



RED BACK MINING INC.

Annual Report

For the year ended June 30, 2004

RED BACK MINING INC.
ANNUAL REPORT TO SHAREHOLDERS
For the year ended June 30, 2004

The Board of Directors is pleased to present the following report to shareholders on the activities of the Corporation during fiscal 2004 and its plans for the coming year.

In 2004 the Company completed the merger with Red Back Mining NL of Australia ("RBK") and changed its name to Red Back Mining Inc. ("RBI"). The shares of RBK were delisted from the Australian Stock Exchange and the corporate office was relocated to Vancouver. The shares of RBI now trade solely in Canada on the TSX Venture Exchange. A listing application has been made with the TSX and conditional approval for the listing of RBI's shares in Toronto has been given by the TSX.

Chirano Gold Project

During 2004 final engineering for the construction of the Company's 95% owned Chirano Gold Project in Ghana, West Africa were substantially completed. Subject to completion of project financing, expected in November 2004, Chirano stands ready for development.

A 10,000 metre reverse circulation and diamond drilling program was completed in March 2004. This program increased Chirano resources by 22% to:

Measured and Indicated Resources

<u>Resource Category</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Ounces</u>
Measured	15,533,000	2.1	1,054,000
Indicated	13,286,000	1.8	787,000
TOTAL	28,819,000	2.0	1,841,000

Inferred Resources

An additional 0.51 million ounces remain in the Inferred Resources category and are available for conversion into the Measured and Indicated Resource category subject to additional infill drilling.

<u>Resource Category</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Ounces</u>
Inferred	7,942,000	2.0	509,000

Reserves

Reserves were increased by 161,000 ounces, with the Chirano reserves now standing at:

<u>Reserve Category</u>	<u>Tonnes</u>	<u>Grade (g/t)</u>	<u>Ounces</u>
Proven	12,500,000	2.0	804,000
Probable	5,430,000	1.6	288,000
TOTAL	17,800,000	1.9	1,091,000

These new reserves were calculated based on the above resource numbers and revised operating costs and engineered pit designs using a US\$375 per ounce gold price. The increased reserves have extended the Chirano mine life to 8.5 years. Average production over this mine life is currently engineered at 123,000 ounces per year with 145,000 ounces of production expected annually in the first 3 years. First gold production at Chirano remains on target for the third quarter of 2005.

Exploration

In addition to development on the Chirano project, in 2004 the Company initiated a comprehensive preliminary exploration program on its extensive land position in Ghana. Very little work had previously been done on the Company's other project areas due to limited funding. With the completion of the merger with RBK and a subsequent equity financing, an aggressive exploration program was initiated targeting 6 project areas and employing 12 geologists and support staff. A progress summary on the Company's exploration programs will be released in November 2004.

Financing

Following the merger with RBK, the Company completed an equity financing of 12.5 million units at a price of \$2.00 per unit (\$25 million); each unit being comprised of one share and one share purchase warrant. Each share purchase warrant is exercisable for a period of 2 years at a price of \$2.25. The Corporation can force conversion of the warrants if the Company's shares trade at \$2.50 or higher for a period of at least 30 consecutive days.

In December 2003 the Company announced that it had mandated Macquarie Bank Limited ("Macquarie") to arrange and underwrite the debt financing for the Chirano gold project. Macquarie was selected following a competitive tendering process. During 2004 the Company continued to work with Macquarie to establish the most appropriate combination of equity and debt for Chirano.

Following year end, on September 7, 2004 the Company announced that it had accepted a credit approved offer from Macquarie for debt financing facilities totaling US\$43 million for Chirano. The Macquarie debt financing is comprised of a US\$33 million corporate facility and a US\$10 million standby facility. Combined with the June equity financing, the Macquarie debt facilities satisfy the US\$61.6 million in capital required to construct Chirano.

As a condition of the debt financing, the Company agreed to put in place downside gold price protection such that 400,000 ounces are protected at a minimum gold price of US \$400 per ounce. To this end the Company has sold, on a flat forward basis, 400,000 ounces of gold at a price US \$435 per ounce. On average, approximately 18,000 ounces of gold will be delivered quarterly by the Company into the hedge over 4.5 years. This hedging facility ensures a solid economic foundation for the development and operation of Chirano while leaving the majority of Chirano's current and all future reserves fully exposed to increasing gold prices.

At first draw down Macquarie will be issued share purchase warrants entitling it to acquire up to 1,000,000 common shares of the Company at a price of C \$2.25 each for a period of three years from the date of issuance. If the standby facility is drawn down, additional warrants will be issued to Macquarie entitling it to acquire up to a further 3,450,000 common shares at a price of C \$2.25 each for a period of three years from the date of issuance. The additional warrants are issuable on the basis of 345,000 warrants for each US\$1,000,000 drawn down under the standby facility. Funds received from the exercise of all warrants will be applied against outstanding principal under the credit facilities.

Closing of the Macquarie facilities and first drawdown are expected in November 2004.

Farim Phosphate Deposit

The Company's other material asset is the world class Farim Phosphate Project located in Guinea Bissau, West Africa. Resources at Farim exceed 166 million tonnes grading 29.1% P₂O₅, including 37 million tonnes grading 31% P₂O₅ scheduled for the first 15 years of mine life. Processed rock concentrate would grade 33% P₂O₅ with high recoveries, low CaO/ P₂O₅ ratios and low quantities of

deleterious element such as cadmium. Significantly, deposit characteristics are also amenable for production of a higher grade (36% P₂O₅) product. With these reserves and grades and strategic transport location, Farim represents a unique opportunity for competitive growth in the phosphate business.

The Company is continuing with its efforts to develop Farim to production. A work program is being prepared for the first quarter of 2005 to advance Farim to bankable feasibility. Discussions are ongoing with potential industry partners for development and marketing.

Looking Forward

2004 has seen unprecedented growth for the Company: The merger with RBK was completed, all corporate activities have now been located to Vancouver, a significant equity financing was accomplished, Chirano was advanced to a development decision and debt financing was secured for Chirano's construction. First gold production at Chirano is scheduled for the third quarter of 2005, with the first full year of operations expected to realize 145,000 ounces of gold. The Company is optimistic of near term success from exploration activities in and around Chirano and on its other projects in Ghana. Also, we look to advance the Farim Phosphate Project towards bankable feasibility in 2005. We would like to thank our shareholders for their continued support in 2004 and we look forward to reporting on further accomplishments and successes in 2005.

RED BACK MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS
(In United States Dollars)
June 30, 2004 AND 2003

The following discussion and analysis of the results of operations and financial conditions ("MD&A") for Red Back Mining Inc. (the "Company") should be read in conjunction with the consolidated financial statements for the years ended June 30, 2004 and 2003 and related notes therein. The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is October 26, 2004.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

General

The Company is a mineral resource corporation engaged in exploring, acquiring and developing mineral properties. The Company, through its subsidiary Chirano Gold Mines Limited holds a 95% interest in the Chirano Gold Project ("Chirano"), located in Ghana, West Africa. The Company, through subsidiaries, also holds interests in a number of exploration properties in Ghana as well as a 100% interest in the Farim Phosphate Project in Guinea Bissau.

Chirano is located along strike from AngloGold Ashanti's 5 million ounce Bibiani mine in the Western Region of Ghana. The Chirano Mining Lease was granted on 13 April 2004. Chirano will become the first new gold mine in Ghana in seven years and the Company will become the fourth largest gold producer in Ghana, the tenth largest gold producing nation in the world.

Chirano pre-development is underway with first gold production anticipated for the third quarter of 2005. Based on current proven and probable reserves of 17.8MT @ 1.9g/t, for a total of 1,091,000 oz (calculated at a gold price of US\$375 per ounce by AMC Consultants, July 2004), Chirano is engineered for average production of 123,000oz per annum over an initial eight year mine life with production in the first three years averaging 145,000oz per annum. Initial capital costs are estimated at US\$61.6M, including working capital and contingencies. Cash costs are projected at US\$239 per ounce.

Effective May 3, 2004, the merger between Champion Resources Inc. and Red Back Mining NL ("RBK") was completed. All shareholder, regulatory and court approvals were received and the Company is now trading under its new name Red Back Mining Inc. (symbol RBI - TSXV). Pursuant to the Merger, the Company acquired all of the issued and outstanding shares of RBK and:

- (a) each RBK shareholder of record as of the effective date received in exchange for each three RBK shares held, one post-consolidation Company share; and
- (b) all RBK convertible securities were cancelled, and each holder of RBK options as of the effective date received for each three RBK options held, one post-consolidation Company option, exercisable on terms equivalent to the RBK options.

As a result of the Merger, RBK shareholders became majority shareholders of the Company and RBK became a wholly-owned subsidiary of the Company.

Selected Annual Information

US\$	Year ended June 30, 2004	Year ended June 30, 2003	Year ended June 30, 2002
Total Revenue (i)	63,568	48,006	21,500
Net Loss	3,084,548	1,004,603	385,974
Net Loss per share (basic and diluted)	0.06	0.02	0.01
Total Assets	40,557,625	13,268,318	9,177,969
Long Term Liabilities	-	21,522	23,692

(i) Comprised of interest income.

Selected Quarterly Information

Financial Data for 8 Quarters								
Three Months Ended	Jun-04	Mar-04	Dec-03	Sep-03	Jun-03	Mar-03	Dec-02	Sep-02
A. Total revenues (\$000's) (i)	5	30	18	11	3	5	35	1
B. Loss before extraordinary items (\$000's)	(2,229)	(430)	(284)	(141)	(573)	(181)	(147)	(85)
C. Net loss (\$000's)	(2,229)	(430)	(284)	(141)	(573)	(181)	(147)	(85)
D. Basis and diluted loss per share (\$)	(0.04)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

(i) Comprised of interest income.

Results of Operations

June 2004 quarter compared to June 2003 quarter

The loss for the June 2004 quarter was \$2,229,000 as compared to a loss of \$573,000 for June 2003 quarter. During the June 2004 quarter, the Company recognized stock based compensation costs as a result of the issue of options (refer note 6). In the June 2003 quarter the Company wrote-off \$342,000 in exploration and evaluation expenditure relating to Australian exploration projects formerly held by Red Back Mining NL. General and administrative expenses for the June 2004 quarter rose significantly as compared to the June 2003 quarter. This increase is mainly associated with professional fees incurred by Red Back Mining NL in relation to the merger.

Year ended June 30, 2004 compared to 2003

The Company's loss for the year ended June 30, 2004 was \$3,084,548 as compared to a loss of \$1,004,603 for the year ended June 30, 2003. In addition to the stock based compensation costs discussed above, costs associated with the merger between the Company and Red Back Mining NL contributed significantly to the current year loss. These included professional fees (increased by \$308,715), consultants (increased by \$191,412) and travel (increased by \$132,626). In addition, the Company has incurred management fees of \$84,098 and increased salaries of \$62,642 as a result of the merger. These increases are offset by the fact that during the year ended June 30, 2003, the Company wrote-off exploration expenditures in the amount of \$469,495 relating to former Australian projects held by Red Back Mining NL.

Other expenses for the year ended June 30, 2004 remained materially in line with the prior year.

The operating losses are a reflection of the Company's status as non-revenue producing mineral company. As the Company currently has no main sources of income, losses are expected to continue until such point in time that the Company successfully develops one of its projects. Development of Chirano has commenced and it is anticipated that first gold production will occur in the third quarter of 2005.

Liquidity and Capital Resources

At June 30, 2004, the Company had working capital of \$13,146,006 as compared to a deficiency in working capital of \$347,416 at June 30, 2003. The deficiency in working capital at June 30, 2003 was due to loans payable which were classified as current. These loans were repaid in cash during the year ended June 30, 2004.

During the year, the Company raised C\$25,000,000 through the sale of 12.5 million special warrants at C\$2.00 each. The special warrants are exercisable, without payment of additional consideration, for one Common share and one full Common Share Purchase Warrant. Each Common Share Purchase Warrant is exercisable over a period of 2 years into one Common Share at a price of C\$2.25. The Company has the right to require conversion of the warrants at any time after the common shares and warrants become freely tradable if the common shares trade at a weighted average price of C\$2.50 for a period of at least 30 consecutive trading days. If the holder fails to exercise the warrants within that period the warrants will terminate.

The net proceeds from the financing will be used by the Company for the development and exploration of its mineral properties in Ghana and for general working capital and corporate purposes. The Company intends to finance the development of the Chirano Gold Project through a combination of debt and equity.

On September 7, 2004 the Company accepted a credit approved offer from Macquarie Bank Limited ("Macquarie") for financing facilities totaling US\$43 million for the Chirano Gold Project in Ghana. As a condition of the debt financing, the Company has agreed to put in place downside gold price protection such that 400,000 ounces are protected at a minimum gold price of US \$400 per ounce. To this end the Company has sold, on a flat forward basis, 400,000 ounces of gold at a price US \$435 per ounce. On average, approximately 18,000 ounces of gold will be delivered quarterly by the Company into the hedge over 4.5 years. At first draw down Macquarie will be issued share purchase warrants entitling it to acquire up to 1,000,000 common shares of Red Back at a price of C\$2.25 each for a period of three years from the date of issuance. If the standby facility is drawn down, additional warrants will be issued to Macquarie entitling it to acquire up to a further 3,450,000 common shares at a price of C\$2.25 each for a period of three years from the date of issuance. The additional warrants are issuable on the basis of 345,000 warrants for each US\$1,000,000 drawn down under the standby facility. Funds received from the exercise of all warrants will be applied against outstanding principal under the credit facilities.

Prior to the merger during the year ended June 30, 2004, Red Back Mining NL raised approximately \$3,400,000 through private placements.

Exploration and pre-development expenditures incurred at Chirano during the year ended June 30, 2004 were \$9,094,849. These costs related to continue feasibility studies, exploration and pre-development expenditure. In addition, acquisition costs totaling \$221,224 were paid during the year.

Exploration expenditures incurred on the Company's other Ghanaian exploration projects for the year ended June 30, 2004 totaled \$738,706. These costs relate to the continuing exploration and

evaluation of these projects. In the event that exploration results lead to the conclusion that economic operations will not be attained on individual projects then capitalized costs associated with that project are written-off. During the year ended June 30, 2004 such write-offs totaled \$46,355. In addition, acquisition costs totaling \$45,258 were paid during the year.

Expenditures incurred on the Farim project in Guinea-Bissau during the year ended June 30, 2004 were \$94,360. Farim project expenditures were mainly related to care, maintenance and consulting costs.

The Company has limited capital resources and has to rely upon the sale of equity and debt securities for cash required for exploration and development purposes, for acquisitions and to fund the administration of the Company. Since the Company does not expect to generate any revenues until commencement of production at Chirano, it will have to continue to rely upon the sales of its equity and debt securities to raise capital. It follows that there can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any period or, if available, that they can be obtained on terms satisfactory to the Company.

Related Party Transactions

The Company's transactions with related parties are disclosed in Note 8 of the consolidated financial statements.

Outstanding Share Data

As at October 28, 2004, the Company had 62,464,727 common shares outstanding and 3,304,833 share options outstanding under its stock-based incentive plan. The Company had 14,638,332 share purchase warrants outstanding.

Risks

The Company's properties/operation are subject to certain risks including but not limited to government regulations relating to exploration and mining, metal prices and currency rate fluctuation, competition, receipts of permits and approval from government authorities, operating hazards and other risks inherent to the exploration, development and operation of a mine.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set above.

Management's Report

The accompanying consolidated financial statements of Red Back Mining Inc. and its subsidiaries and all information in the annual report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgment.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial and operating data elsewhere in the annual report are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of Red Back Mining Inc. and its subsidiaries have developed and continue to maintain systems of internal accounting controls and segregation of duties and responsibilities whenever possible.

Although no cost effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the consolidated financial statements.

The Board of Directors carries out its responsibility for the consolidated financial statements in this annual report principally through its Audit Committee, comprising management and outside directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present.

These financial statements have been audited by Staley, Okada & Partners, Chartered Accountants, and their report follows.

"Richard Clark"

Richard Clark
President

"Lukas Lundin"

Lukas Lundin
Director

Vancouver, British Columbia
October 26, 2004

AUDITORS' REPORT

To the Shareholders of Red Back Mining Inc.:

We have audited the consolidated balance sheets of Red Back Mining Inc. as at June 30, 2004 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements of the Company for the year ended June 30, 2003 were audited by another firm of Chartered Accountants, who issued their report without reservation dated September 26, 2003.

Vancouver, BC
October 19, 2004

STALEY, OKADA & PARTNERS
CHARTERED ACCOUNTANTS

RED BACK MINING INC.
CONSOLIDATED BALANCE SHEETS
(in United States Dollars)

	<u>June 30 2004</u>	<u>June 30 2003</u>
ASSETS		
Current assets		
Cash	\$ 15,128,019	\$ 567,068
Accounts receivable	76,236	25,252
Prepaid expenses	50,933	17,901
	<u>15,255,188</u>	<u>610,221</u>
Investments (Note 3)	66,897	-
Mineral properties and related expenditures (Note 4)	24,898,231	12,531,320
Property, plant and equipment, net (Note 5)	337,309	126,777
	<u>\$ 40,557,625</u>	<u>\$ 13,268,318</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,109,182	\$ 150,964
Loans payable	-	806,673
	<u>2,109,182</u>	<u>957,637</u>
Long term liabilities		
Loans payable	-	21,522
	<u>-</u>	<u>21,522</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		
Authorized - unlimited common shares without par value		
Issued and outstanding - 62,253,882 (including 12,500,000 allotted but not issued)(2003 - 6,392,894) common shares	43,397,588	15,897,568
Stock based compensation	1,743,812	-
Deficit	(6,608,608)	(3,524,060)
Cumulative translation adjustment	(84,349)	(84,349)
	<u>38,448,443</u>	<u>12,289,159</u>
	<u>\$ 40,557,625</u>	<u>\$ 13,268,318</u>

Approved by the Board:

"Richard Clark"

Director

"Lukas Lundin"

Director

See accompanying notes to consolidated financial statements

RED BACK MINING INC.
CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
(in United States Dollars)

	Year ended June 30 2004	Year ended June 30 2003
Expenses		
Amortization and depreciation	\$ 14,506	\$ 45,467
Consulting	206,101	14,689
Interest and bank charges	68,809	20,585
Management fees	84,098	-
Office and general	174,749	193,472
Professional fees	323,991	15,276
Promotion and public relations	87,264	53,548
Salaries and other benefits	193,851	131,209
Stock exchange and filing fees	27,048	17,203
Transfer agent and shareholder information	12,935	3,731
Travel	164,597	31,971
	1,357,949	527,151
Other (income) expense		
Interest income	(63,568)	(48,006)
	(63,568)	(48,006)
Loss before the undernoted	1,294,381	479,145
Write-off of mineral property interest	46,355	469,495
Write down in property, plant and equipment	-	55,963
Stock based compensation	1,743,812	-
	3,084,548	1,004,603
Loss for the year		
Deficit, beginning of the year	3,524,060	2,519,457
Deficit, end of the year	\$ 6,608,608	\$ 3,524,060
Basic and diluted loss per common share	\$ 0.06	\$ 0.02
Weighted average number of shares outstanding	49,593,717	44,890,251

See accompanying notes to consolidated financial statements

RED BACK MINING INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in United States Dollars)

	Year ended June 30 2004	Year ended June 30 2003
Cash flows (used in) operating activities		
Loss for the year	\$ (3,084,548)	\$ (1,004,603)
Items not affecting cash		
Amortization and depreciation	14,506	45,467
Write-off of mineral property interest	46,355	469,495
Stock based compensation	1,743,812	-
Write down in property, plant and equipment	-	55,963
Foreign exchange (gain)/loss	-	175,859
	(1,279,875)	(257,819)
Net changes in non-cash working capital items		
Accounts receivable and other current assets	(751)	(2,464)
Accounts payable and accrued liabilities	1,877,770	(134,369)
	597,144	(394,652)
Cash flows (used in) investing activities		
Mineral properties and related expenditures	(8,555,411)	(2,653,983)
Purchase of property, plant and equipment	(225,038)	(748,420)
	(8,780,449)	(3,402,403)
Cash flows from financing activities		
Common shares issued, net	23,572,451	2,627,689
Proceeds from borrowings, net	-	775,424
Repayment of borrowings	(828,195)	(73,818)
Finance lease payments	-	(5,552)
	22,744,256	3,323,743
Increase (decrease) in cash	14,560,951	(473,312)
Cash, beginning of year	567,068	1,040,380
Cash, end of year	\$ 15,128,019	\$ 567,068
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Shares issued for non-cash net assets on business combination, net of merger costs	\$ 3,927,568	\$ -

See accompanying notes to consolidated financial statements

RED BACK MINING INC.
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES
AND RELATED EXPENDITURES
(in United States Dollars)

	Chirano Gold Project (Ghana)	Other Ghana Projects (Ghana)	Farim Project (Guinea Bissau)	Australian Projects (Australia)	Total
Balance, June 30, 2002	\$ 6,707,113	\$ 119,273	\$ -	\$ 1,086,323	\$ 7,912,709
Exploration and evaluation costs	3,764,822	316,130	-	206,993	4,287,945
Write-off of property interests	-	-	-	(469,495)	(469,495)
Balance, June 30, 2003	\$ 10,471,935	\$ 435,403	\$ -	\$ 823,821	\$ 11,731,159
Acquisition Costs	221,224	42,258	-	-	263,482
Exploration and evaluation costs	3,329,672	738,706	94,360	28,417	4,191,155
Pre-development expenditure	5,765,177	-	-	-	5,765,177
Write-off of property interests	-	(46,355)	-	-	(46,355)
Sale of mineral properties	-	-	-	(852,238)	(852,238)
Recognition of reverse takeover	-	-	3,845,851	-	3,845,851
Balance, June 30, 2004	\$ 19,788,008	\$ 1,170,012	\$ 3,940,211	\$ -	\$ 24,898,231

See accompanying notes to consolidated financial statements

RED BACK MINING INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(in United States Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN BASIS OF PRESENTATION

Red Back Mining Inc. (the "Company") together with its subsidiaries, is a mineral resource corporation engaged in exploring, acquiring and developing mineral properties. The Company holds a 95% interest in the Chirano Gold Project ("Chirano") in Ghana, West Africa. Chirano is currently under development and commercial production is anticipated in the third quarter of 2005. The Company also holds various other exploration properties in Ghana along with a 100% interest in the Farim Phosphate Project ("Farim") located in Guinea Bissau, West Africa.

The recoverability of the costs of mineral properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the project, and future profitable production or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material reductions in the carrying amount of mineral properties and related expenditures.

The mineral properties are also subject to sovereign risks, including political and economic instability, government regulations relating to exploration and mining, military repression, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company's activities or may result in the impairment or loss of part or all of the Company's interest in the properties.

The viability of the projects and the ability for the Company to continue as a going concern are dependent on future financing. If financing is not achieved, the Company may not be able to meet its obligations as they become due. These financial statements have been prepared on the going concern basis that assumes continuity of operations and realization and settlement of liabilities in the normal course of business. A different basis of measurement may be appropriate if the going concern assumption does not prevail.

During the year ended June 30, 2004, the Company merged with Red Back Mining NL of Australia ("RBK"). Details of the business combination are contained in Note 12.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Reverse Takeover Accounting

Effective June 30, 2004, the Company's reporting currency was changed from Australian dollars to U.S. dollars. The Company anticipates that its future sales, if any, will be earned in U.S. dollars and significant expenditures of the Company costs are incurred in U.S. dollars. The comparative financial statements from prior periods have been restated to reflect this change.

Effective May 3, 2004, the Company entered into an agreement, with Red Back Mining NL of Australia ("RBK") pursuant to which the parties agreed to complete a merger of the Company and RBK. As a result, the shareholders of RBK control the combined entity on the effective date of the transaction. The business combination of the Company and RBK has been

accounted for using the reverse takeover method of purchase accounting. In accordance with the principles of reverse takeover accounting, the consolidated financial statements have been prepared on the basis that RBK is the deemed acquirer. Accordingly, the consolidated financial statements for the period from July 1, 2002 to May 2, 2003 reflect only the assets, liabilities and results of operations of RBK, the legal subsidiary. The consolidated financial statements for the period from May 3, 2003 to June 30, 2004 reflect the assets, liabilities and results of operations of RBK and the assets, liabilities and results of operations of the Company. The consolidated financial statements are issued under the name of the legal parent (the Company) but are deemed to be a continuation of the legal subsidiary, RBK. Comparative figures for the year ended June 30, 2003 are those of RBK, the deemed acquirer for accounting purposes, except that they have been converted from Australian dollars to U.S. dollars.

(b) Basis of Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company's material subsidiaries are Red Back Mining NL (an Australian company), Red Back Mining Ghana Limited (a Ghanaian company), Chirano Gold Mines Limited (a Ghanaian company) and Champion Industrial Minerals Inc. ("CIM") (a Barbados company). The purchase method of accounting is used to consolidate these subsidiaries. All significant inter-company balances and transactions have been eliminated upon consolidation.

(c) Foreign currencies

Effective June 30, 2004, the Company's reporting currency was changed from Australian dollars to U.S. dollars. The Company anticipates that its future sales, if any, will be earned in U.S. dollars and significant expenditures of the Company costs are incurred in U.S. dollars. The comparative financial statements from prior periods have been restated to reflect this change.

For the restatement, the Company followed the method suggested by the Emerging Issues Committee ("EIC") in release number EIC-130 dated 24 July 2002. The consensus of the EIC was that financial statements for all prior years should be translated using the current rate method. This method of translation results in the financial statements of prior years presented for comparison being translated as if the reporting currency used in the current year had been used for at least all periods shown. The resulting exchange losses are recorded as a cumulative translation adjustment in shareholders' equity.

Prospectively, the activities of the company and its subsidiary companies, are considered to be integrated. Accordingly, the temporal rate method will be used, whereby monetary assets and liabilities are translated into U.S. dollars at the exchange rate in effect at the balance sheet date, non-monetary assets (including depreciation) and liabilities at the exchange rates in effect at the time of acquisition or issue, and revenues and other expenses at rates approximating exchange rates in effect at the time of the transactions. Exchange gains or losses are included in the respective statement of operations.

(d) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and loans payable. The fair value of these financial instruments approximates their carrying values, due to their short-term maturity or capacity of prompt

liquidation. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

(e) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutes of high credit worthiness.

(f) Investments

Portfolio investments are recorded at the lower of cost or market value. Portfolio investments are written down to market value when the decline in market value is deemed to be other than temporary.

(g) Mineral Properties and Related Expenditures

Whilst the Chirano Gold Project is in development, the Company is in the process of exploring its other mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Direct mineral exploration and development costs are capitalized on an individual project basis until such time as an economic ore body is defined, a joint venture is formed or the project is abandoned. Costs for a producing project are amortized on a unit-of-production method based on the estimated life of the ore reserves while costs for properties abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral properties, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The company has investigated title to all of its mineral properties and, to the best of its knowledge, all of its properties are in good standing.

(h) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation of plant and equipment is calculated using the straight-line method based on estimated useful lives which range from two to ten years.

(i) Loss Per Share

Earnings (Loss) per share is calculated by dividing the net earnings (loss) for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method which, for outstanding stock options and warrants, assumes that the proceeds to be received on the exercise of the stock options

and warrants are applied to repurchase common shares at the average market price for the period, for purposes of determining the weighted average number of shares outstanding. Basic and diluted loss per share are the same because inclusion of common share equivalents would be anti-dilutive.

(j) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced by an estimate of transaction costs normally incurred when issuing shares for cash, as determined by the board of directors of the Company.

(k) Stock-Based Compensation – Change in Accounting Policy

The Company has adopted the new recommendations of CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments, which applies to all awards granted on or after January 1, 2002. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services.

As encouraged by Section 3870, the Company has enacted prospectively early adoption of the fair value based method of accounting for awards issued to employees for the fiscal year beginning July 1, 2003.

The new standard requires that all stock-based awards made to employees and non-employees be measured and recognized using a fair value based method. In prior years, stock-based compensation expense was recognized only when stock-based compensation awards were made to non-employees, while pro-forma disclosure was acceptable for awards made to employees.

(l) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

(m) Environmental Expenditures

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the company vary greatly and are not predictable. The Company's philosophy and resultant policy is to conduct its exploration and development activities in an environmentally responsible manner. Specifically, the Company's policy is to meet or surpass the environmental requirements established to satisfy international standards and guidelines, by application of technically proven and economically feasible mitigation and reclamation procedures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

(n) Future Income Taxes

The future income tax asset and liability method of accounting for income taxes is used, whereby future income tax assets and liabilities are recorded based on temporary differences between the carrying amounts of balance sheet items and their corresponding tax bases. Future income tax assets also arise from unused tax losses, subject to a valuation allowance, to the extent that it is more likely than not that such losses ultimately will be utilized. This method also requires that the future income tax assets and liabilities be measured using the enacted rates and laws that are expected to apply when these assets and liabilities are either to be realized or settled.

3. INVESTMENT

	June 30, <u>2004</u>	June 30, <u>2003</u>
TNR Resources Ltd. – 409,902 (2003-Nil) common shares with a market value at June 30, 2004 of approximately \$39,530 (2003 \$Nil)	<u>\$ 66,897</u>	<u>\$ 0</u>

This investment represents a nominal interest in the investee.

4. MINERAL PROPERTIES AND RELATED EXPENDITURES

	Acquisition	Exploration	June 30, <u>2004</u>	June 30, <u>2003</u>
Mineral Properties				
Chirano Gold Project, Ghana	\$ 1,630,658	\$ 18,157,351	\$ 19,788,009	\$ 12,096,117
Other Ghanaian Exploration Projects	197,790	972,221	1,170,011	435,403
Farim Project, Guinea Bissau	278,591	3,661,620	3,940,211	0
	<u>\$ 2,107,039</u>	<u>\$ 22,791,192</u>	<u>\$ 24,898,231</u>	<u>\$ 12,531,520</u>

(a) Chirano Gold Project, Ghana

The Chirano project comprises one mining lease and one prospecting licence held through the company's 95% subsidiary, Chirano Gold Mines Limited.

(b) Other Ghanaian Exploration Projects

The Company owns interests in a number of other exploration properties in Ghana. These interests are represented by various prospecting licences and call options. Exploration on these properties is ongoing.

(c) Farim Project, Guinea Bissau, West Africa

The Company owns a 100% interest in four Mining Leases covering a total area of 30,625 hectares, which comprise the Farim property. The Mining Leases have a term of twenty-five years.

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	June 30, 2004 Net Book Value	June 30, 2003 Net Book Value
Plant & equipment	\$ 286,512	\$ 65,469	\$ 221,043	\$ 34,012
Motor Vehicles	74,038	42,888	31,150	78,110
Buildings	92,470	7,354	85,116	14,655
	<u>\$ 453,020</u>	<u>\$ 115,711</u>	<u>\$ 337,309</u>	<u>\$ 126,777</u>

6. SHARE CAPITAL

(a) The authorized and issued share capital is as follows:

Authorized:

Unlimited common shares without par value.

	Number of Shares	Amount
Shares Issued:		
Balance – June 30, 2002	5,362,894	\$ 13,269,879
Issued on private placements	1,030,000 ⁽¹⁾	-
Share proceeds raised by RBK	- ⁽¹⁾	<u>2,627,689</u>
Balance – June 30, 2003	6,392,894	15,897,568
Issued on private placements	6,000,000 ⁽¹⁾	-
Issued on exercise of warrants	1,622,500 ⁽¹⁾	-
Issued on exercise of options	20,500 ⁽¹⁾	-
Share proceeds raised by RBK	- ⁽¹⁾	<u>3,400,102</u>
Balance – Pre 3:1 consolidation	14,035,894	19,297,670
3:1 consolidation	<u>(9,357,263)</u>	-
Balance – Post consolidation	4,678,631	19,297,670
Issued in connection with Red Back Mining NL merger (refer Note 12)	44,890,251 ⁽²⁾	6,572,714
Merger costs	-	(241,755)
Issued on exercise of warrants	185,000	165,013
Issued on private placements	12,500,000 ⁽³⁾	<u>17,603,946</u>
Balance – June 30, 2004	<u>62,253,882</u>	<u>\$ 43,397,588</u>

(1) In accordance with the principals of reverse takeover accounting, the authorized share capital and number of common shares issued are those of the legal parent (the Company). The amount of share capital proceeds, to the date of the reverse takeover, represents that of RBK and is not related to the issuance of shares by the Company. Following the reverse takeover, the share capital proceeds are related to the issuance of shares by the Company

(2) This amount includes cash acquired on the merger of \$2,403,390.

(3) These shares were allotted but not issued as at June 30, 2004 and were issued on July 19, 2004.

- (b) The Company has a stock option plan (the "Plan") in which 4,906,725 common shares have been made available for the Company to grant incentive stock options to certain directors, officers, employees and consultants of the Company. The number of common shares reserved under the Plan was based on 10% of the currently issued and outstanding share capital of the Company. The term of any option granted under the Plan will be fixed by the Board of Directors and may not exceed 10 years from the date of grant. No optionee shall be entitled to a grant of more than 5% of the Company's outstanding issued shares. The options vest immediately upon grant.

Incentive stock options outstanding at June 30, 2004 are outlined in the table below. Options denoted '*' are options issued as a result of the merger with Red Back Mining NL and are issued outside the Plan.

	Number of Options	Exercise Price	
Expiring 23 November 2004	936,668	C\$0.72	*
Expiring 9 March 2005	6,667	C\$1.41	
Expiring 15 May 2005	71,499	C\$1.35	
Expiring 2 October 2005	25,000	C\$0.57	*
Expiring 22 October 2005	133,333	C\$1.46	* +
Expiring 11 December 2005	10,000	C\$1.35	
Expiring 2 June 2007	2,065,000	C\$2.00	+
Expiring 25 November 2007	83,333	C\$1.46	* +
	<u>3,331,500</u>		

The fair value of options granted during the year (denoted '+' in the above table) ended June 30, 2004 have been estimated using an option-pricing model. Options granted by Champion Resources Inc., prior to the reverse takeover, are excluded from the option-pricing calculations, as the consolidated group did not grant them.

During the year, the Company issued 189,999 options to directors, officers, and employees with an exercise price of C\$1.46 per option and 2,065,000 options to directors, officers, and employees with an exercise price of C\$2.00 per option. The fair value of stock option compensation is \$1,743,812, which has been recorded in the accounts of the Company. The weighted average grant-date fair value of options granted is \$0.77. In preparing the fair value estimate for 2004, the Company used the Black-Scholes Option Pricing Model, and assumed a risk-free rate of 4.8%, expected volatility of 76%, expected option life of two to four years, and no dividend payments.

During the prior year, the Company issued 10,000 options to directors, officers, and employees with an exercise price of C\$1.35 per option and 6,667 options to directors, officers, and employees with an exercise price of C\$1.41 per option. Had the fair value based method been used to value these options, the Company's loss and loss-per-share amounts for the year would have been adjusted to the pro forma amounts as follows:

	June 30, 2003
Loss	
As Reported	\$ 1,004,603
Pro forma	\$ 1,009,137
Loss Per Share	
As Reported	\$ 0.02
Pro forma	\$ 0.02

In preparing the fair value estimate for 2003, the Company used the Black-Scholes Option Pricing Model, and assumed a risk-free rate of 4.8%, expected volatility of 76%, expected option life of two to four years, and no dividend payments.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimated, and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

- (c) As at June 30, 2004, the following non-transferable share purchase warrants were outstanding:

<u>Number of Warrants</u>	<u>Common Share Entitlement</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
138,333	138,333	C\$1.50	May 8, 2005
1,999,999	1,999,999	C\$2.25	December 4, 2005
<u>12,500,000</u>	<u>12,500,000</u>	C\$2.25	June 9, 2006
<u>14,638,332</u>	<u>14,638,332</u>		

Note : The Company has the right to require conversion of the 12,500,000 warrants at any time after the common shares and warrants become freely tradable if the common shares trade at a weighted average price of C\$2.50 for a period of at least 30 consecutive trading days. If the holder fails to exercise the warrants within that period they will terminate.

7. LITIGATION

In July 2003, the Company entered into a letter agreement with Geyser Ltd. ("Geyser"), a company based in Dubai, U.A.E. for the sale of Champion Industrial Minerals (CIM), a subsidiary of the Company, for a cash payment of C\$10,550,000. CIM is the legal owner of the mining leases comprising the Farim Project. Geyser advanced a C\$250,000 deposit (the "Deposit") against the purchase price, refundable only in the event that the Company did not obtain shareholder and regulatory approval to the sale and purchase. These approvals were received on August 25, 2003 and September 8, 2003, respectively and Geyser was notified. The closing of the purchase and sale was to take place on September 9, 2003. In breach of the express provisions of the Purchase Agreement, Geyser failed to advance the remaining C\$10,300,000. The Company has commenced an action in the Supreme Court of British Columbia against Geyser. The Company is seeking damages from Geyser for its failure to fulfill its obligations under the Purchase Agreement and intends to pursue this matter vigorously. In the first quarter

of 2004, Geyser filed a defence with a counter claim in the amount of the deposit. A trial date has been set for September, 2005.

8. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties not disclosed elsewhere in these financial statements are as follows:

- (a) Paid \$30,971 (2003 - \$Nil) for management services provided by a company related to the President of the Company. At June 30, 2004, \$Nil (2003 - \$Nil) was due to this company and included in amounts due to related parties.
- (b) Paid \$62,542 (2003 - \$2,460) to a director and a company related to the director for engineering consulting fees. At June 30, 2004, \$Nil (2003 - \$Nil) was due to these parties and included in amounts due to related parties.
- (c) Paid \$36,982 (2003 - \$44,698) to a company related to the director for geological consulting fees. At June 30, 2004, \$Nil (2003 - \$Nil) was due to these parties and included in amounts due to related parties.
- (d) Paid \$71,887 (2003 - \$36,296) to a firm related to the director for legal services. At June 30, 2004, \$Nil (2003 - \$Nil) was due to these parties and included in amounts due to related parties.
- (e) Paid \$23,786 (2003 - \$Nil) to a company related to the director for management fees. At June 30, 2004, \$Nil (2003 - \$Nil) was due to these parties and included in amounts due to related parties.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, directors, officers and their associates participated in two private placements of 1,030,000 shares at C\$0.40 per share and 6,000,000 shares at C\$0.50 per share during calendar 2003. A total of 565,000 shares were purchased by such directors and officers.

9. INCOME TAXES

- (a) The company has income tax losses carried forward of approximately C\$2,960,000 available to reduce future taxable income in Canada. The income tax benefits, if any, of these losses has not been recognized in the accounts and expire as follows:

2005	C\$ 681,000
2006	823,000
2007	426,000
2008	366,000
2009	182,000
2010	178,000
2012	<u>304,000</u>
	<u>C\$2,960,000</u>

- (b) The company has accumulated deferred resource property expenditures of approximately C\$4,800,000 which may be used to reduce future taxable income in Canada. The income tax benefits, if any, of these deferred resource property costs have not been recorded in these financial statements.

10. SEGMENTED INFORMATION

The company's only business activity is the exploration for and development of mineral reserves. This activity is carried out primarily in Ghana. The breakdown by geographic region is as follows:

	Canada	Guinea Bissau	Ghana	Australia	Other	Consolidated
June 30, 2004						
Segment revenue	\$ 4,795	\$ -	\$ -	\$ 58,773	\$ -	\$ 63,568
Segment operating loss	\$ 224,043	\$ -	\$ 33,612	\$ 1,065,727	\$ 17,354	\$ 1,340,736
Identifiable assets	\$12,830,568	\$ 3,940,211	\$23,701,586	\$ 79,623	\$ 5,367	\$40,557,625

	Canada	Guinea Bissau	Ghana	Australia	Other	Consolidated
June 30, 2003						
Segment revenue	\$ -	\$ -	\$ -	\$ 48,006		\$ 48,006
Segment operating loss	\$ -	\$ -	\$ 156,975	\$ 847,085	\$ 543	\$ 1,004,603
Identifiable assets	\$ -	\$ -	\$11,965,743	\$ 1,302,432	\$ 143	\$ 7,127,981

11. CONTINGENCIES AND COMMITMENTS

- (a) As part of the acquisition of the Chirano Gold Project, the Company must make a payment to the vendor of the project upon the decision to mine. This payment amounts to \$1,250,000. It is anticipated that the decision to mine at Chirano will be taken in the year ended 30 June 2005 and that this payment will be made in that financial year. An agreement has been made to defer the payment to 1 July 2005, although the full amount is due and payable should equity finance be raised by the Company. Interest is payable at the US Prime Rate for the period from the decision to mine to payment. Should the Company not pay the payment by 1 July 2005, a penalty of \$250,000 will become payable.
- (b) In 2000 the Company's Mexican subsidiary was advised that certain mining duties may remain payable with respect to the El Rubi property in the approximate amount of US\$55,000. No accrual has been recorded as management is of the view that the Mexican claim for the payment of these duties is unsupported. Any attempt to collect these duties will be defended by the Company.

12. BUSINESS COMBINATION

On November 4, 2003, the Company entered into an agreement, as amended, (the "Merger Agreement") with Red Back Mining NL of Australia ("RBK") pursuant to which the parties agreed to complete a merger of the Company and RBK, subject to the satisfaction of certain conditions precedent, including the receipt of the requisite shareholder, Court and regulatory approvals. Pursuant to the Merger, the Company acquired all of the issued and outstanding shares of RBK and:

- (a) each RBK shareholder of record as of the effective date received in exchange for each three RBK shares held, one post-consolidation Company share; and
- (b) all RBK convertible securities were cancelled, and each holder of RBK options as of the effective date received for each three RBK options held, one post-consolidation Company option, exercisable on terms equivalent to the RBK options.

As a result of the Merger, RBK shareholders became the majority shareholders of the Company and RBK became a wholly-owned subsidiary of the Company. On April 14, 2004, shareholders of the Company approved the Merger and the merger closed on May 3, 2004.

The following procedural steps have been completed, in order for the Merger to become effective:

- (a) the Merger was approved by the requisite majority of the Company's shareholders, which approval was received on April 14, 2004;
- (b) the Red Back Scheme was approved by the requisite majorities of the RBK shareholders and RBK option holders at the RBK Meeting, which approval was received on April 13, 2004;
- (c) the Australian Court granted RBK the final order approving the RBK scheme of arrangement, which order was issued on April 22, 2004; and
- (d) all other conditions precedent to the Merger, as set forth in the Merger Agreement, including requisite regulatory approval and satisfaction of customary closing conditions were completed or waived.

The acquisition of the net identifiable assets of the Company on a reverse takeover basis was recorded as follows:

Number of the Company shares outstanding at May 2, 2004		14,035,894
Estimated fair value of the Company price per share	C\$	0.63
Convert to US\$		0.7433
		<u>\$ 6,572,714</u>
<u>Net identifiable assets of the Company</u>		
Per May 2, 2004 financials		\$ 7,257,603
Adjustment to mineral property		(684,889)
		<u>\$ 6,572,714</u>

13. SUBSEQUENT EVENTS

On September 7, 2004, the Company accepted a credit approved offer from Macquarie Bank Limited ("Macquarie") for financing facilities totaling US\$43 million for the Chirano Gold Project in Ghana. As a condition of the debt financing, the Company has agreed to put in place downside gold price protection such that 400,000 ounces are protected at a minimum gold price of US \$400 per ounce. The Company sold 300,000 ounces at US \$404.38 on September 1, 2004 and this position will be rolled into a hedging structure that will satisfy the entire price protection requirement prior to first draw down under the loan facilities. At first draw down, Macquarie will be issued share purchase warrants entitling it to acquire up to 1,000,000 common shares of Red Back at a price of C\$2.25 each for a period of three years from the date of issuance. If the standby facility is drawn down, additional warrants will be issued to Macquarie entitling it to acquire up to a further 3,450,000 common shares at a price of C\$2.25 each for a period of three years from the date of issuance. The additional warrants are issuable on the basis of 345,000 warrants for each US\$1,000,000 drawn down under the standby facility. Funds received from the exercise of all warrants will be applied against outstanding principal under the credit facilities.

On October 1, 2004 the Company closed its joint venture agreement with Takoradi Limited on the Bole Project in northern Ghana. Under the terms of this agreement the Company must spend \$500,000 at Bole by August 1, 2005 and a total of \$3 million over three years to earn a 50% interest in the Bole Project.

**RED BACK MINING INC.
CORPORATE DIRECTORY
JUNE 30, 2004**

OFFICERS

Richard Clark,
President & Chief Executive
Officer
Ross Ashton,
Chairman of the Board
Simon Jackson,
Chief Financial Officer
Kathy Love,
Corporate Secretary

DIRECTORS

Ross Ashton
* Richard Clark
* Michael Hunt
Lukas Lundin
* Harry Michael

* *Audit Committee*

AUDITORS

Staley, Okada & Partners
Vancouver, British Columbia, Canada

BANKERS

Canadian Imperial Bank of Commerce
Vancouver, British Columbia, Canada

Macquarie Bank Limited
Perth, Western Australia, Australia

LAWYERS

Blake, Cassels & Graydon
Vancouver, British Columbia, Canada

CORPORATE OFFICE

Suite 2101 - 885 West Georgia Street
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Canada V6C 3E8
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REGISTERED AND RECORDS OFFICE

Suite 2600
P.O. Box 49314
595 Burrard Street
Vancouver, BC V7X 1L3

SHARE CAPITAL

Authorized: Unlimited
Issued and outstanding: 62,464,727 shares

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Vancouver, British Columbia and
Toronto, Ontario
Canada

SHARE LISTING

TSX Venture Exchange
Symbol: RBI
CUSIP No.: 756297107
S.E.C.: 12g3-2(b)
Exemption Number: 82-4286