mines due to inflation and increases in output, though this was offset by the weakening Russian Rouble as compared to US\$ in 2009.

Replacing reserves at Irokinda and Zun-Holba remains a priority for local management. The Company stated that the Irokinda mine can continue production at current rates for less than 6 months and 12 months at the Zun-Holba mine. However we believe that their mine life can be extended due to a substantial exploration program with \$23mln budgeted for 2010, which may result in replacing mined-out reserves and extending the mine life at these mines. In addition, a substantial capital program is planned for in the first half of 2010 for capital mining works to prepare the existing reserves for extraction.

So far the Zun-Holba and Irokinda mines continue to operate according to plan.

The company recorded an increase in gold output at its Berezitovy open pit mine, with 87.5koz produced (on a 100% basis) in 2009 as compared to 15.7koz a year earlier with Total cash costs at US\$564/oz in 2009 and US\$775/oz in 2008. However, the mine continues to underperform: the Company continued to experience maintenance shutdowns at Berezitovy, which led to mill utilization of 72% in 2009. HRG has also reported that the main crusher was out of operation for most of February due to mechanical problems

As a result of this underperformance, it was decided to build a second ball mill at the mine with a capacity of 90 tonnes per hour. The commissioning of the second mill is planned for 1H10. We discounted the mill's capacity by 28% and estimate that the mill will add around 50% to the current processing capacity at the mine.

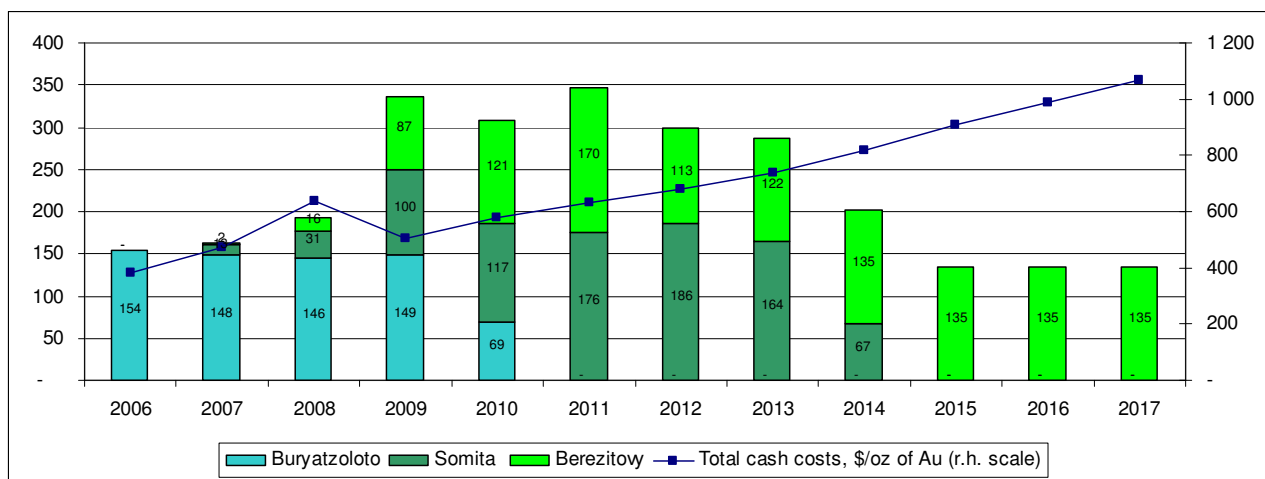
Production at the Taparko open pit mine totaled 99.5koz (100%), a 225% y-o-y increase as compared to 31koz in 2008; the improvement came primarily from increased mill performance. The company stated that many of the technical issues at the mine have been addressed and reports that Taparko began treating ore at planned production levels in Q409. The decision concerning building a second mill is on hold as the present mine performance is acceptable. However the Company has still not passed the completion test required by the loan agreement with RGI (see below).

In 2009 HRG made strong progress at the Bissa gold exploration project: the Company plans to complete a bankable feasibility study and start mine development in 2010. Bissa is by far the Company's largest gold asset with 1724 koz of gold in MI&I resources (100%). Due to lack of information we do not model Bissa at the moment, but will update our model should any additional information be disclosed.

HRG suspended exploration activity at its Prognoz silver project in 2009 as a cash conservation measure and have not budgeted exploration for 2010.

We now have better visibility of the Company's future performance and have switched to a DCF valuation approach. Our key model parameters are presented below:

*High River Gold gold output, '000 oz*



*Source: Company data, Olma estimates*

Our production projections are based on technical reports by consulting agencies MICON International (for Irokinda, Zun-Holba and Berezitovy) and SRK (for Taparko-Bouroum mine), disclosed by the Company.

## Financial Overview

HRG's sales increased 104% to \$369.4 mln in 2009 from \$181.2 in 2008 as a result of increased gold production and a higher realized gold price.

World gold prices increased significantly in 2009, averaging approximately US\$972/oz compared to US\$872/oz in 2008. As a result, HRG's average realized gold price in 2009 was US\$976/oz compared to US\$862/oz in 2008.

The company showed impressive improvements on costs: all operations showed lower cash operating costs per ounce due to a combination of cost control measures and higher operating levels. That resulted in gross profit growth from \$8.5 mln in 2008 to \$116.6 mln in 2009.

The Company's financial position has improved substantially in 2009: the Company paid out \$92.3 mln in debt; working capital turned positive at \$95.8 mln compared with a deficit of \$42.1 mln in 2008.

Cash available has grown to \$82.1 million primarily due to a private placement of 150 mln of additionally issued shares in favor of Polenica Investments, a Troika Dialog affiliate, on October 27, 2009 for a total consideration of \$57 mln.

As a result, the Company's net debt decreased to \$1.4 mln as of 2009, compared to \$169 mln a year earlier.

*High River Gold 2009 financial results review, \$ mln*

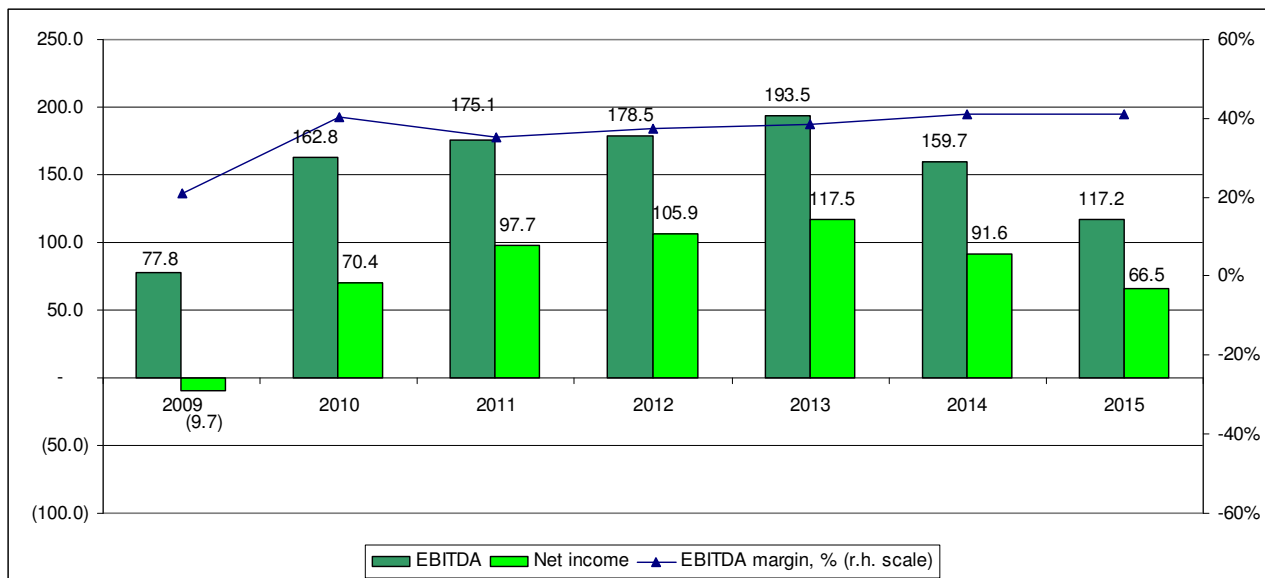
	2009	2008	Y-o-Y	4Q09	3Q09	Q-o-Q
<b>Sales</b>	<b>369.4</b>	<b>181.2</b>	<b>104%</b>	<b>101.6</b>	<b>90.5</b>	<b>12%</b>
Gross profit	116.6	8.5	1273%	33.8	27.8	22%
Gross margin	32%	5%		33%	31%	
<b>EBITDA</b>	<b>77.8</b>	<b>(4.4)</b>	<b>n/a</b>	<b>48.0</b>	<b>21.2</b>	<b>127%</b>
EBITDA margin	21%	n/a		47%	23%	
<b>Net income</b>	<b>(9.7)</b>	<b>(57.4)</b>	<b>n/a</b>	<b>31.6</b>	<b>(4.5)</b>	<b>n/a</b>
Net margin	n/a	n/a		31%	n/a	
<b>Cash flow from operations</b>	<b>125.5</b>	<b>25.6</b>	<b>390%</b>	<b>40.0</b>	<b>33.0</b>	<b>21%</b>
Cash and cash equivalents	82.6	19.1	332%			
Current and long term debt	84.0	188.1	-55%			
Net debt	1.4	169.0	-99%			
Working capital	95.8	(42.1)	n/a			

*Source: Company data, Olma estimates*

The major achievement by HRG was attaining profitability in Q4 2009 which in our view represents a key turning point in HRG's financial performance. Addressing operating issues at Taparko and Berezitovy resulted in greatly improved production. Combined with increases in the price of gold, all the mines had significant cash flow in 2009: Q409 cash generation totaled \$40.0mln compared to \$33.0 mln in 3Q09 and \$22.8 mln in 2Q09

In 4Q09 the Company recorded an impressive \$0.05 EPS, which we believe to be the best indication of improved cash generation by HRG. We expect a \$0.09 EPS in 2010. Our EBITDA and Net Income projections are summarized below:

High River Gold 2009 financials, \$mln



Source: Company data, Olma estimates

We believe the Company will continue using operating cash flow to reduce its leverage. We also believe the company now has enough resources to finance the Taparko and Berezitovy mine expansions, the in-fill drilling to expand resources and complete the Bissa feasibility study, the planned exploration program in Burkina Faso to maintain licenses and the extraction program at Zun-Holba and Irokinda.

## Valuation

We now have very good visibility for the Company's future cash flows and decide to use a DCF approach for the Company's valuation.

We rely on the traditional NAV valuation for HRG using our gold price forecast and appropriate discount rate for each asset. Under our methodology, we incorporate a US\$1135/oz gold price projection for 2010 and apply a 10% growth rate for 2011 and onwards to forecast realized prices. We then apply a P/NAV multiple similar to current market valuations of HRG's peers to obtain a target price.

We have constructed NAV models as of end 2010 for all of HRG's operating projects that currently have sufficient production and financial visibility, namely Buryatzoloto, Berezitovy and Somita. We applied capital costs of 10.5% to the company's assets.

### High River Gold operating projects' value

Project	NAV of the Project	HRG share	Attributable NAV	P/NAV	Equity
	\$ mln	%	\$ mln	X	\$ mln
Buryatzoloto	13	85%	11	2.66	29
Berezitovy	449	99%	444	2.66	1 181
Somita	304	90%	273	2.66	727
<b>Total</b>					<b>1 937</b>

Source: Company data, Olma estimates

We further apply an appropriate P/NAV multiple, which is the weighted average P/NAV of HRG's peers currently implied by the market (see Appendix A), to determine our fundamental asset price, and we believe that a P/NAV multiple of 2.66 can be used to value HRG's assets.

We have separately accounted for the 50% stake that HRG owns in the Prognoz silver project, which we value at \$80 mln on a 100% basis, as well as 90% in Bissa gold exploration project, which we value at \$79 mln (100%) at this point.

### High River Gold NAV Valuation

	\$ mln	\$ per share
Buryatzoloto	29	0.04
Berezitovy	1 181	1.48
Somita	727	0.91
<b>Total value of projects</b>	<b>1 937</b>	<b>2.42</b>
Add: Value of Prognoz	40	0.05
Add: Value of Bissa	71	0.09
Less: Corporate SG&A	25	0.03
<b>Fundamental value of assets</b>	<b>2 023</b>	<b>2.53</b>
Less: Net debt	1.41	0.00
<b>Fundamental equity value</b>	<b>2 022</b>	<b>2.53</b>

Source: Company data, Olma estimates

We thus update our target price to \$2.53/share which implies a 224% upside and retain our BUY recommendation on the stock.

Appendix A: High River Gold Peer Group Summary

Ticker	Country	Share price \$/share	Mcap \$ mln	EV \$ mln	EV/S	EV/EBITDA	2008	2009	2010E	2008	2009	2010E	2008	2009	2010E	EV/ Production	EV/ Reserves*	EV/ Resources**	P/ NAV
<b>Intermediate Gold Miners</b>																			
High River Gold Mine	Canada	0.78	623.4	625.3	3.66	1.69	1.54	35.55	8.04	3.79	neg	8.65	2.2	295	151	1.2			
Northgate Minerals	Canada	3.0	873.8	672.4	1.46	1.36	2.04	6.49	4.59	6.24	81.51	29.20	40.91	1.8	526	50	2.1		
Centerra Gold	Canada	11.4	2 672.7	2 349.8	3.69	3.07	2.99	10.10	6.68	7.20	19.83	17.97	15.67	4.1	321	163	3.1		
Golden Star Resources	Canada	4.0	1 021.9	1 026.9	3.99	2.25	1.97	>100	5.54	4.51	neg	16.35	10.32	2.5	275	137	2.6		
Gammon Gold	Canada	6.9	955.0	863.6	4.06	2.86	2.46	16.22	5.77	4.58	23.88	11.79	8.25	5.1	279	168	1.5		
Jaguar Mining	United States	10.2	792.6	803.5	8.58	3.72	2.35	38.34	9.35	5.18	neg	27.14	10.78	4.8	403	173	4.0		
Crew Gold	United Kingdom	0.3	727.1	1 033.7	4.60	4.39	3.76	neg	15.47	15.20	neg	32.68	19.13	6.7	345	198	3.0		
<b>Average</b>					<b>4.3</b>	<b>2.8</b>	<b>2.4</b>	<b>21.3</b>	<b>7.9</b>	<b>6.7</b>	<b>41.7</b>	<b>22.5</b>	<b>16.2</b>	<b>3.9</b>	<b>349</b>	<b>149</b>	<b>2.5</b>		
<b>Weighted average</b>					<b>4.1</b>	<b>2.8</b>	<b>2.6</b>	<b>13.1</b>	<b>7.4</b>	<b>6.7</b>	<b>19.2</b>	<b>19.1</b>	<b>16.2</b>	<b>4.0</b>	<b>342</b>	<b>151</b>	<b>2.7</b>		
<b>Senior Gold Miners</b>																			
Newmont Mining	United States	51.9	25 487.2	27 025.2	4.41	2.95	2.86	12.63	5.99	5.70	30.67	14.86	12.82	5.0	294	n/a	2.0		
AngloGold Ashanti	South Africa	38.8	14 052.0	14 889.3	4.07	3.27	3.23	36.62	9.30	9.20	neg	21.63	21.67	3.1	199	62	4.6		
Gold Fields	South Africa	12.8	9 008.5	9 908.5	3.13	2.33	1.96	8.26	5.71	4.57	14.68	15.37	10.90	2.8	126	39	1.6		
Barrick Gold	Canada	39.5	38 884.6	42 655.6	5.60	4.29	4.15	14.17	8.27	8.03	49.53	15.32	13.90	5.5	305	183	2.5		
Harmony Gold Mining	South Africa	9.35	3 984.9	3 779.9	2.86	2.24	1.80	19.71	9.07	5.43	neg	28.60	13.05	2.6	79	18	1.0		
Kinross Gold	Canada	18.0	12 518.2	12 578.0	7.78	4.90	4.72	19.16	10.56	9.81	neg	28.10	21.33	5.3	239	146	2.2		
Newcrest Mining	Australia	31.4	16 348.5	16 416.4	7.75	6.48	5.83	17.60	13.51	11.56	>100	27.75	23.60	7.0	380	90	4.6		
Goldcorp	Canada	39.5	29 279.3	29 115.5	12.03	8.12	6.53	27.67	15.41	12.01	19.84	34.61	23.10	10.4	420	227	1.9		
<b>Average</b>					<b>6.0</b>	<b>4.3</b>	<b>3.9</b>	<b>19.5</b>	<b>9.7</b>	<b>8.3</b>	<b>28.7</b>	<b>23.3</b>	<b>17.5</b>	<b>5.2</b>	<b>255</b>	<b>109</b>	<b>2.6</b>		
<b>Weighted average</b>					<b>6.7</b>	<b>4.8</b>	<b>4.3</b>	<b>19.2</b>	<b>10.0</b>	<b>8.8</b>	<b>22.9</b>	<b>22.4</b>	<b>17.7</b>	<b>6.0</b>	<b>302</b>	<b>123</b>	<b>2.6</b>		
<b>Russian Gold Miners</b>																			
Polyus Gold	Russia	25.8	9 825.0	9 655.7	8.88	5.56	4.37	22.15	11.86	9.28	>100	19.04	14.75	7.4	134	66	4.5		
Petropavlovsk	United Kingdom	18.5	2 185.0	2 204.0	5.77	2.85	2.49	16.20	4.71	4.41	99.31	7.85	7.50	4.4	191	115	1.7		
Highland Gold Mining	Russia	2.0	427.6	408.8	2.72	2.54	1.94	14.70	6.62	4.51	neg	8.15	5.71	2.5	268	84	1.0		
Polymetal	Russia	10.5	4 193.4	4 505.7	8.96	8.16	5.34	36.29	19.11	10.91	neg	41.31	17.91	7.3	329	148	9.5		
<b>Average</b>					<b>6.6</b>	<b>4.8</b>	<b>3.5</b>	<b>22.3</b>	<b>10.6</b>	<b>7.3</b>	<b>99.3</b>	<b>19.1</b>	<b>11.5</b>	<b>5.4</b>	<b>230</b>	<b>103</b>	<b>4.2</b>		
<b>Weighted average</b>					<b>8.3</b>	<b>5.8</b>	<b>4.3</b>	<b>24.7</b>	<b>12.6</b>	<b>8.9</b>	<b>13.0</b>	<b>22.9</b>	<b>14.4</b>	<b>6.9</b>	<b>194</b>	<b>94</b>	<b>5.3</b>		

\* Proven and Probable Reserves or B+C1+C2 reserves under GKZ standards  
\*\* M&I resources inclusive of reserves or B+C1+C2+P1 resources under GKZ standards  
Note: Reserves and resources are in gold equivalent; prices are as of April 21, 2010  
Source: Bloomberg, Thomson, Companies, Olma estimates

Appendix B: High River Gold assets

Deposit	Ownership	Tonnes of ore, 000 tonnes	Gold Grade, g/t	Contained gold, koz	Silver Grade, g/t	Contained silver, koz	Gold attributable, koz	Silver attributable, koz
<b>Zun-Holba</b>	<b>85%</b>							
P&P Reserves		721	10.8	250	-	-	212	-
M&I Resources		570	15.0	275	-	-	234	-
MI&I Resources		858	14.3	395	-	-	336	-
<b>Irokinda</b>	<b>85%</b>							
P&P Reserves		497	11.5	184	-	-	156	-
M&I Resources		396	15.4	196	-	-	166	-
MI&I Resources		517	15.4	255	-	-	217	-
<b>Somita</b>	<b>90%</b>							
P&P Reserves		8 854	2.8	800	-	-	720	-
M&I Resources		12 626	2.8	1 118	-	-	1 006	-
MI&I Resources		15 404	2.8	1 368	-	-	1 231	-
<b>Berezitovy</b>	<b>99%</b>							
P&P Reserves		-	-	-	-	-	-	-
M&I Resources		14 040	2.8	1 282	12.7	5 733	1 269	5 676
MI&I Resources		14 350	2.8	1 304	12.7	5 838	1 291	5 780
<b>Prognoz</b>	<b>50%</b>							
P&P Reserves		-	-	-	-	-	-	-
M&I Resources		4 490	-	-	704	101 639	-	50 819
MI&I Resources		9 360	-	-	681	204 832	-	102 416
<b>Bissa</b>	<b>90%</b>							
P&P Reserves		-	-	-	-	-	-	-
M&I Resources		15 916	1.8	926	-	-	834	-
MI&I Resources		33 646	1.6	1 724	-	-	1 552	-
<b>Total</b>								
<b>P&amp;P Reserves</b>		<b>10 072</b>	<b>3.8</b>	<b>1 235</b>	<b>-</b>	<b>-</b>	<b>1 089</b>	<b>-</b>
<b>M&amp;I Resources</b>		<b>48 038</b>	<b>2.5</b>	<b>3 797</b>	<b>69.5</b>	<b>107 372</b>	<b>3 509</b>	<b>56 495</b>
<b>MI&amp;I Resources</b>		<b>74 135</b>	<b>2.1</b>	<b>5 047</b>	<b>88.4</b>	<b>210 671</b>	<b>4 627</b>	<b>108 196</b>

\* Mineral reserve and resource estimates for Zun-Holba and Irokinda mines and Taparko-Bouroum and Prognoz projects are as at December 31, 2007

\*\* Mineral reserve and resource estimates for the Berezitovy project are as at December 2003

\*\*\* Mineral reserve and resource estimates for the Bissa project are as at April 23, 2009

Source: Company data



## Appendix C: High River Gold financials, \$ mln

	2008	2009	2010E	2011E	2012E	2013E	2014E
<b>INCOME STATEMENT</b>							
<b>Revenues</b>	<b>181.2</b>	<b>369.4</b>	<b>404.8</b>	<b>500.0</b>	<b>476.9</b>	<b>501.1</b>	<b>389.1</b>
Costs	(172.7)	(252.8)	(263.8)	(329.7)	(306.5)	(316.5)	(241.9)
Gross Income	8.5	116.6	141.0	170.3	170.4	184.6	147.2
<i>Gross margin</i>	5%	32%	35%	34%	36%	37%	38%
SG&A	(17.1)	(13.2)	(13.8)	(17.3)	(16.1)	(16.6)	(12.7)
Other Operating Expenses	(24.4)	(84.4)	(16.4)	(16.8)	(14.7)	(13.6)	(13.9)
<b>EBITDA</b>	<b>(4.4)</b>	<b>77.8</b>	<b>162.8</b>	<b>175.1</b>	<b>178.5</b>	<b>193.5</b>	<b>159.7</b>
<i>EBITDA margin</i>	<i>n/a</i>	21%	40%	35%	37%	39%	41%
D&A	28.5	58.8	52.0	38.9	38.9	39.1	39.1
EBIT	(33.0)	19.0	110.8	136.2	139.6	154.4	120.6
Financing costs, net	(14.4)	(21.7)	(17.5)	(7.8)	(0.9)	(0.8)	(0.7)
EBT	(47.4)	(2.7)	93.3	128.4	138.7	153.7	119.9
Income taxes	(9.4)	(3.6)	(18.7)	(25.7)	(27.7)	(30.7)	(24.0)
Non-controlling interest	(0.6)	(3.5)	(4.2)	(5.0)	(5.0)	(5.5)	(4.4)
<b>Net income</b>	<b>(57.4)</b>	<b>(9.7)</b>	<b>70.4</b>	<b>97.7</b>	<b>105.9</b>	<b>117.5</b>	<b>91.6</b>
<i>Net margin</i>	<i>n/a</i>	<i>n/a</i>	17%	20%	22%	23%	24%
<b>BALANCE SHEET</b>							
<b>Assets</b>							
Property, plant and equipment	432.1	340.6	316.1	277.7	241.5	202.5	163.4
Other assets	196.6	172.1	178.4	195.1	191.0	195.3	175.6
Total non-current assets	628.7	512.8	494.5	472.8	432.5	397.7	339.0
Cash and cash equivalents	19.1	82.1	190.9	338.9	598.4	843.7	1 109.2
Accounts receivable	14.5	18.1	19.9	24.5	23.4	24.6	19.1
Inventory	79.4	81.1	84.6	105.8	98.3	101.5	77.6
Other assets	11.4	12.4	25.5	31.5	30.0	31.5	24.5
Total current assets	124.4	194.2	320.9	500.7	750.1	1 001.3	1 230.4
Total assets	753.1	707.0	815.4	973.5	1 182.6	1 399.1	1 569.4
<b>Liabilities</b>							
Equity	477.0	512.8	654.4	850.4	1 063.1	1 282.7	1 465.8
Long-term debt	51.4	25.4	7.6	2.9	2.9	3.9	3.9
Other	39.6	48.5	60.6	42.6	44.5	41.8	42.6
Total long-term liabilities	91.1	73.8	68.3	45.5	47.5	45.7	46.5
Short-term debt	136.7	58.7	30.5	6.9	6.9	5.9	5.9
Accounts payable	29.8	39.7	41.5	51.8	48.2	49.7	38.0
Total short-term liabilities	166.5	98.4	72.0	58.7	55.0	55.6	43.9
Non-controlling interest	18.5	21.9	20.7	18.8	17.0	15.1	13.2
Total liabilities & equity	753.1	707.0	815.4	973.5	1 182.6	1 399.1	1 569.4
<b>CASH FLOW STATEMENT</b>							
<b>Net Income</b>	<b>(57.4)</b>	<b>(9.7)</b>	<b>70.4</b>	<b>97.7</b>	<b>105.9</b>	<b>117.5</b>	<b>91.6</b>
Depreciation & Amortization	28.5	58.8	52.0	38.9	38.9	39.1	39.1
Working capital change	(14.1)	140.9	(3.5)	(15.5)	4.9	(2.8)	17.7
Other assets change	68.7	(64.4)	(1.6)	(25.9)	1.6	(6.2)	6.0
<b>Operating cash flow</b>	<b>25.6</b>	<b>125.5</b>	<b>117.3</b>	<b>95.1</b>	<b>151.4</b>	<b>147.5</b>	<b>154.3</b>
Capital Expenditures	(85.7)	32.7	(27.5)	(0.5)	(2.7)	(0.1)	(0.0)
Other	(8.2)	(65.6)	(6.2)	(16.7)	4.1	(4.2)	19.7
<b>Investing cash flow</b>	<b>(93.9)</b>	<b>(32.9)</b>	<b>(33.8)</b>	<b>(17.2)</b>	<b>1.4</b>	<b>(4.3)</b>	<b>19.6</b>
Increase in Debt	(52.3)	(94.5)	(45.9)	(28.4)	-	-	-
Other	86.5	67.5	71.1	98.4	106.7	102.1	91.6
<b>Financing cash flow</b>	<b>34.2</b>	<b>(26.9)</b>	<b>25.3</b>	<b>70.0</b>	<b>106.7</b>	<b>102.1</b>	<b>91.6</b>
<b>Net Change in Cash</b>	<b>(32.4)</b>	<b>62.9</b>	<b>108.9</b>	<b>148.0</b>	<b>259.5</b>	<b>245.3</b>	<b>265.5</b>

Source: Company data, Olma estimates

## Appendix D: High River Gold operations, \$ mln

	2008	2009	2010E	2011E	2012E	2013E	2014E
Realized price, \$/oz	862.0	976.0	1 138.1	1 251.9	1 377.1	1 514.8	1 666.3
<b>Production, koz</b>							
Buryatzoloto	145.8	149.4	69.1	-	-	-	-
Somita	15.7	87.5	120.9	170.2	113.4	122.1	134.7
Berezitovy	30.7	99.5	117.3	176.1	186.1	164.4	67.5
<b>Total</b>	<b>192.1</b>	<b>336.4</b>	<b>307.3</b>	<b>346.2</b>	<b>299.5</b>	<b>286.5</b>	<b>202.2</b>
<b>Total cash costs, \$/oz</b>							
Buryatzoloto	580	494	546	-	-	-	-
Somita	775	564	613	663	718	777	841
Berezitovy	838	469	557	603	653	708	768
<b>Average</b>	<b>638</b>	<b>505</b>	<b>577</b>	<b>633</b>	<b>678</b>	<b>738</b>	<b>817</b>

Source: Company data, Olma estimates

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