

RED BACK MINING NL
(ABN: 35 072 977 710)
AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2003

RED BACK MINING NL AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half year ended 31 December 2003 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
M W Hunt (Non-Executive Chairman)	Director since 1996
R E Ashton (Managing Director)	Director since 1996
H N Michael (Non-Executive Director)	Appointed 5 May 2003

REVIEW AND RESULTS OF OPERATIONS

The consolidated loss for the half year was \$607,751 (2002:\$419,473).

During the half-year, the Company concentrated on continuing exploration, evaluation and development at the Chirano Gold Project in Ghana. Chirano's Resource inventory stands at 30.4MT grading 2.1 g/t for a resource of 2.05 million ounces. Proved and Probable open pit ore reserves are 16.1MT grading 2.1g/t for 1.062 million in situ ounces.

Development highlights during the half-year were:

- Recruitment and appointment of senior management for the Chirano Project, including a General Manager for the project.
- The disassembly, packaging and transportation of the Chirano bound Red Back owned SAG and ball mills to Darwin was completed. The mills and associated equipment are now in Darwin awaiting transportation to Ghana.
- Lycopodium Pty Ltd were chosen as the preferred tenderer for the Engineering, Procurement, Construction and Management contract for the construction of the Chirano Project.
- 10,000m resource conversion drilling program commenced.
- Macquarie Bank Limited were mandated to arrange and underwrite debt financing for the Chirano Project.
- The Environmental Impact Statement was lodged with the Environmental Protection Agency in Ghana.


The Company entered into an agreement to merge with Canadian company Champion Resources Inc ("Champion"). The merger, via a Scheme of Arrangement, will result in Red Back being listed in Canada. Once the merger is completed the merged entity will determine the appropriate mix of debt and equity to finance the development of Chirano and it is expected to undertake a significant equity raising in Canada. The proposed merger is subject to approval by Red Back and Champion shareholders, court approval of the Scheme of Arrangement in Western Australia and regulatory approvals. It is anticipated that the merger will be completed by 31 March 2004.

Red Back entered into an agreement to sell its Australian gold and nickel projects to Yilgarn Mining Limited ("Yilgarn"). The consideration for the sale will be four million

shares in Yilgarn which, subject to shareholder approval, will be distributed in-specie to shareholders.

Dated at PERTH this 3rd day of February 2004

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'R E Ashton', with a long horizontal flourish extending to the right.

**R E ASHTON
DIRECTOR**

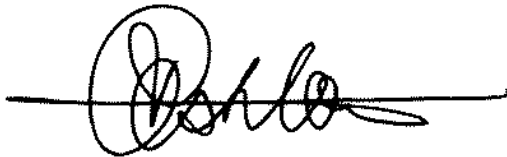
**RED BACK MINING NL
DIRECTORS' DECLARATION**

In the opinion of the directors of Red Back Mining NL ("the Company"):

- 1) the financial statements and notes set out on pages 5 to 10, are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at PERTH this 3rd day of February 2004

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'R E Ashton', is written over a horizontal line. The signature is stylized and cursive.

**R E ASHTON
DIRECTOR**

RED BACK MINING NL AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
For the half-year ended 31 December 2003

	Consolidated 2003 \$	Consolidated 2002 \$
Other revenues from ordinary activities	67,499	63,507
Total revenue	<u>67,499</u>	<u>63,507</u>
Administration expenses	627,159	342,134
Borrowing costs	37,044	1,957
Depreciation and amortisation expenses	11,047	12,714
Write-off of exploration and evaluation expenditure	-	126,175
Total expenses	<u>675,250</u>	<u>482,980</u>
Loss from ordinary activities before related income tax expense	<u>607,751</u>	<u>419,473</u>
Income tax attributable to loss from ordinary activities	-	-
Net loss	<u><u>607,751</u></u>	<u><u>419,473</u></u>
Basic earnings per share	(\$0.005)	(\$0.004)
Diluted earnings per share	(\$0.005)	(\$0.004)

The statement of financial performance is to be read in conjunction with the accompanying notes to the half-year financial statements

RED BACK MINING NL AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
as at 31 December 2003

	Note	Consolidated 31 December 2003 \$	Consolidated 30 June 2003 \$
CURRENT ASSETS			
Cash assets		3,139,809	850,432
Receivables		58,537	6,781
Other financial assets		31,089	31,089
Other		62,118	26,846
Total current assets		<u>3,291,553</u>	<u>915,148</u>
NON-CURRENT ASSETS			
Property, plant & equipment		2,233,848	1,390,128
Exploration and evaluation expenditure		19,491,955	17,593,221
Total non-current assets		<u>21,725,803</u>	<u>18,983,349</u>
TOTAL ASSETS		<u>25,017,356</u>	<u>19,898,497</u>
CURRENT LIABILITIES			
Payables		617,540	141,149
Interest bearing liabilities		1,210,163	1,209,768
Provisions		89,847	85,252
Total current liabilities		<u>1,917,550</u>	<u>1,436,169</u>
NON-CURRENT LIABILITIES			
Interest-bearing liabilities		27,094	32,276
Total non-current Liabilities		<u>27,094</u>	<u>32,276</u>
TOTAL LIABILITIES		<u>1,944,644</u>	<u>1,468,445</u>
NET ASSETS		<u>23,072,712</u>	<u>18,430,052</u>
EQUITY			
Contributed equity	2	29,091,995	23,841,584
Accumulated losses	3	<u>(6,019,283)</u>	<u>(5,411,532)</u>
TOTAL EQUITY		<u>23,072,712</u>	<u>18,430,052</u>

The statement of financial position is to be read in conjunction with the
accompanying notes to the half-year financial statements

RED BACK MINING NL AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2003

	Consolidated 2003 \$	Consolidated 2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(233,201)	(351,631)
Borrowing costs paid	-	-
Interest received	67,499	63,507
Net cash used in operating activities	<u>(165,702)</u>	<u>(288,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(1,898,734)	(2,970,157)
Payments for property, plant and equipment	(854,767)	(2,949)
Net cash used in investing activities	<u>(2,753,501)</u>	<u>(2,973,106)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	5,605,250	2,788,129
Transaction costs from issue of shares	(354,839)	
Finance lease payments	(6,380)	(6,380)
Interest paid	(35,451)	-
Net cash provided by financing activities	<u>5,208,580</u>	<u>2,781,749</u>
Net Increase / (decrease) in cash held	<u>2,289,377</u>	<u>(479,481)</u>
Cash at the beginning of the half-year	<u>850,432</u>	<u>1,846,282</u>
Cash at the end of the half-year	<u><u>3,139,809</u></u>	<u><u>1,366,801</u></u>

The statement of cash flows is to be read in conjunction with the accompanying
notes to the half-year financial statements

RED BACK MINING NL AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2003

Note 1. Statement of significant accounting policies

(a) Basis of preparation of half-year financial report

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half-year financial report is to be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Red Back Mining NL and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2003 Annual Financial Report.

The half-year report does not include full note disclosure of the type normally included in an annual financial report.

Note 2. Contributed equity

	31 December 2003 \$	30 June 2003 \$
Issued and paid-up capital		
132,481,962 (June 2003: 119,316,962) ordinary shares, fully paid	<u>29,091,995</u>	<u>23,841,584</u>
Ordinary Shares		
Balance at the beginning of the half-year	23,841,584	22,358,090
12,500,000 shares (June 2003 : 4,400,000) issued for cash	5,400,000	1,408,000
665,000 (June 2003 : 300,000) shares issued from exercise of options	205,250	75,500
Transaction costs	(354,839)	(6)
	<u>29,091,995</u>	<u>23,841,584</u>

In August 2003, 4,500,000 shares were issued at \$0.40 for total proceeds of \$1,800,000.

In October 2003, 8,000,000 shares were issued at \$0.45 for net proceeds of \$3,245,161 after transaction costs of \$354,839.

In May 2003, 4,400,000 shares were issued at \$0.32 for net proceeds of \$1,408,000.

A total of 665,000 options were exercised during the half-year for total proceeds of \$205,250. A total of 300,000 options were exercised during the half-year ended 30 June 2003 for total proceeds of \$75,500.

650,000 options exercisable at 50 cents were granted during the half year. No options were issued during the half-year ended 30 June 2003.

Note 3. Accumulated losses	Consolidated 2003 \$	Consolidated 2002 \$
Accumulated losses at beginning of the half-year	(5,411,532)	(3,778,430)
Net loss attributable to members of the parent entity	<u>(607,751)</u>	<u>(419,473)</u>
Accumulated losses at the end of the half-year	<u><u>(6,019,283)</u></u>	<u><u>(4,197,903)</u></u>

Note 4. Segment reporting

Primary reporting

Geographical segments	Australia		Ghana		Consolidated	
	31 December 2003 \$	31 December 2002 \$	31 December 2003 \$	31 December 2002 \$	31 December 2003 \$	31 December 2002 \$
Revenue						
Segment Revenue	67,499	63,507	-	-	67,499	63,507
Result						
Segment Result	(607,751)	(419,473)	-	-	(607,751)	(419,473)
Assets						
Segment Assets	6,538,325	3,364,658	18,479,031	15,341,808	25,017,356	18,706,466
Liabilities						
Segment Liabilities	1,865,307	475,419	79,337	70,860	1,944,644	546,279

Secondary reporting

Industry segments

The consolidated entity operates only in the mineral exploration industry.

Note 5. Contingent liabilities

There have been no changes in contingent liabilities since 30 June 2003.



Independent review report to the members of Red Back Mining NL

Scope

We have reviewed the financial report of Red Back Mining NL ("the Company") for the half-year ended 31 December 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, and accompanying notes 1 to 5. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Red Back Mining NL is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

KPMG

Brett Fullarton
Partner

Place: Perth

Date: 3 February 2004



KPMG, an Australian partnership, is a member of KPMG International, a Swiss non-cooperating association.