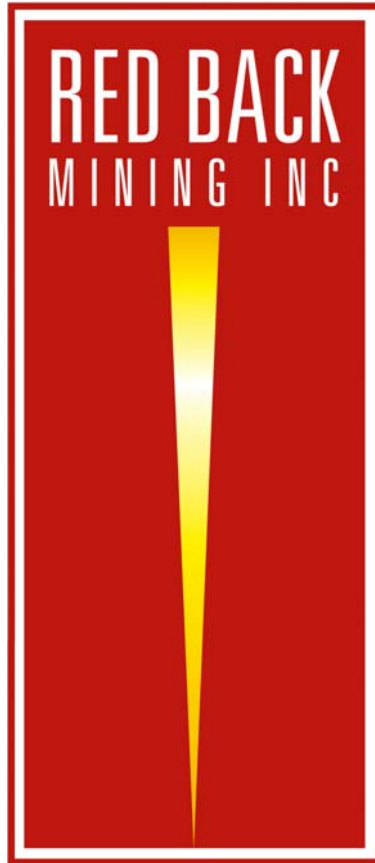


RED BACK MINING INC.



Third Quarter Report

September 30, 2009

RED BACK MINING INC.
MANAGEMENT DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

The following management discussion and analysis of the results of operations and financial condition ("MD&A") for Red Back Mining Inc. ("Red Back" or the "Company") should be read in conjunction with the unaudited consolidated financial statements for the three and nine month periods ended September 30, 2009 and related notes thereto. The financial information in this MD&A is partly 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 30, 2009. Additional information about the Company and its business activities is available on SEDAR at www.sedar.com.

The technical contents of this MD&A have been reviewed by Hugh Stuart, BSc, MSc, a Qualified Person pursuant to NI 43-101. Mr. Stuart is the Vice President Exploration of the Company and a Member of the Australasian Institute of Mining and Metallurgy.

Red Back 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 Chirano Gold Mine ("Chirano"). The government of Ghana can exercise its right to back-in to a 10% ownership of Chirano Gold Mines Limited ("CGML"), at no cost, at which time the Company will hold a 90% interest in Chirano. In Mauritania, the Company holds a 100% interest in the Tasiast Gold Mine ("Tasiast") which commenced commercial production at the beginning of 2008. In addition to government royalties, Tasiast is subject to a 2% royalty on gold production in excess of 600,000 oz. Red Back also holds various other exploration properties in Ghana, Mauritania and Côte D' Ivoire.

Highlights

The results from operations during the third quarter of 2009 continue to show strong profits and operating cash flows notwithstanding lower production and higher cash costs at Tasiast due to delayed permits and start-up issues with the expanded operations. With the Tasiast permitting and production issues now resolved, throughput rates at both Tasiast and Chirano are ramping up to the levels anticipated for 2010. The Company expects increased production levels and lower cash costs in the fourth quarter.

Cash operating costs for the year are estimated at \$385 per oz, unchanged from the original forecast. Forecast 2009 production has been reduced to between 350,000 and 370,000 oz, down from the original plan of 400,000 oz as a result of lower third quarter production at Tasiast.

The Company's third quarter highlights were:

- Total gold production of 80,247 oz (year-to-date: 230,892 oz), including 9,224 oz (year-to-date: 14,004 oz) from underground development at Chirano, capitalized for financial reporting purposes.
- Average realized gold price of \$977 per oz (year-to-date: \$939 per oz).
- Net income of \$35.1 million (year-to-date: \$85.1 million).
- Cash operating costs of \$414 per oz (year-to-date: \$393 per oz).
- Completion of the Chirano and Tasiast plant expansions.
- Commencement of dump leach operations at Tasiast.
- 33% increase in reserves at Tasiast, now exceeding 3 million oz.
- A major increase in the underground resource at Paboase South, Chirano.
- Receipt of a CAD \$15.25 million break fee upon termination of the Moto acquisition transaction.

Moto Transaction

On June 1, 2009, Red Back and Moto Goldmines Limited (“Moto”) entered into an arrangement agreement (the “Agreement”) pursuant to which each outstanding common share of Moto would be exchanged for 0.45 of a common share of Red Back and \$0.001. Red Back had a right to match a superior proposal received by Moto. On July 27, 2009 Moto advised Red Back that it had received a superior proposal. Red Back did not exercise its right to match and, accordingly, the Agreement was terminated. Under the terms of the Agreement Moto paid Red Back a CAD \$15.25 million termination fee on August 5, 2009 (the “Moto Fee”).

Results of Operations

Net income for the three and nine months ended September 30, 2009 was \$35.1 million and \$85.1 million, respectively (September 30, 2008: \$10.6 million and \$53.9 million). The third quarter results include other income of \$13.2 million from the receipt of the Moto Fee, less professional and consulting costs related to the transaction, and a \$4.1 million gain from foreign currency transactions. Year-to-date profits from mining operations are up 54% from the previous year because of higher revenues due to increased production and higher gold prices, only partially offset by higher costs.

Compared to last year, cash operating costs per oz for the first nine months of the year have decreased as a result of lower mining costs at Tasiast and increased production.

Summary of Financial Results								
Quarter Ended	Sep 09	Jun 09	Mar 09	Dec 08	Sep 08	Jun 08	Mar 08	Dec 07
Total revenue (\$'000)	69,152	69,353	65,858	54,650	54,200	60,396	54,414	26,220
Net income (loss) (\$'000)	35,113	24,666	25,345	7,983	10,568	23,485	19,864	(89,989)
Net income (loss) per share (\$)	0.15	0.11	0.12	0.04	0.06	0.12	0.11	(0.49)

Key operating statistics for the third quarter and on a year-to-date basis are provided below.

	Three months ended Sept. 30, 2009			Three months ended Sept. 30, 2008		
	Chirano	Tasiast	Total	Chirano	Tasiast	Total
Ore tonnes mined ('000t)	839	1,053	2,830	704	527	1,231
Ore tonnes milled ('000t)	645	492	1,137	526	394	920
Average grade (g/t)	2.8	2.3	2.6	1.6	2.9	2.2
Average recovery	90.3%	91.0%	90.6%	92.8%	94.2%	93.4%
Gold produced, CIL (oz)	49,231	30,272	79,503	25,572	34,251	60,003
Gold produced, dump leach (oz)	-	744	744	-	-	-
Gold produced, total (oz)	49,231	31,016	80,247	25,572	34,251	60,003
Gold sold (oz) (Note 2)	40,007	30,791	70,798	27,142	36,362	63,504
Realized gold price per oz	\$979	\$974	\$977	\$860	\$849	\$853
Cash operating costs per oz (Note 3)						
Operating	\$392	\$443	\$414	\$596	\$403	\$485
Royalties	\$ 27	\$ 58	\$ 41	\$ 14	\$ 25	\$ 21
Depreciation, amortization and accretion per oz (Note 3)	\$108	\$284	\$184	\$94	\$213	\$162

Note 1: Production statistics may not calculate exactly due to rounding.

Note 2: 2009 gold sold at Chirano excludes 9,796 oz recovered from underground operations and capitalized during pre-production development.

Note 3: This is a non-GAAP measure. It is calculated by dividing costs on the statement of income and deficit by gold oz sold. For Tasiast, approximately \$108 per oz (2008: \$133 per oz) of depreciation and amortization are due to the amortization of the fair value excess on purchase of the Tasiast mineral properties in 2007.

	Nine months ended Sept. 30, 2009			Nine months ended Sept. 30, 2008		
	Chirano	Tasiast	Total	Chirano	Tasiast	Total
Ore tonnes mined ('000t)	2,477	3,197	5,674	2,246	1,406	3,651
Ore tonnes milled ('000t)	1,841	1,137	2,975	1,666	1,092	2,758
Average grade (g/t)	2.4	3.0	2.6	1.8	3.0	2.3
Average recovery	90.6%	92.2%	91.2%	91.7%	94.1%	92.7%
Gold produced, CIL (oz)	126,753	99,822	226,575	89,447	98,734	188,181
Gold produced, dump leach (oz)	-	4,317	4,317	-	-	-
Gold produced, total (oz)	126,753	104,139	230,892	89,447	98,734	188,181
Gold sold (oz) (Note 2)	112,827	104,798	217,625	91,507	97,274	188,781
Realized gold price per oz	\$943	\$935	\$939	\$901	\$890	\$895
Cash operating costs per oz (Note 3)						
Operating	\$442	\$342	\$393	\$472	\$412	\$441
Royalties	\$ 28	\$ 37	\$ 32	\$ 26	\$ 27	\$ 26
Depreciation, amortization and accretion per oz (Note 3)	\$100	\$225	\$160	\$ 96	\$228	\$164

Note 1: Production statistics may not calculate exactly due to rounding.

Note 2: 2009 gold sold at Chirano excludes 14,004 oz recovered from underground operations and capitalized during pre-production development.

Note 3: This is a non-GAAP measure. It is calculated by dividing costs on the statement of income and deficit by gold oz sold. For Tasiast, approximately \$93 per oz (2008: \$133 per oz) of depreciation and amortization are due to the amortization of the fair value excess on purchase of the Tasiast mineral properties in 2007.

Tasiast Gold Mine - Mauritania

Tasiast's 30 year mining lease is located in the north-western part of Mauritania, approximately 300 kilometres north of the capital of Nouakchott and 162 kilometres east-southeast of the port city of Nouâdhibou. Tasiast's exploration licenses cover a 60 kilometre strike length of the Aoueuat greenstone belt, a 70 kilometres long by 15 kilometres wide north-south trending Archaen age, largely under-explored gold system. To date, drilling in support of the resources and reserves only covers 8 kilometres of this belt. Red Back is continuing an extensive exploration program to identify prospective mineralized areas along this belt.

The current mine plan includes the Piment and the West Branch deposits. Drilling results to date have expanded the in-situ reserves from 2.3 million oz at December 31, 2008 to 3.0 million oz at August 31, 2009, as detailed in the table below.

	Tonnes (Mt)	Au (g/t)	Ounces (Moz)
Total Proven	33.8	1.43	1.56
Total Probable	30.0	1.45	1.40
Total Stockpile	3.7	0.76	0.09
Total	67.5	1.40	3.05

Note: the ore reserve estimate used a gold price of US\$700, no change from previous ore reserve estimate

The existing ore body is open both at depth and along strike to the north and south. A drilling program to further expand the resource and reserves is currently underway. Recent results (News release dated October 28, 2009) at the West Branch deposit are expected to generate continued resource and reserve expansion.

The reserves include lower grade oxide ore expected to be processed by dump leaching. Irrigation of three dump leach pads has commenced, with significant recoveries expected in the fourth quarter.

The Company is also conducting test work to determine the estimated gold recovery rates of processing low grade fresh ore by heap leaching. Initial results show an average recovery rate of 59%. Completion of this test work and the calculation of an initial heap leach reserve are expected in the first half of 2010.

The expansion of the Tasiast processing facility is effectively complete, with only the gravity circuit and gold room requiring final commissioning. The new tailings facility is now operational and irrigation of the dump leach pads has now commenced following receipt of final permits in late August.

Tasiast's production in the third quarter of 2009 was 31,016 oz (2008: 34,251 oz) at a cash operating cost of \$443 per oz (2008: \$403 per oz). In the first nine months of the year Tasiast produced 104,139 oz (2008: 98,734 oz) at a cash operating cost of \$342 per oz (2008: \$412 per oz). Third quarter production and cash costs were adversely affected by delays in the receipt of operating permits and longer than anticipated commissioning and start up of the expanded facilities. In addition, a rare electrical storm in September damaged equipment preventing full operation of the water borefield, which in turn delayed the irrigation of the dump leach pads. This has deferred the recoveries of gold from dump leaching to the fourth quarter. On a year-to-date basis, cash operating costs remain low compared to 2008 principally because of higher production and lower mining costs.

With the plant expansion substantially complete and irrigation of the dump leach pads now fully operational, production is expected to increase in the fourth quarter. Red Back expects Tasiast production for the last quarter in 2009 to be between 60,000 and 70,000 oz and for the year between 165,000 and 175,000 oz at a cash operating cost of approximately \$340 to \$350 per oz.

Royalties exceed the expected rate of 3% of revenues because they include expansion fees paid to the government of Mauritania following receipt of the final permits relating to the plant expansion project. Higher royalty costs will apply for the remainder of 2009 and in 2010, the period of time during which these expansion fees are payable. The total 2009 expansion fees were paid at the end of August and are being expensed proportionately to the production of the last four months of the year. As a result, at September 30, 2009 \$7.3 million has been recorded as a prepaid expense on the balance sheet and will be expensed in the fourth quarter.

Chirano Gold Mine - Ghana

The Chirano mining lease, granted in April 2004, is situated in south-western Ghana, 100 kilometres southwest of Kumasi, Ghana's second largest city. The project is within the Bibiani gold belt and the present mining plan includes a series of open pit deposits and the high grade Akwaaba Deeps underground mine. Gold mineralization continues at depth below the current open pit designs at many of the deposits currently included in the mine plan. First underground inferred resource estimates were confirmed in March 2009 for the Paboase South and Suraw deposits. Drilling at Paboase South is continuing to meet with success. During the third quarter, further mineralized high-grade intersects with significant widths were identified below the previously released inferred resource. Most recently (News release October 26, 2009), the Company has updated its underground resource estimate of Paboase South and Akoti, which now includes an indicated resource of 289,000 oz plus an additional 640,000 oz of inferred resources. The Company expects to calculate an initial mineral reserve for Paboase South in the first quarter of 2010, whereupon a decision will be made to commence development.

The decline at Akwaaba Deeps has advanced 1,478 metres as at October 31, 2009. Underground mining is ramping up and expected to reach 60,000 tonnes of ore per month before the end of 2009 and 100,000 tonnes per month in the first half of 2010.

The expansion of the Chirano processing facility to a nameplate throughput of 3.5 mtpa was completed and commissioned by the end of the third quarter. The expansion work included a new crushing facility to reduce ore to 80% passing 12.5mm, the addition of a third mill, the conversion of the SAG mill to a ball mill, and the addition of one pre-leach tank and three CIL leach tanks.

Chirano's production in the third quarter of 2009 was 49,231 oz (2008: 25,752 oz) at a cash operating cost of \$392 per oz (2008: \$596 per oz). In the first nine months of the year, Chirano produced 126,753 oz (2008: 89,447 oz) at a cash operating cost of \$442 per oz (2008: \$472 per oz). Cash operating costs are lower compared to the same periods in 2008 and to the earlier part of 2009 due to increased production and lower electricity charges. The higher production and lower electricity costs are expected to positively impact cash operating costs in the last quarter of 2009 as well.

Red Back expects fourth quarter gold production at Chirano to be between 60,000 to 70,000 oz as a result of the expanded plant production capacity and increasing volumes of higher grade ore from Akwaaba Deeps. For the year, Red Back expects production from Chirano to be between 185,000 and 195,000 oz at a cash cost of \$440 to \$450 per oz.

Other Income Statement Items

Interest expense in 2009 relates principally to a bank loan taken out in September 2008 to finance the purchase of shares in Mineral Deposits Limited and stand-by fees and deferred financing charges on an undrawn revolving facility. The bank loan was repaid in February 2009. Interest income is higher in 2009 compared to 2008 because of a higher average cash balance on hand notwithstanding lower interest rates.

On a year-to-date basis, general and administrative costs in 2009 are higher compared to 2008 because of increased promotional activities, which included a Company-sponsored site visit to its African operations by a group of financial analysts during the second quarter, and higher staffing levels.

Stock-based remuneration reflects the amortization of the fair value of previously granted stock options over the options' vesting period. The granting of stock options and the determination of their vesting period is at the discretion of the Board. Accordingly, the related expense is not expected to be uniform across quarters or financial years.

Other income reflects the receipt of the Moto Fee, net of costs incurred on this now terminated transaction. Foreign exchange gains realized in the third quarter were \$4.1 million as Red Back depleted its balance of Australian dollars following appreciation of this currency during the year. Year-to-date, the Company has recognized a \$3.0 million gain as a result of a sale of marketable securities. A gain of \$1.7 million was recognized in 2008 relating to a different investment.

Minority interest to reflect the Government of Ghana's right to back-in to a 10% ownership of CGML, at no cost, is recognized only to the extent of accumulated retained earnings in the operating subsidiary. At September 30, 2009, the subsidiary had an accumulated deficit and, therefore, no minority interest has been recognized.

Income Taxes

During the third quarter the Ghanaian parliament passed legislation that established a temporary, special tax levy that applies to companies in selected industries, including the mining sector. This levy, calculated at 5% of net income before income taxes, is applicable in 2009 and 2010, and it directly impacts the Chirano operations in Ghana. The current tax expense reflects a provision of the estimated taxes to September 30, 2009. In addition, future income taxes are recorded at a reduced effective tax rate compared to the Ghanaian income tax rate of 25% because they are adjusted by the effect of previously unrecognized tax assets.

No income tax provision is recorded for Tasiast operations in Mauritania as they are exempt from income tax until the end of 2010. Further, no income taxes arise from the income generated by the Moto Fee because of the effect of previously unrecognized tax losses carry-forwards.

Other comprehensive income

Other comprehensive income includes the effect of realized and unrealized foreign exchange gains on cash balances held in a currency other than the US dollar. As at September 30, 2009, Red Back held CAD \$117 million and AUD \$5.1 million.

Liquidity and Capital Resources

At September 30, 2009, the Company had working capital of \$194 million as compared to \$47 million at December 31, 2008.

On February 12, 2009, Red Back raised CAD \$165 million by issuing 22 million common shares at CAD \$7.50 per share by way of short-form prospectus. In addition, in the second quarter, the Company finalized a \$30 million revolving corporate debt facility. These transactions provide Red Back with additional flexibility in its operations and in responding to new corporate opportunities.

In February 2009, Red Back sold its interest in Mineral Deposits Limited ("MDL"), a company developing a gold project in Senegal, West Africa, for approximately \$26.3 million, generating a gain of \$3.0 million. The MDL investment was originally funded by a bank loan. This loan was repaid on February 26, 2009.

Capital cost additions for property, plant and equipment for the first nine months of the year total \$64.2 million and can be summarized as follows:

<i>(Amounts in millions of dollars)</i>	Chirano	Tasiast	Total
Plant expansion projects	\$ 27.0	\$ 22.7	\$ 49.7
Mining fleet	-	6.5	6.5
Back-up diesel power plant	4.1	-	4.1
Others	2.3	1.6	3.9
Total	<u>\$ 33.4</u>	<u>\$ 30.8</u>	<u>\$ 64.2</u>

Additions to exploration and development costs totalling \$63.0 million are mainly attributable to:

- the underground development activities at Akwaaba Deeps at Chirano (\$16.7 million);
- ongoing discretionary exploration to identify new resources (Chirano: \$3.5 million; Tasiast: \$9.7 million);
- open pit cut backs to provide access to additional ore reserves at Chirano (\$20.7 million);
- expansion of the tailings dam at Tasiast (\$4.1 million); and
- construction of dump leach pads at Tasiast (\$6.9 million).

The expenditures on property, plant and equipment and exploration and development are in line with current forecasts. Based on forecast production for the fourth quarter and current gold prices, Red Back expects to have cash balances of approximately \$150 million at the end of 2009 with its operating cash flow effectively having funded the Company's capital costs of two plant expansions and aggressive exploration in the year.

As at September 30, 2009, the Company had purchase commitments totalling \$9.2 million. In addition, an \$8 million payment to the government of Mauritania is due at the beginning of January on account of the 2010 production expansion royalty.

Transactions with Related Parties

During the first nine months of the year, Red Back entered into the following related party transactions:

- paid \$0.4 million (September 30, 2008: \$0.3 million) for management services provided by a company related to the President of the Company;
- paid \$0.3 million (September 30, 2008: \$0.3 million) to a company controlled by a director for management services; and
- received \$1.2 million (September 30, 2008: \$nil) from the sale of a single gold bar to a company controlled by a director at the then prevailing spot market price of gold.

Critical Accounting Estimates

There have been no material changes to the critical accounting estimates discussed in the annual MD&A filed on SEDAR on March 2, 2009.

Significant Accounting Policies

The Company continues to follow the accounting policies described in the audited consolidated financial statements for the year ended December 31, 2008 that was filed on SEDAR on March 2, 2009. In addition, effective January 1, 2009, the Company adopted the following new accounting standard issued by the Canadian Institute of Chartered Accountants ("CICA"):

Section 3064: Goodwill and Intangible Assets

This standard replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27, "Revenues and Expenditures in the Pre-operating Period," ("EIC-27") was withdrawn.

Adoption of this standard did not have a significant effect on the Company's financial statements.

International Financial Reporting Standards

In January 2006, the Canadian Accounting Standards Board ("AcSB") adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The AcSb confirmed in February 2008 plans to converge Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over a transition period with an effective implementation date effective for interim and annual periods commencing January 1, 2011. Early adoption of IFRS is possible.

In 2008 the Company completed a review of its accounting policies and of Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS. The Company is now in the process of determining the impact of transition to IFRS on its financial statements and systems, if any. This second phase is expected to be completed in early 2010. The third and final, implementation and transition phase to IFRS is currently planned for 2010 in order to meet the expected adoption date of January 1, 2011. Training of Company personnel started in 2008 and is continuing in 2009.

Financial Instruments and Related Risks

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities, and bank loans. Cash and cash equivalents and marketable securities are classified as available for sale financial assets, recognized at fair value, with any unrealized gain or loss recorded in other comprehensive income. The fair value of all other financial instruments approximates their carrying values, due to their short-term maturity or capacity of prompt liquidation.

As at September 30, 2009, the Company's currency risk was limited to \$107.9 million of cash balances (\$8.3 million at December 31, 2008) denominated in Canadian dollars and to \$4.5 million of cash balances denominated in Australian dollars (\$nil at December 31, 2008). Based on this exposure, a 10% change in the Canadian/US dollar exchange rate would give rise to an increase/decrease in other comprehensive income of approximately \$10.8 million and a 10% change in the Australian/US dollar exchange rate would give rise to an increase/decrease in other comprehensive income of approximately \$0.5 million. The Company has no other significant exposure to currencies other than the US dollar because its revenues and the majority of its costs are measured in US dollars.

Red Back does not currently have financial instruments that are exposed to significant commodity or credit risks because the Company has not:

- engaged in derivative commodity transactions; or
- have large loans and receivables with third parties requiring a review of credit worthiness.

Further, the Company is not exposed to significant liquidity risk because of the nature of the financial assets it currently holds. In addition, its cash and cash equivalents are held through large financial institutions and, as at September 30, 2009, term deposits or short-term investments were with counterparties with high credit ratings.

Outstanding Share Data

As at October 30, 2009, the Company had 231,243,135 common shares issued and outstanding and 6,316,836 share options outstanding under its stock-based incentive plan.

Uncertainties and Risk Factors

There has been no material change in the uncertainties and risk factors affecting Red Back's activities that were discussed in the annual MD&A filed on SEDAR on March 2, 2009 except for the positive political development in Mauritania as the country returned to a democratically elected government following approximately 18 months of military rule.

Outlook

Except for the increase in reserves estimates at Tasiast which are discussed in an earlier section of this MD&A, during the third quarter there were no significant changes in the business outlook of the Company discussed in the annual MD&A filed on SEDAR on March 2, 2009.

Internal Controls over Financial Reporting and Disclosure Controls

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. 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.

There have been no changes in Red Back's internal control over financial reporting during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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

This document contains "forward looking statements" concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements involve 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 the forward looking statements. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements in the section entitled "Risk Factors", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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

	September 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 129,805	\$ 22,205
Accounts receivable	24,205	15,179
Marketable securities (Note 3)	-	28,966
Inventories (Note 4)	63,796	45,132
Prepaid expenses	8,734	397
	226,540	111,879
Deferred charges	563	-
Property, plant and equipment, net (Note 5)	265,495	213,921
Mineral properties and related expenditures (Note 6)	416,708	375,902
	\$ 909,306	\$ 701,702
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 30,382	\$ 36,837
Income taxes payable	2,084	-
Bank loan (Note 7)	-	28,000
	32,466	64,837
Non current liabilities		
Asset retirement obligations (Note 8)	10,171	9,768
Future income tax liability	52,128	49,117
	62,299	58,885
Shareholders' equity		
Share capital (Note 9)	751,038	607,914
Contributed surplus (Note 10)	8,181	10,506
Accumulated other comprehensive income (Note 11)	12,530	1,892
Retained earnings (deficit)	42,792	(42,332)
	814,541	577,980
	\$ 909,306	\$ 701,702
Commitments (Note 14)		

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 AND RETAINED EARNINGS
(in Thousands of United States Dollars, Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Gold Sales	\$ 69,152	\$ 54,200	\$ 204,363	\$ 169,010
Costs and expenses				
Operating	29,342	30,817	85,631	83,242
Depreciation and amortization	13,049	10,305	34,818	30,962
Accretion	134	74	403	283
Royalties	2,885	1,315	7,019	4,994
Profit from mining operations	<u>23,742</u>	<u>11,689</u>	<u>76,492</u>	<u>49,529</u>
Depreciation	5	4	14	16
General and administrative	1,407	1,341	4,885	3,786
Interest expense and bank charges	215	291	458	291
Stock based compensation	687	1,550	1,995	3,851
Interest income	(346)	(129)	(973)	(908)
	<u>1,968</u>	<u>3,057</u>	<u>6,379</u>	<u>7,036</u>
Income before undernoted items	21,774	8,632	70,113	42,493
Other income	13,174	-	13,174	-
Gain on sale of securities	-	-	3,020	1,708
Foreign exchange gain	4,084	-	4,556	5,659
	<u>17,258</u>	<u>-</u>	<u>20,750</u>	<u>7,367</u>
Income before income taxes	39,032	8,632	90,863	49,860
Current income tax recovery (expense)	(2,084)	-	(2,084)	-
Future income tax recovery (expense)	(1,835)	1,936	(3,655)	4,057
	<u>(3,919)</u>	<u>1,936</u>	<u>(5,739)</u>	<u>4,057</u>
Net income or the period	35,113	10,568	85,124	53,917
Retained earnings (deficit), beginning of the period	7,679	(60,884)	(42,332)	(104,233)
Retained earnings (deficit), end of the period	<u>\$ 42,792</u>	<u>\$ (50,316)</u>	<u>\$ 42,792</u>	<u>\$ (50,316)</u>
Income per common share – basic	<u>\$ 0.15</u>	<u>\$ 0.06</u>	<u>\$ 0.38</u>	<u>\$ 0.29</u>
Income per common share – diluted	<u>\$ 0.15</u>	<u>\$ 0.06</u>	<u>\$ 0.37</u>	<u>\$ 0.28</u>
Weighted average number of shares outstanding – basic	<u>230,424,962</u>	<u>188,629,443</u>	<u>226,059,463</u>	<u>188,359,428</u>
Weighted average number of shares outstanding – diluted	<u>232,445,902</u>	<u>190,034,656</u>	<u>227,678,325</u>	<u>190,131,792</u>

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	
	2009	2008	2009	2008
Cash flows from (used in) operating activities				
Income for the period	\$ 35,113	\$ 10,568	\$ 85,124	\$ 53,917
Items not affecting cash				
Amortization and depreciation	13,054	10,309	34,832	30,978
Accretion	134	74	403	283
Deferred charges	104	-	137	-
Future income taxes	1,835	(1,936)	3,655	(4,057)
Gain on sale of marketable securities	-	-	(3,020)	(1,708)
Foreign exchange gain	(4,084)	-	(4,556)	(5,659)
Stock based compensation	687	1,550	1,995	3,851
	<u>46,843</u>	<u>20,565</u>	<u>118,570</u>	<u>77,605</u>
Net changes in non-cash working capital items				
Accounts receivable and prepaid expenses	(15,479)	(3,974)	(17,363)	(5,196)
Inventories	(10,978)	(4,950)	(18,664)	(7,712)
Accounts payable and accrued liabilities	4,775	6,833	(2,697)	7,371
	<u>25,161</u>	<u>18,474</u>	<u>79,846</u>	<u>72,068</u>
Cash flows used in investing activities				
Mineral properties and related expenditures	(20,275)	(25,427)	(62,999)	(52,633)
Purchase of property, plant and equipment	(23,343)	(24,244)	(65,886)	(69,784)
Purchase of marketable securities	-	(27,581)	-	(31,648)
Proceeds from sale of marketable securities	-	-	26,297	5,775
	<u>(43,618)</u>	<u>(77,252)</u>	<u>(102,588)</u>	<u>(148,290)</u>
Cash flows from (used in) financing activities				
Common shares issued	3,934	1,323	138,804	2,746
Debt issue	-	28,000	(28,000)	28,000
Deferred charges	-	-	(700)	-
	<u>3,934</u>	<u>29,323</u>	<u>110,104</u>	<u>30,746</u>
Effect of exchange rate changes on translation of cash denominated in a currency other than the US dollar	7,150	(666)	20,238	(1,590)
Increase (decrease) in cash	(7,373)	(30,121)	107,600	(47,066)
Cash, beginning of the period	137,178	45,885	22,205	62,830
Cash, end of the period	<u>\$ 129,805</u>	<u>\$ 15,764</u>	<u>\$ 129,805</u>	<u>\$ 15,764</u>

See accompanying notes to interim consolidated financial statements.

RED BACK MINING INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in Thousands of United States Dollars, Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Income for the period	\$ 35,113	\$ 10,568	\$ 85,124	\$ 53,917
Gain on marketable securities reclassified to net income on realization	-	-	(5,044)	-
Foreign exchange gain on net assets denominated in other than US dollars reclassified to net income on realization	(4,084)	-	(4,556)	-
Unrealized gain on marketable securities available for sale, net of applicable income taxes	-	5,256	-	5,256
Unrealized foreign exchange gain (loss) on net assets denominated in other than the US dollar	7,150	79	20,238	(845)
Total other comprehensive income	3,066	5,335	10,638	4,411
Comprehensive income for the period	\$ 38,179	\$ 15,903	\$ 95,762	\$ 58,328

See accompanying notes to interim consolidated financial statements.

RED BACK MINING INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(Tables in Thousands of United States Dollars, Unaudited)

1. Nature of Operations and Basis of Presentation

Red Back Mining Inc. ("Red Back" or the "Company") 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 ("CGML"), 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"). The Company also holds various other exploration properties in Ghana, Mauritania and Côte D' Ivoire.

The interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles applicable to interim financial statements. Except for the adoption of the new standards outlined in note 2, they follow accounting policies and methods of their application consistent with the annual consolidated financial statements as at December 31, 2008, 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, 2008 annual consolidated financial statements.

2. Change in Accounting Policies

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") standard issued under Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets." This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, CICA Emerging Issues Committee Abstract 27, "Revenues and Expenditures in the Pre-operating Period," ("EIC-27") was withdrawn.

Adoption of this standard did not have a significant effect on the Company's financial statements.

3. Marketable Securities

Marketable securities consisting of 62,090,407 shares in Mineral Deposits Limited were sold during the first quarter and a \$3.0 million gain was recognized on disposition.

4. Inventories

	September 30, 2009	December 31, 2008
Stockpile ore	\$ 21,315	\$ 17,190
Gold in circuit	5,703	2,840
Gold in safe	2,008	2,429
Materials and supplies	34,770	22,673
	\$ 63,796	\$ 45,132

5. Property, Plant and Equipment

	September 30, 2009			December 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Plant and equipment	\$ 221,564	\$ 32,306	\$ 189,258	\$ 141,218	\$ 21,035	\$ 120,183
Motor vehicles	4,278	2,178	2,100	2,819	1,801	1,018
Buildings	13,717	2,106	11,611	13,378	667	12,262
Construction in progress	62,526	-	62,526	80,458	-	80,458
	<u>\$ 302,085</u>	<u>\$ 36,590</u>	<u>\$ 265,495</u>	<u>\$ 237,873</u>	<u>\$ 23,503</u>	<u>\$ 213,921</u>

6. Mineral Properties and Related Expenditures

	Chirano	Tasiast	Other Projects	Total
Balance, December 31, 2007	\$ 79,563	\$ 243,172	\$ 6,670	\$ 329,405
Exploration and evaluation costs	12,338	13,139	285	25,762
Development expenditures	42,442	8,978		51,420
Change in estimated asset retirement obligations	-	207	-	207
Write-off of exploration costs	-	-	(849)	(849)
Amortization	(8,327)	(21,716)	-	(30,043)
Balance, December 31, 2008	<u>126,016</u>	<u>243,780</u>	<u>6,106</u>	<u>375,902</u>
Exploration and evaluation costs	3,489	9,728	1,258	14,475
Development expenditures	38,585	9,940		48,525
Amortization	(8,134)	(14,060)	-	(22,194)
Balance, September 30, 2009	<u>\$ 159,956</u>	<u>\$ 249,388</u>	<u>\$ 7,364</u>	<u>\$ 416,708</u>

Included in the above balance for Chirano are \$28.5 million (December 31, 2008: \$7.8 million) of stripping costs incurred to expand accessible reserves and capitalized as a betterment of the mineral property.

Chirano Gold Mine

Chirano comprises one mining lease and one prospecting license held through the Company's 100% owned subsidiary, 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

Tasiast comprises one mining lease held through the Company's 100% owned subsidiary Tasiast Mauritanie Limited SA ("TMLSA").

Other Exploration Projects

The Company owns interests in a number of other exploration properties in Ghana, Mauritania and Côte D'Ivoire. These interests are represented by various prospecting licenses and option agreements. Exploration on these properties is ongoing.

7. Bank Loan

The bank loan, collateralized by marketable securities and guarantees from the Company's two operating subsidiaries, CGML and TMLSA, was retired during the first quarter.

In the second quarter, the Company finalized a \$30 million revolving facility, collateralized by a pledge of CGML and TMLSA shares, an assignment of advances to subsidiaries, and guarantees from CGML and TMLSA. No funds have been drawn from this facility.

8. Asset Retirement Obligations

	Nine Months Ended September 30, 2009			Year Ended
	Chirano	Tasiast	Total	December 31, 2008
Balance, beginning of period	\$ 7,223	\$ 2,545	\$ 9,768	\$ 9,144
Assumed on acquisition	-	-	-	207
Change in estimate	-	-	-	(86)
Accretion expense	298	105	403	503
Balance, end of period	<u>\$ 7,521</u>	<u>\$ 2,650</u>	<u>\$ 10,171</u>	<u>\$ 9,768</u>

The Company has calculated the fair value of the asset retirement obligations using a discount rate of 5.5%.

9. Share Capital

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

Authorized: unlimited common shares without par value

Issued and outstanding:

	Nine Months Ended September 30, 2009		Year Ended December 31, 2008	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	206,095,970	\$ 607,914	187,814,970	\$ 556,920
Issued by short-form prospectus	22,000,000	126,966	17,150,000	45,804
Issued on exercise of options	2,749,798	11,838	1,131,000	3,551
Fair value of options exercised	-	4,320	-	1,639
Balance, end of period	<u>230,845,768</u>	<u>\$ 751,038</u>	<u>206,095,970</u>	<u>\$ 607,914</u>

On February 12, 2009, the Company raised gross proceeds of \$132.5 million (CAD \$165 million) by issuing 22 million common shares at a price of CAD \$7.50 per share under a short-form prospectus.

(b) Under the Company's stock option plan (the "Plan"), 12 million common shares have been made available for the Company to grant incentive stock options to 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 is entitled to a grant of more than 5% of the Company's outstanding issued shares. The vesting of options is at the discretion of the Board.

Changes in the number of issued and outstanding options are outlined in the table below:

	Nine Months Ended September 30, 2009		Year Ended December 31, 2008	
	Options Outstanding and Exercisable	Weighted Average Exercise Price (C\$)	Options Outstanding and Exercisable	Weighted Average Exercise Price (C\$)
Balance, beginning of period	7,379,000	5.84	7,595,000	5.34
Granted	1,795,000	7.25	1,340,000	7.03
Cancelled	(1,025,000)	6.74	-	-
Forfeited	(110,000)	6.74	(425,000)	7.09
Exercised	(2,749,798)	4.95	(1,131,000)	3.42
Balance, end of period	<u>5,289,202</u>	6.58	<u>7,379,000</u>	5.84

The fair value of stock options has been recorded in the accounts of the Company as stock-based compensation expense with a corresponding increase in contributed surplus. In calculating the fair value estimate for the period, the Company used the Black-Scholes option pricing model, and assumed a risk-free rate of 0.5% - 2.2% (2008: 1.8% - 3.0%), an expected volatility of approximately 47% - 80% (2008: 36% - 53%), an 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.

10. Contributed Surplus

	Nine Months Ended September 30, 2009	Year Ended December 31, 2008
Balance, beginning of period	\$ 10,506	\$ 8,146
Fair value of stock-based compensation	1,995	3,999
Fair value of options exercised	(4,320)	(1,639)
Balance, end of period	<u>\$ 8,181</u>	<u>\$ 10,506</u>

11. Accumulated Other Comprehensive Income

	Nine Months Ended September 30, 2009	Year Ended December 31, 2008
Balance, beginning of period	\$ 1,892	\$ 8,576
Other comprehensive income	10,638	(6,684)
Balance, end of period	<u>\$ 12,530</u>	<u>\$ 1,892</u>

12. Related Party Transactions

Transactions for the nine months ended September 30, 2009 and 2008 and balances with related parties not disclosed elsewhere in these financial statements are as follows:

- (a) Paid \$0.4 million (2008: \$0.3 million) for management services provided by a company related to the President of the Company. At September 30, 2009, \$nil was due to this company.
- (b) Paid \$0.3 million (2008: \$0.3 million) to a company controlled by a director for management services. At September 30, 2009, \$nil was due to this company.
- (c) Received \$1.2 million (September 30, 2008: \$nil) from the sale of a single gold bar to a company controlled by a director at the then prevailing spot market price of gold.

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.

13. Segmented Information

The Company operates only in the gold sector.

	Three Months Ended September 30, 2009			
	Ghana	Mauritania	Others	Total
Gold revenues	\$ 39,165	\$ 29,987	\$ -	\$ 69,152
Operating costs and expenses	(16,790)	(15,437)	-	(32,227)
Depreciation and amortization	(4,415)	(8,768)	-	(13,183)
Profit from mining operations	17,960	5,782	-	23,742
Other income (costs)	(3,929)	(66)	15,366	11,371
Net income for the period	\$ 14,031	\$ 5,716	\$ 15,366	\$ 35,113

	Nine Months Ended September 30, 2009			
	Ghana	Mauritania	Others	Total
Gold revenues	\$ 106,340	\$ 98,023	\$ -	\$ 204,363
Operating costs and expenses	(53,007)	(39,643)	-	(92,650)
Depreciation and amortization	(11,572)	(23,649)	-	(35,221)
Profit from mining operations	41,761	34,731	-	76,492
Other income (costs)	(5,205)	(105)	13,942	8,632
Net income for the period	\$ 36,556	\$ 34,626	\$ 13,942	\$ 85,124

	Three Months Ended September 30, 2008			
	Ghana	Mauritania	Others	Total
Gold revenues	\$ 23,338	\$ 30,862	\$ -	\$ 54,200
Operating costs and expenses	(16,554)	(15,578)	-	(32,132)
Depreciation and amortization	(2,633)	(7,746)	-	(10,379)
Profit from mining operations	4,151	7,538	-	11,689
Other income (costs)	(53)	1,103	(2,171)	(1,121)
Net income for the period	\$ 4,098	\$ 8,641	\$ (2,171)	\$ 10,568

	Nine Months Ended September 30, 2008			
	Ghana	Mauritania	Others	Total
Gold revenues	\$ 82,433	\$ 86,577	\$ -	\$ 169,010
Operating costs and expenses	(45,605)	(42,631)	-	(88,236)
Depreciation and amortization	(9,022)	(22,223)	-	(31,245)
Profit from mining operations	27,806	21,723	-	49,529
Other income (costs)	(115)	3,184	1,319	4,388
Net income for the period	\$ 27,691	\$ 24,907	\$ 1,319	\$ 53,917

	As at September 30, 2009			
	Ghana	Mauritania	Others	Total
Current assets	\$ 47,831	\$ 52,911	\$ 125,798	\$ 226,540
Capital assets, net of depreciation and amortization	264,215	417,321	1,230	682,766
	312,046	470,232	127,028	909,306
Current liabilities	(15,128)	(16,003)	(1,335)	(32,466)
Non-current liabilities	(7,521)	(2,650)	-	(10,171)
Future income tax liabilities	(3,011)	(49,117)	-	(52,128)
	\$ 286,386	\$ 402,462	\$ 125,693	\$ 814,541

	As at December 31, 2008			
	Ghana	Mauritania	Others	Total
Current assets	\$ 36,430	\$ 30,171	\$ 45,278	\$ 111,879
Capital assets, net of depreciation and amortization	200,886	388,541	396	589,823
	237,316	418,712	45,674	701,702
Current liabilities	(18,051)	(15,812)	(30,974)	(64,837)
Non-current liabilities	(7,223)	(2,545)	-	(9,768)
Future income tax liabilities		(49,117)		(49,117)
	\$ 212,042	\$ 351,238	\$ 14,700	\$ 577,980

	Additions to Property Plant and Equipment			
	Ghana	Mauritania	Others	Total
Period ended September 30, 2009	\$ 33,014	\$ 31,198	\$ -	\$ 64,212
Period ended September 30, 2008	\$ 24,105	\$ 45,679	\$ -	\$ 69,784

14. Commitments

As at September 30, 2009, the Company had commitments totaling approximately \$9.2 million for the purchase of capital assets at Chirano and Tasiast and \$8.0 million for the payment of a production expansion royalty for Tasiast.

15. Management of Capital

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and, thereby, maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets.

In the second quarter, Red Back finalized a \$30 million corporate bank revolving facility to provide it with additional flexibility in modifying its plans, if deemed advantageous, or responding to new opportunities. As at September 30, 2009, the Company had satisfied the facility's normal course of business financial covenants.

There has been no change with respect to the overall capital risk management strategy during the three or nine months ended September 30, 2009.

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
Kevin Ross
Chief Operating Officer
Hugh Stuart
Vice President - Exploration
Kathy Love
Corporate Secretary

DIRECTORS

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

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REGISTRAR AND TRANSFER AGENT

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

SHARE LISTING

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