RED BACK MINING INC.

Third Quarter Report

September 30, 2007

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Third Quarter Report
For the Period Ending September30, 2007

Report to Shareholders

This past Quarter saw the Company achieve a number of material milestones.

<u>Tasiast, Mauritania</u>

The acquisition of a 100% interest in the Tasiast gold project in Mauritania, West Africa successfully closed on 2 August, 2007. The purchase price was $276 Million which included the repayment of the project debt facility ($42.5 Million) and the retirement of the Tasiast hedge book ($10.1 Million). The Tasiast gold project has current resources of 2,395,000 ounces of gold (Measured + Indicated: 1,230,000 ounces @ 2.63 g/t and Inferred: 1,165,000 ounces @ 1.94 g/t) and Reserves of 1,040,000 ounces @ 2.75 g/t. The mine is within an extensive gold system that is largely under-explored. The deposit itself is open along strike and at depth. Tasiast is the first mine in the highly prospective 70 kilometre long by 15 kilometre wide north-south trending Archaen age greenstone belt, which is geologically similar to other Archaen greenstone belts in the world that host major gold deposits.

The Company took physical/operating possession of Tasiast in mid August 2007 and since that time has been completing construction of the process plant and other related infrastructure with the aim of commercial production prior to year end. In 2008 Tasiast is budgeted to produce approximately 108,000 ounces of gold at an average grade of 3.25 g/t.

A mine expansion study is being prepared for Tasiast which, if feasible, will target a production increase to approximately 180,000 ounces per annum. Completion of this study is expected early in 2008 which will include an updated resource and reserve statement.

<u>Chirano, Ghana</u>

Total gold production of 33,763 ounces from Chirano during the Quarter was in line with forecast with cash operating costs per ounce $368 ($365 year to date). The introduction of a mobile crushing system at Chirano earlier in the year and a material reduction in power outages during the Quarter saw an increase in produced ounces. The 2007 rainy season in Ghana experienced above average rainfall and good availability of reticulated (hydro) power is anticipated for 2008.

In July 2007 the Company received an updated resource estimate from Hellman and Schofield of Perth, Australia in respect of Akwaaba Deeps. Concurrently with the Hellman and Schofield report, AMC Consultants delivered a scoping study on underground mining. Hellman and Schofield reported a resource increase of 27% (245,000 ounces) from the last estimate in November 2006. Total resources now stand at 1.1 million ounces at Akwaaba. AMC reported that up to 1 Million ounces of this resource could be recovered. The tendering for the underground development is almost complete with a final decision on the contractor expected in the fourth quarter.

The Board recently approved a significant expansion of the Chirano mine which incuded an expansion of the process plant, development and mining of the high grade underground ore at the Akwaaba Deeps deposit and an upgrade of the current crushing system to optimize processing of the sulphide ore through the grinding circuit. This expansion is expected to be completed by the end of 2008.

Corporate

In October 2007 the Company entered into a financing arrangement with Scotia Capital for a $110 Million "bought deal" at $6.60 per share. The purpose of the financing was to extinguish the remaining project debt on Chirano and to retire the Chirano hedge facility. The financing successfully closed on October 31, 2007. Immediately following this closing the Chirano debt was paid off. On November 12, 2007 the Chirano hedging facility was fully retired.

Consequently, going into 2008 the Company is debt free and completely unhedged on gold production.

The Company is now well positioned towards its goal of achieving 1 Million ounces of annual gold production in West Africa. The expansions at Chirano and Tasiast and the commencement of mining at Akwaaba Deeps are targeted to increase the Company's gold production to around 400,000 ounces by 2009. Management also continues to focus on adding to this growing production profile through other corporate opportunities.

On behalf of the Board,

"Richard Clark"

Richard P. Clark
President and C.E.O.

November 9, 2007

RED BACK MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
NINE MONTHS ENDED SEPTEMBER 30, 2007
(In Thousands of United States Dollars)

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Red Back Mining Inc. (the "Company") should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended September 30, 2007 and 2006 and related notes thereto. The financial information in this MD&A is derived from the Company's unaudited interim consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The effective date of this MD&A is November 13, 2007.

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 operating, exploring, acquiring and developing mineral properties. The Company, through its subsidiary Chirano Gold Mines Limited ("CGML"), currently holds a 100% interest in the Chirano gold project ("Chirano"), located in Ghana, West Africa. Upon the Government of Ghana exercising its right to back-in to a 10% ownership of CGML, at no cost, the Company will hold a 90% interest in CGML with the Government of Ghana holding 10%. The Company, through subsidiaries, also holds interests in a number of exploration properties in Ghana and Cote D'Ivoire.

On August 2, 2007, the Company exercised its option to acquire a 100% interest in the Tasiast gold mine ("Tasiast"), currently in the commissioning phase, and significant exploration acreage located in Mauritania, West Africa, from Lundin Mining Corporation. The acquisition was accounted for as a purchase of net assets. The total purchase price was $276 million, including the retirement of the existing debt and gold hedging structure, and was financed by way of a private placement financing of C$375 million that closed on May 10, 2007.

Subsequent to September 30, 2007, the Company raised a further C$110 million by way of a short form prospectus to repay the balance of the Chirano project debt ($17 million) and unwind the related gold hedging structure ($95 million).

In the year to date the Company has experienced significant growth and, as a result of the above transactions, it will move into 2008 debt free, un-hedged, generating revenues from two operating mines and with a strong working capital position to support the underground development of the Akwaaba deposit at Chicano and expansions of both the Chirano and Tasiast plants.

The Chirano Gold Mine - Ghana

Chirano is located 21 km to the south of the Bibiani mine (historical production of ~5 million ounces) in the Western Region of Ghana. The Chirano Mining Lease was granted to the Company on April 13, 2004. Chirano commenced production in October 2005 and became the first new gold mine in Ghana in recent years. The Company is now one of six significant gold producers in Ghana.

The Company released revised resource and reserve estimates for the Chirano Gold Project in July 2007.

Based on a gold price of US$550 per ounce, proven and probable open pit reserves were calculated to be 28 million tonnes ("Mt") @ 1.6 grams per tonne ("g/t"), for a total of 1.5 million oz ("Moz"). As at September 30, 2007 the remaining unmined proven and probable open pit reserves (based on a gold price of US$550 per ounce) are 22.6Mt @ 1.6 g/t for a total 1.1 million oz.

The current surface mine plan calls for the development of eleven gold deposits spread along a strike length of approximately nine kilometres.

The design capacity of the Chirano plant is 2.1 Mt per annum. All ore and waste material is mined via conventional open pit mining methods. The operation utilizes selective mining techniques to separate ore and waste and is carried out by contractor mining. The contract mining fleet is a combination of 250 tonne hydraulic excavators with 14 cubic metre buckets loading 90 tonne trucks. Drilling and blasting is required for all primary material. Approximately 10% of the total volume is oxide ore which does not require blasting prior to excavation.

The treatment plant flowsheet is based on single stage crushing, SAG milling with pebble crushing and ball milling, pre-leach thickening, a single stage of leaching and a six stage CIL circuit. Gold is recovered by a 4 tonne Zadra elution circuit with electrowinning of the gold onto stainless steel cathodes. The gold is removed from the cathodes with high pressure water sprays and smelted to a final bullion product.

Recent significant exploration results at depth at the Akwaaba deposit at Chirano have prompted an evaluation of the underground economic potential for this deposit. AMC Consultants of Perth, Western Australia have advised the Company that up to one million ounces of gold could be recoverable from Akwaaba depending upon the mining method employed. Two different mining methods have been reviewed in detail by AMC, Sub-level Open Stoping ("SLOS") and Sub-level Block Caving. A financial analysis of these different techniques is ongoing, with a final decision expected shortly. The Company is currently in a tender process for underground development, with the aim of commencing development by year end. Concurrently with the delivery of the Akwaaba scoping study by AMC, the Company has also received an updated study on the Akwaaba underground resource from Hellman and Schofield, also of Perth. This update is based upon additional drilling by the Company in 2007. The following table shows the July 2007 Resource estimate for Akwaaba reported above a 2.5g/t cut off and below the base of the proposed Akwaaba open pit.

Category	Mt	Au g/t	Moz
Indicated Resource	4.1	5.8	0.77
Inferred Resource	2.3	5.0	0.37

Based on the SLOS mine design, AMC estimated an Ore Reserve of 420,000 ounces (2.7 Mt @ 4.7 g/t (using a gold price of US$600 with a 2.9 g/t cut-off). The resource estimate is inclusive of the Ore Reserve estimate. The Company is satisfied with this level of ore identification to proceed with underground development.

The Tasiast Gold Mine, Mauritania

On August 2, 2007, the Company exercised its option to acquire a 100% interest in Tasiast and significant exploration acreage located in Mauritania, West Africa, from Lundin Mining Corporation. The total purchase price was $276 million and included the retirement of the existing debt and gold hedging structure.

The acquisition was accounted for as a purchase of net assets. The fair value of Tasiast's net assets exceeds its tax costs and this difference has been substantially allocated to mineral properties. Canadian generally accepted accounting principles require the Company to record the future tax liability relating to this difference as future deductions for accounting purposes, which are based on the fair value of the net assets acquired, will exceed tax deductions. Accordingly, the Company recorded a $52.9 million future income tax liability at time of acquisition.

Construction of Tasiast is substantially complete and commissioning is underway. Commercial production is scheduled to commence near the end of 2007 producing approximately 108,000 ounces per year at an average grade of 3.25 g/t.

Tasiast currently has proven and probable reserves within four open pits of approximately 12 Mt averaging 2.70 g/t gold for approximately 1 million oz at a gold price of US$491 per ounce.

The current mine plan only considers existing proven and probable reserves minable by conventional open pit methods. Mineralization remains open at depth as well as along strike. There is good potential for extension of the mine life based on the conversion of current resources into reserves.

The Company has commenced a significant exploration program aimed at increasing the proven and probable reserves at Tasiast.

Financing Activities

On May 10, 2007 the Company closed a private placement of 69,444,000 Units at a price of C$5.40 per Unit, raising gross proceeds of approximately C$375 million. Each Unit consisted of 0.2 special warrants (the "Special Warrants") and 0.8 subscription receipts (the "Subscription Receipts") of the Company.

The net proceeds from the sale of the Special Warrants in the amount of approximately $65 million, being 20% of the Offering less expenses, were released to the Company during the quarter ended June 30, 2007.

The net proceeds of the sale of the Subscription Receipts in the amount of approximately $271 million were deposited with an escrow agent and released to the Company upon closing of the acquisition of Tasiast by the Company on August 2, 2007.

On October 31, 2007, subsequent to the end of the third quarter, the Company raised an additional C$110 million by way of short form prospectus, issuing 16,667,200 common shares at a price of C$6.60 per share. The net proceeds from this offering have been used to repay the balance of the Company's Chirano loan ($17 million) and to unwind the related gold hedge forward contracts ($95 million).

Farim Phosphate Project – Guinea Bissau

In July 2003, the Company entered into an agreement for the sale of Champion Industrial Minerals (CIM), a subsidiary of the Company, for a cash payment of C$10,550,000. CIM was the legal owner of four phosphate mining leases in the West African country of Guinea Bissau comprising the Farim Project. The purchaser failed to complete the purchase and the Company commenced an action in the Supreme Court of British Columbia. The Company was successful in obtaining default judgment against the defendants. In a written judgment dated November 10, 2006, the Company and CIM were awarded damages in the amount of C$10,300,025 plus costs. A further judgment for interest of C$849,187 was awarded on December 19, 2006. The Company and CIM have commenced steps to enforce the judgment.

Non-GAAP Measures

The Company has included cash cost per ounce data in this MD&A, which are non-GAAP performance measures, in order to provide investors with information about the cash generating capabilities and profitability of the Company's mining operations and comparability to other gold producers. The Company reports total cash cost per ounce being the sum of operating costs inclusive of royalties. The Company also reports Gold Institute ("GI") cash cost per ounce data in accordance with the Gold Institute Standard, which the Company believes most gold producers follow. GI cash cost equals total cash cost, as described above, adjusted for the inclusion of certain cash costs incurred in prior periods relating to current period production or the exclusion of certain cash costs incurred in the current period related to future production such as stockpiling, gold in process and stripping costs. These measures differ from measures determined in accordance with GAAP and should not be considered in isolation or as a substitute for measures of performance or liquidity prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP.

Results of Operations

The net income for the September 2007 quarter was $0.7 million as compared to a net income of $2.5 million for the September 2006 quarter. While production levels were in line with forecast for the quarter, the lower income was primarily the result of a much smaller change in inventory levels compared to September 2006 and higher production costs at Chirano due to rock hardness and general cost escalations. Net income was also affected by higher general administration expenses and stock based compensation, a non-cash cost. These costs were partially offset by a gain on sale of marketable securities.

Summary of Financial Results

Quarter Ended	**Sep 07**	**Jun 07**	**Mar 07**	**Dec 06**	**Sep 06**	**Jun-06**	**Mar-06**	**Dec-05**
Gold Produced (oz)	33,763	28,297	32,609	35,059	35,584	27,206	28,988	30,247
Total Revenue ($'000)	17,303	13,760	16,214	20,731	15,907	12,544	14,262	11,969
Net Income (Loss) ($'000)	742	(1,180)	(1,477)	375	2,467	(5,830)	(584)	2,062
Net Income (Loss) per share ($)	0.01	(0.01)	(0.02)	0.00	0.03	(0.06)	(0.01)	0.02

Gold Production

The Company has met its forecast production targets at Chirano for the current quarter. The Company expects the operating concerns encountered earlier in the year relating to power cuts and harder than anticipated ore to have less than a 10 percent impact on its original 2007 production forecast. Revenue from gold production during commissioning at Tasiast is accounted as a reduction of capital costs.

Total gold production at Chirano for the quarter ended September 30, 2007 was 33,763 ounces at a direct cash operating cost of $368 per ounce (quarter ended September 30, 2006: 35,584 ounces at a direct cash operating cost of $325 per ounce). This production represents 510,660 tonnes of ore processed at a grade of 2.26 g/t at a metallurgical recovery of 90.3% (quarter ended September 30, 2006: 603,814 tonnes @ 2.03 g/t at a recovery of 90.4%).

Of the 28,601 ounces sold in the quarter ended September 30, 2007 (quarter ended September 30, 2006: 30,951 ounces), 19,500 were delivered into a scheduled flat forward sale contract (quarter ended September 30, 2006: 20,600 ounces) and 6,172 ounces were sold at spot (quarter ended September 30, 2006: 10,352 ounces). Average gold price realized was $512 per ounce (quarter ended September 30, 2006: $514 per ounce).

The Company has unwound its forward sales contracts to take full advantage of the strong gold price going forward. In addition, it is currently envisaged that increased production will result from the permanent installation of an upgraded crushing system at Chirano, the development of the Akwaaba underground mine at Chirano and commencement of commercial production at Tasiast in Mauritania.

Chirano Operations

	Sep. 2007 Quarter	Sep. 2006 Quarter	Sep. 2007 Nine Months	Sep. 2006 Nine Months
Gold Production (oz)	33,763	35,584	94,669	91,778
Gold Sales ($'000)	17,303	15,907	47,277	42,713
Ore Tonnes Mined ('000t)	700	573	1,820	1,880
Ore milled ('000t)	511	604	1,490	1,691
Head grade (g/t)	2.26	2.03	2.13	1.85
Recovery (%)	90.3	90.4	89.8	91.4
Mining cost per tonne milled ($/t)	11.5	8.0	11.4	9.1
Milling cost per tonne milled ($/t)	8.9	6.3	8.0	6.3
G&A cost per tonne milled ($/t)	3.8	2.7	3.7	2.4
Total cost per tonne milled ($/t)	24.2	16.9	23.1	17.9
Direct cash operating costs ($/oz) *	368	325	365	332
Production Royalties ($/oz)	15	16	17	16
Total cash operating costs ($/oz) *	383	341	382	348
Cash cost inventory adjustments ($/oz) *	(8)	(13)	2	(34)
GI total cash costs ($/oz) *	375	328	384	314

* Please refer to statement regarding non-GAAP measures.

Gold sales for the September 2007 quarter were higher than the September 2006 quarter by $1.4 million due substantially to the higher price for the gold sold at spot.

Income from operations was lower in the September 2007 quarter as compared to the September 2006 quarter due principally to a smaller effect of inventory movement in the quarter and continued higher costs of operations related to the crushing and processing of harder than expected ore.

Inventory movements in the September 2007 quarter reduced operating costs by $0.3 million. For the September 2006 quarter inventory movements reduced operating costs by $3.1 million. This differential is primarily the net result of stockpile and gold in circuit build up and the cost related thereto versus stockpile and gold in circuit depletion by processing. In the September 2006 quarter there was a net increase in stockpile and in circuit inventory. This is a normal consequence of operations and will vary from quarter to quarter depending upon mine scheduling. These movements in inventory make up the difference between total cash operating costs and the Gold Institute cash costs.

Mining costs of ore have increased since the September 2006 quarter due to the increased mining contractor rates renegotiated in late 2006. These increases, together with a higher volume of tonnes of ore mined, have resulted in mining costs being $1.0 million higher in the September 2007 quarter as compared to the September 2006 quarter.

Chirano General and Administrative costs in the September 2007 quarter are higher than in the September 2006 quarter by $0.5 million, reflecting a general increase in costs, particularly in the level of community relations and community assistance projects.

Other Income Statement items

In addition, during the quarter ended September 30, 2007, the Company recognized a $5.0 million gain as a result of a strategic purchase and sale of marketable securities. Interest income is higher for the September 2007 quarter because of the larger cash and cash equivalents balance on hand compared to the same quarter in 2006.

Minority interest has been recognised to reflect the Government of Ghana's right to back-in to a 10% ownership of CGML, at no cost.

General and administrative costs for the September 2007 quarter are higher compared to the September 2006 quarter because of increased insurance, consulting and travel costs as well discretionary bonuses granted to employees by the Board relating to the successful acquisition and financing of Tasiast. Stock based compensation for the September 2007 quarter was $3.1 million as compared to $0.1 million for the September 2006 quarter. Stock based compensation relates to the granting of options to directors, officers, employees and consultants. The granting of such options is at the discretion of the Board and is not expected to be uniform across quarters or financial years.

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.

Liquidity and Capital Resources

At September 30, 2007, the Company had working capital of $62 million as compared to a deficiency in working capital of $0.9 million at December 31, 2006.

The change in the working capital position for the period ended September 2007 is substantially due to the proceeds from the Special Warrants issued on May 10, 2007 as part of a private placement financing which contributed $343 million to the Company's treasury. Of this total, $276 million were used for the purchase of Tasiast. Under this financing, the Company issued 69,444,000 Units at a price C$5.40 per Unit raising gross proceeds of approximately C$375 million. Each Unit consisted of 0.2 special warrants (the "Special Warrants") and 0.8 subscription receipts (the "Subscription Receipts") of the Company.

The net proceeds from the sale of the Special Warrants in the amount of approximately $65 million, being 20% of the Offering less expenses, were released to the Company during the quarter ended June 30, 2007.

The net proceeds of the sale of the Subscription Receipts in the amount of approximately $271 million were deposited with an escrow agent and released to the Company upon closing of the acquisition of Tasiast by the Company on August 2, 2007.

The increase in mineral properties as well as in the inventory and accounts payable levels are a direct result of the addition of the assets and liabilities of Tasiast on the balance sheet of the Company.

On October 31, 2007, subsequent to the end of the third quarter, the Company raised an additional C$110 million by way of short form prospectus, issuing 16,667,200 common shares at a price of C$6.60 per share. The net proceeds from this offering have been used to repay the balance of the Company's Chirano loan ($17 million) and to unwind the related gold hedge forward contracts ($95 million).

The Company financed the development of Chirano 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 totalling US$43 million (comprising a US$33 million corporate facility and a US$10 million standby facility) for Chirano. These facilities were subsequently fully drawn down. The facilities are secured by charges on the shares of the chain of corporations ultimately holding title to Chirano and parent company guarantees. Interest, which was capitalized prior to commercial production, is charged at LIBOR plus 2.75%.

As at September 30, 2007, the outstanding principal of the facilities was $16.7 million. This debt was fully repaid on October 31, 2007.

As a condition of the debt financing, the Company 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 entered into a flat forward hedging structure with 400,000 ounces sold forward at US$440.30 per ounce. As at September 30, 2007 deliveries of gold into the flat forward contracts totalled approximately 157,000 ounces. The balance of the hedge book was unwound on November 12, 2007 using the proceeds from the October 31 financing, as discussed above.

A total of 1,506,500 shares were issued during the September 2007 quarter from the exercise of options (156,500 shares) and the exercise of warrants (1,350,000 shares). Total proceeds from the exercise of options and warrants during the September 2007 quarter was C$3.0 million. In addition, a total of 69,444,000 shares were issued on conversion of the Special Warrants and Subscription Receipts.

Total exploration expenditures capitalized at Chirano for the quarter ended September 30, 2007 was $0.6 million. Following the acquisition of Tasiast in August 2007, the Company has incurred $2.0 million of development expenditures as it is proceeding through a commissioning period.

Exploration expenditures incurred on the Company's other Ghanaian projects for the quarter ended September 30, 2007 totalled $0.1 million. 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 will be written-off. There were no such write offs in the quarter ended September 30, 2007.

Outstanding Share Data

As at November 13, 2007, the Company had 187,666,980 common shares issued and outstanding and 5,991,833 share options outstanding under its stock-based incentive plan. All share purchase warrants have been exercised.

Risks

The operations of the Company are speculative due to the high risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties, in particular the Chirano and Tasiast projects. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Calculation of Mineralization, Resources and Reserves

There is a degree of uncertainty attributable to the calculation of mineralization, resources and reserves and corresponding grades being mined or dedicated to future production. Until reserves or mineralization are actually mined and processed, the quantity of mineralization and reserve grades must be considered estimates only. In addition, the quantity of reserves and mineralization may vary depending on commodity prices. Any material change in quantity of reserves, mineralization, grade or stripping ratio may affect the economic viability of a project. In addition, there can be no assurance that recoveries from laboratory tests will be duplicated in tests under on-site conditions or during production.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's activities and profitability.

Title Matters

Any changes in the laws of Ghana or Mauritania relating to mining could materially affect the rights and title to the interests held there by the Company. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Mineral Prices

Factors such as inflation, foreign currency fluctuation, interest rates, supply and demand and industrial disruption have an adverse impact on operating costs, commodity prices and stock market prices and on the Company's ability to fund its activities. The Company's possible revenues and share price can be affected by these and other factors which are beyond the control of the Company. The market price of minerals, including industrial minerals, is volatile and cannot be controlled. The Company's ongoing operations are influenced by fluctuation in the world gold price. If the price of gold or other minerals should drop significantly, the economic prospects of the Company's current project could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market will continue to exist for the sale of products from that ore. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

Funding Requirements

Mining exploration and development involves financial risk and capital investment. The development of the Chirano and Tasiast projects and the continuance of the Company's development and exploration activities depend upon the Company's ability to generate positive cash flows, obtain financing through the joint venturing of projects, private and public equity project financing, debt and/or other means. There is no assurance that the Company will be successful in obtaining additional financing on a timely basis.

Uninsured Risks

The mining business is subject to a number of risks and hazards including environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company maintains insurance against certain risks associated with its business in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting claim.

Foreign Operations
Operations, development and exploration activities carried out by the Company are or may be affected to varying degrees by taxes and government regulations relating to such matters as environmental protection, land use, water use, health, safety, labor, restrictions on production, price controls, currency remittance, maintenance of mineral rights, mineral tenure, and expropriation of property. There is no assurance that future changes in taxes or such regulation in the various jurisdictions in which the Company operates will not adversely affect the Company's operations. Industrial disruptions, work stoppages and accidents in the course of the Company's operations can result in future production losses and delays, which may adversely affect future profitability. The Company's principal assets are held outside of Canada in Ghana and Mauritania, West Africa. Although the operating environment in Ghana and Mauritania is considered favorable compared to that in other developing countries, with various government incentives offered to attract international investment into Ghana and Mauritania, there are still political risks. The risks include, but are not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, expropriation of property, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted.

Exploration and Development Risks
The successful exploration and development of mineral properties is speculative and subject to a number of uncertainties which even a combination of careful evaluation, experience and knowledge may not eliminate. There is no certainty that the expenditures made or to be made by the Company in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of mineralized materials in commercial quantities. Most exploration projects do not result in the discovery of commercially mine able deposits. While discovery of a base metal or precious metal bearing structure may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration programs carried out by the Company will result in profitable commercial mining operations.

The Company's operations are subject to all of the hazards and risks normally incident to mineral exploration, mine development and operation, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The Company's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Company has interests. Hazards such as unusual or unexpected formations, pressures or other conditions may also be encountered.

Environmental and Other Regulatory Requirements
The current or future operations of the Company, including development activities and, if warranted, commencement of production on properties in which it has an interest, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the

need to comply with applicable laws, regulations and permits. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for the conduct of mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake.

Amendments to current laws, regulations and permits governing operations and activities of mineral exploration companies, or more stringent interpretation, implementation or enforcement thereof, could have a material adverse impact on the Company.

Mining and Investment Policies
Changes in mining or investment policies or shifts in political attitude may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and safety regulations. The effect of these factors cannot be accurately predicted.

Hedging and Foreign Exchange
While hedging of commodity prices and exchange rates is possible, there is no guarantee that appropriate hedging will be available at an acceptable cost. The Company has no current plans to enter into forward gold or foreign exchange derivative transactions.

Secured Debt
The Company has granted a charge over its assets, including the Chirano project, to secure the debt financing facilities provided by Macquarie. The debt was fully repaid on October 31, 2007 and the related hedge structure was unwound on November 12, 2007. Accordingly, the charges over the assets are in the process of being released.

Outlook

The Company has signaled its intention to become an intermediate gold producer. Internal growth at Chirano coupled with the acquisition of the Tasiast gold mine in Mauritania should result in the Company's production profile growing significantly. In addition, with the repayment of the Chirano project debt and the unwinding of the related gold hedge forward contracts, the Company will move into 2008 debt free and un-hedged.

The 33% increase in open pit ore reserves at Chirano clearly demonstrates the Company's exploration success to date. This increase is significantly higher than the ounces than have been mined at Chirano to date. The potential to further increase surface resources and reserves is considered to be excellent. Recent exploration results from below the current optimized pits at Obra, Akoti and Tano further illustrate the potential for further high grade discoveries at depth on the Chirano mining lease. Exploration is ongoing, testing these discoveries and new anomalies along strike and between existing pits at Chirano.

The Akwaaba deposit at Chirano shows potential to deliver near term high grade underground gold ounces to the Chirano operation. These ounces could materially improve the economics of the mine and the mine life at Chirano. The Company is now in the final stages of the tender process for the underground development at Akwaaba. It is anticipated that development of the Akwaaba underground mine could double monthly gold production at Chirano.

As mining at Chirano has progressed it has become apparent that the ore in certain deposits is harder than originally anticipated. This has resulted in reduced throughput in the milling circuit with a correspondent increase in milling costs. To mitigate this issue a portable secondary crushing system has been installed. This measure is aimed at reducing the size of material entering the Mill and reducing the amount of oversize material being fed into the circuit. The portable system will be replaced by a permanent operation as part of a plant expansion to handle the increased throughput from the Akwaaba underground operation. It is expected that the plant expansion and associated redesign of the crushing system will reduce overall processing costs and increase recoveries.

The Chirano 2007 production and financial targets have been affected by power cuts from the Ghanaian national grid. With normal rainfall levels during the third quarter, the Company looks to continued and steady power availability going forward. However, the local supply of power is ultimately outside the Company's control.

The Tasiast gold mine was officially opened by the President of Mauritania, His Excellency Sidi Mohamed Ould Cheikh Abdallahi, on July 18, 2007 with representatives of the Company in attendance. Tasiast is in the commissioning process with commercial production expected to commence late in 2007. Initial annual production rates are scheduled at 108,000 ounces of gold at an average grade of 3.25 g/t. The Company is finalizing plans for a plant expansion sometime in 2008 which will significantly increase annual production going forward.

The Tasiast deposit is within an extensive gold system that is largely under-explored. The deposit is open along strike and at depth. Tasiast is the first mine in the highly prospective 70 kilometre long by 15 kilometre wide north-south trending Archaen age Aoueouat greenstone belt, which is geologically similar to other Archaen greenstone belts in the world that host major gold deposits. The Tasiast property covers a 60 kilometre strike length of the Aoueouat greenstone belt, virtually encompassing an entire mining district in the country.

Mineral reserves at Tasiast are currently 12Mt @ 2.7 g/t Au for 1.04 million contained ounces. An extensive exploration program is underway at Tasiast towards converting Inferred resources (18.6Mt tonnes @ 1.94 g/t Au containing 1.2 million ounces gold) into mineral reserves. A new resource/reserve estimate for Tasiast is expected in the first quarter of 2008.

Internal Control

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Subject to completion of the process of review and implementation outlined in the next paragraph, the Company believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Following the purchase the Tasiast project, management commenced the process of assessing this operation's internal controls over financial reporting and converting its accounting systems and system of internal controls to the standards established for the Company's existing operations. Completion of this process of evaluation and implementation is expected to occur by the end of the first quarter in 2008.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers.

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.

RED BACK MINING INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(in Thousands of United States Dollars)
(Unaudited)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash	$ 65,719	$ 7,564
Accounts receivable	7,699	7,487
Inventories (Note 3)	26,475	12,053
Prepaid expenses	331	418
	100,224	27,522
Property, plant and equipment, net (Note 4)	6,662	4,490
Mineral properties and related expenditures (Note 5)	433,163	105,425
	$ 540,049	$ 137,437
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 21,991	$ 11,723
Current portion of loan payable (Note 7)	16,650	16,700
	38,641	28,423
Non current liabilities		
Loan payable (Note 7)	-	6,700
Asset retirement obligations	7,812	6,424
Future income taxes liability (Note 6)	52,892	-
	60,704	13,124
Minority interest	1,007	1,049
Share capital (Note 8)		
Authorized -		
Unlimited common shares without par value		
Issued and outstanding -		
170,796,446 (Dec 2006 – 97,740,946) common shares	447,417	101,849
Contributed surplus (Note 8(c))	6,608	5,405
Accumulated other comprehensive income	(84)	(84)
Deficit	(14,244)	(12,329)
	439,697	94,841
	$ 540,049	$ 137,437

Commitments (Note 7)
Subsequent events (Note 8(g))

Approved by the Board:

"Richard P. Clark"
Director

"Lukas H. Lundin"
Director

See accompanying notes to interim consolidated financial statements

RED BACK MINING INC.
INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND DEFICIT
(in Thousands of United States Dollars) - (Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	**2006**	**2007**	**2006**
Gold Sales	$ 17,303	$ 15,907	$ 47,277	$ 42,713
Costs and expenses				
Operating	12,179	10,092	34,825	27,430
Depreciation and amortization	2,686	1,278	7,212	5,007
Accretion	90	140	270	279
Royalties	493	572	1,575	1,506
Income from operations	1,855	3,825	3,395	8,491
Interest and bank charges	473	397	1,381	1,879
Depreciation	27	15	56	40
General and administrative	3,540	685	6,462	3,326
Stock based compensation	3,152	88	3,980	2,329
Foreign exchange loss (gain)	(5)	(15)	(121)	4
Interest income	(1,196)	(136)	(1,440)	(377)
Gain on sale of securities	(4,965)	-	(4,965)	-
	1,026	1,034	5,353	7,201
Income (loss) for period before minority interest and write off	829	2,791	(1,958)	1,290
Minority interest	(87)	(324)	43	(624)
Write off of Farim Project	-	-	-	(4,612)
Income (loss) for the period	742	2,467	(1,915)	(3,946)
Deficit, beginning of the period	(14,986)	(15,171)	(12,329)	(8,757)
Deficit, end of the period	$ (14,244)	$ (12,704)	$ (14,244)	$ (12,704)
Income (loss) per common share – basic and diluted	$ 0.01	$ 0.03	$ (0.02)	$ (0.04)
Weighted average number of shares outstanding – basic	146,384,625	97,603,362	114,460,264	93,694,544
Weighted average number of shares outstanding – diluted	147,643,686	98,745,265	114,460,264	93,694,544

See accompanying notes to interim consolidated financial statements

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

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Cash flows from(used in) operating activities				
Income (loss) for the period	$ 742	$ 2,467	$ (1,915)	$ (3,946)
Items not effecting cash				
Depreciation and amortization	2,712	1,293	7,267	5,047
Write-off of Farim project	-	-	-	4,612
Accretion	90	140	270	279
Minority Interest	87	324	(43)	624
Stock based compensation	3,152	88	3,980	2,329
	6,783	4,312	9,559	8,945
Net changes in non-cash working capital items				
Accounts receivable and prepaid expenses	1,457	1,026	4,962	(421)
Inventories	(8,887)	500	(8,005)	(4,422)
Accounts payable and accrued liabilities	(1,095)	(5,498)	(5,980)	(2,780)
	(1,742)	340	536	1,322
Cash flows used in investing activities				
Mineral properties and related expenditures	(2,554)	(1,992)	(8,929)	(7,872)
Purchase of property, plant & equipment	(1,303)	(1,631)	(3,073)	(6,002)
Acquisition of Tasiast project, net of cash acquired (Note 6)	(266,420)	-	(266,420)	-
	(270,277)	(3,623)	(278,422)	(13,874)
Cash flows from financing activities				
Common shares issued, net	273,895	108	277,758	21,313
Special warrants issued, net	-	-	65,033	-
Debt repayments	(2,775)	-	(6,750)	(9,541)
	271,120	108	336,041	11,772
Increase (decrease) in cash	(899)	(3,175)	58,155	(780)
Cash, beginning of the period	66,618	15,038	7,564	12,643
Cash, end of the period	$ 65,719	$ 11,863	$ 65,719	$ 11,863

See accompanying notes to interim consolidated financial statements

RED BACK MINING INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007
(in Thousands of United States Dollars)
(Unaudited)

1. Nature of Operations and Basis of Presentation

Red Back Mining Inc. (the "Company") together with its subsidiary companies is a mineral resource corporation engaged in operating, exploring, acquiring and developing mineral properties. The Company currently owns two gold mines in West Africa. In Ghana, it holds a 100% interest in the producing Chirano Gold Mine ("Chirano"). Upon the Government of Ghana exercising its right to back-in to a 10% ownership of Chirano Gold Mines Limited, at no cost, the Company will hold a 90% interest in Chirano with the Government of Ghana holding 10%. In Mauritania, The Company holds a 100% interest in the Tasiast Gold Mine ("Tasiast"). Tasiast was acquired on August 2, 2007 (see note 6) and is currently in the commissioning phase. The Company also holds various other exploration properties in Ghana and Mauritania.

The recoverability of the costs of mineral properties and related deferred exploration expenditures are dependent upon the established economically recoverable reserves, preservation of the Company's interest in the underlying mineral claims, 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 interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to interim financial statements. Except as disclosed in Note 2 below, they follow accounting policies and methods of their application consistent with the annual consolidated financial statements as at December 31, 2006, but they do not conform in all respects with the disclosure requirements of generally accepted accounting principles for annual financial statements. Accordingly, they should be read in conjunction with the Company's December 31, 2006 annual consolidated financial statements.

2. Change in Accounting Policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants:

a) Section 3855 – Financial Instruments – Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss.

b) Section 1530 – Comprehensive Income. This standard requires the disclosure of comprehensive income and its components. Comprehensive income includes both net income (loss) and other comprehensive income (loss). Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings (loss) until realized.

c) The adoption of Section 3855 had no impact on the opening equity and losses of the Company. However, $84,000 was reclassified from the cumulative translation adjustment account to accumulated other comprehensive income.

3. Inventories

	September 30, 2007	December 31, 2006
Stockpile ore	$ 10,475	$ 4,300
Gold in circuit	3,519	2,649
Materials and supplies	8,325	5,104
Bullion on hand	4,156	-
	$ 26,475	$ 12,053

4. Property, Plant and Equipment

	September 30, 2007			December 31, 2006		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Plant & equipment	$ 3,438	$ 1,223	$ 2,215	$ 1,686	$ 705	$ 981
Motor Vehicles	1,733	1,188	545	1,739	858	881
Construction in Progress	1,669	-	1,669	2,423	-	2,423
Buildings	2,329	96	2,233	247	42	205
	$ 9,169	$ 2,507	$ 6,662	$ 6,095	$ 1,605	$ 4,490

5. Mineral Properties and Related Expenditures

	Chirano	Tasiast	Other Projects	Total
Balance, September 30, 2006	$ 93,055	$ -	$7,230	$100,285
Exploration and evaluation costs	3,036		408	3,444
Development expenditure	4,851		-	4,851
Amortization	(3,155)		-	(3,155)
Balance, December 31, 2006	97,787		7,638	105,425
Exploration and evaluation costs	3,634		621	4,255
Development expenditure	2,121		-	2,121
Amortization	(4,053)		-	(4,053)
Balance, June 30, 2007	99,489		8,259	107,748
Acquisition of Tasiast (Note 6)		325,062		325,062
Exploration and evaluation costs	613		83	696
Development expenditures		1,970		1,970
Amortization	(2,313)			(2,313)
Balance, September 30, 2007	$ 97,789	$ 327,032	$ 8,342	$ 433,163

Chirano Gold Mine, Ghana

Chirano comprises one mining lease and one prospecting license held through the Company's 100% subsidiary, Chirano Gold Mines Limited ("CGML"). Upon the Government of Ghana exercising its right to back-in to a 10% ownership of CGML, at no cost, the Company will hold a 90% interest in CGML with the Government of Ghana holding 10%.

Tasiast Gold Mine, Mauritania

As more fully described in note 6 below, the Company acquired Tasiast on August 2, 2007. Tasiast comprises one mining lease held through the Company's 100% subsidiary, Tasiast Mauritanie Limited SA ("TMLSA").

Other Exploration Projects

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

Farim Project, Guinea Bissau

The Company historically owned a 100% interest in four mining leases in Guinea Bissau, West Africa, which comprise the Farim property. The mining leases have a term of twenty-five years. In July 2006, the Government of Guinea Bissau purported to cancel certain contracts with the Company which preceded the issuance of the mining leases. The Company believes the mining leases remain in good standing although the Company's title to those leases is uncertain given the Government's recent attempts at expropriation. In view of the current situation, all capitalized costs relating to Farim were written off in the year ended June 30, 2006. The litigation referred to in Note 9 is unaffected by these events.

6. Acquisition of the Tasiast Gold Mine

On August 2, 2007, the Company completed the acquisition of the Tasiast project in Mauritania, West Africa from Lundin Mining Corporation through the purchase of all of the common shares of TMLSA and Tasiast Mauritanie Limited ("TML"). The Tasiast project is comprised of the Tasiast Gold Mine, held by TMLSA and currently in the pre-production commissioning phase, and a number of prospective exploration licenses held by TML. Total funds disbursed under the acquisition were $276 million. The transaction has been accounted for as an asset purchase and details of the preliminary determination of fair value of the net assets acquired is as follows:

	Tasiast's net assets
Cash	$ 9,838
Mineral properties	325,062
Working capital	(4,745)
Asset retirement obligation	(1,005)
Future income taxes	(52,892)
	$ 276,258

7. Loan Payable

	September 30, 2007	December 31, 2006
Loan payable	$ 16,650	$ 23,400
Current portion	(16,650)	(16,700)
	$ -	$ 6,700

On September 7, 2004, the Company accepted a credit approved offer from Macquarie Bank Limited for financing facilities totaling US$43 million (comprising a US$33 million corporate facility and a US$10 million standby facility) for Chirano. These facilities were subsequently fully drawn down. The facilities are secured by charges on the shares of the chain of corporations ultimately holding title to Chirano and parent company guarantees. Interest, which was capitalized prior to commercial production, is payable at LIBOR plus 2.75%.

As a condition of the debt financing, the Company 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 was subsequently rolled into a flat forward hedging structure with 400,000 ounces sold forward at US$440.30 per ounce. As at September 30, 2007, deliveries of gold into the flat forward contracts had totaled approximately 157,000 ounces.

Subsequent to September 30, 2007, the Company repaid the full amount of the loan together with the accrued interest outstanding on that date and unwound the gold hedge structure at a cost of $95 million using proceeds from an equity financing closed on October 31, 2007 (see Note 8(g)).

8. Share Capital

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

Authorized: unlimited common shares without par value

Common shares issued and outstanding:

	Number of Shares	Amount
Balance, September 30, 2006	97,638,746	$101,529
Issued on exercise of options	102,200	184
Fair value of options exercised	-	136
Balance, December 31, 2006	97,740,946	101,849
Issued on exercise of warrants	625,000	1,125
Issued on exercise of options	1,480,000	2,738
Fair value of options exercised	-	1,258
Balance, June 30, 2007	99,845,946	106,970
Issued on conversion of special warrants (Note 8(e))	13,888,800	65,033
Issued on conversion of subscription receipts (Note 8(e))	55,555,200	270,921
Issued on exercise of warrants	1,350,000	2,507
Issued on exercise of options	156,500	467
Fair value of options and warrants exercised	-	1,519
Balance, September 30, 2007	170,796,446	$ 447,417

(b) The Company has a stock option plan (the "Plan") in which 12,000,000 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 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. Vesting terms are at the discretion of the Board.

A summary of outstanding incentive stock options outstanding at September 30, 2007 and December 31, 2006 and changes for the periods ending on those dates are outlined in the table below:

	Period Ended September 30, 2007		Period Ended December 31, 2006	
	Options outstanding and exercisable	Weighted Average Exercise Price (C$)	Options outstanding and exercisable	Weighted Average Exercise Price (C$)
Balance, beginning of period	3,463,333	2.34	3,473,333	2.31
Granted	4,165,000	5.92	250,000	3.26
Exercised	(1,636,500)	1.86	(260,000)	2.81
Balance, end of period	5,991,833	4.88	3,463,333	2.34

During the current period, the Company issued to directors, officers, employees and consultants a total of 4,165,000 options with exercise prices ranging between $4.06 and $6.45 per share. The fair value of the stock options has been recorded in the accounts of the Company as stock-based compensation expense and an increase in contributed surplus. In preparing the fair value estimate, the Company used the Black-Scholes Option Pricing Model, and assumed a risk-free rate of 4.2 to 4.5%, expected volatility of 33% to 50%, expected option life of three 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) Details of contributed surplus are as follows:

	Contributed Surplus
Balance – September 30, 2006	$5,410
Fair value of stock-based compensation	131
Fair value of options exercised	(136)
Balance – December 31, 2006	5,405
Fair value of stock-based compensation	828
Fair value of options exercised	(1,258)
Balance – June 30, 2007	4,975
Fair value of stock-based compensation	3,152
Fair value of options and warrants exercised	(1,519)
Balance – September 30, 2007	$6,608

(d) All remaining outstanding warrants as at June 30, 2007 were exercised prior to their expiry on July 26, 2007 at their exercise price of C$2.00 per share.

(e) On May 10, 2007 the Company closed a private placement of 69,444,000 Units of the Company at a price C$5.40 per Unit raising gross proceeds of approximately C$375 million. Each Unit consisted of 0.2 special warrants (the "Special Warrants") and 0.8 subscription receipts (the "Subscription Receipts") of the Company.

The net proceeds from the sale of the Special Warrants in the amount of approximately $65 million, being 20% of the Offering less expenses, were released to the Company during the quarter ended June 30, 2007.

The net proceeds of the sale of the Subscription Receipts in the amount of approximately $271 million were deposited with an escrow agent and released to the Company upon closing of the acquisition of Tasiast by the Company on August 2, 2007 (see Note 6).

(f) The Special Warrants and Subscription Receipts were converted into a total of 69,444,000 common shares on August 2, 2007.

(g) On October 31, 2007, the Company raised gross proceeds of C$110 million by way of short form prospectus and issued 16,667,200 common shares at a price of C$6.60 per share. The net proceeds from the offering ($105 million) have been applied to pay the balance of the Company's loan and unwind the related gold hedge forward contracts (see Note 7).

9. 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 four mining leases comprising the Farim Project. Geyser advanced a C$250,000 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 by the Company 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 commenced an action in the Supreme Court of British Columbia against Geyser and later joined Geyser's affiliated company Oswal Chemicals and Fertilizers Ltd ("Oswal").

The Company was successful in obtaining default judgment against both Geyser and Oswal. In a written judgment dated November 10, 2006, the Plaintiffs (the Company and CIM) were awarded damages in the amount of C$10,300,025 plus costs. A further judgment for interest of C$849,187.67 was received on December 19, 2006. The Company and CIM have commenced steps to enforce this judgment against the Defendants Geyser and Oswal.

The damages awarded have not been taken to account in these financial statements.

10. Related Party Transactions

Transactions for the nine months ended September, 2007 and 2006 and balances with related parties not disclosed elsewhere in these financial statements are as follows:

(a) Paid $0.2 million (2006: $0.8 million) for management services provided by a company related to the President of the Company. At September 30, 2007, $nil was due to this company.

(b) Paid $0.02 million (2006: $0.05 million) to a firm related to a director for legal services. At September 30, 2007, $0.01 million was due to this firm.

(c) Paid $0.2 million (2006: $0.1 million) to a company controlled by a director for management services. At September 30, 2007, $nil was due to this company.

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

11. Segmented Information

The Company operates only in the gold sector. Currently, revenues are generated exclusively from Chirano because Tasiast, acquired on August 2, 2007 (see Note 6), is in the commissioning phase.

RED BACK MINING INC.
CORPORATE DIRECTORY

OFFICERS
Richard Clark,
President and Chief Executive Officer
Lukas Lundin,
Chairman of the Board
Alessandro Bitelli
Chief Financial Officer
Simon Jackson,
Vice President – Corporate Development
Hugh Stuart
Vice President - Exploration
Kathy Love,
Corporate Secretary

DIRECTORS
Richard Clark
Lukas Lundin
Compensation Committee
Michael Hunt
Corporate Governance and Nominating Committee
Compensation Committee
Harry Michael
Audit Committee
Robert Chase
Audit Committee
Corporate Governance and Nominating Committee
Brian Edgar
Lead Director
Audit Committee
Compensation Committee
Corporate Governance and Nominating Committee

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SHARE LISTING
Toronto Stock Exchange
Symbol: RBI
CUSIP No.: 756297107
S.E.C.: 12g3-2(b)
Exemption Number: 82-4286