

**RIMFIRE PACIFIC MINING NL**

**ACN 006 911 744**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

## **DIRECTORS' REPORT**

The Directors of Rimfire Pacific Mining NL submit herewith the financial report for the half-year ended 31 December 2009.

### **DIRECTORS**

The names of the Directors of the company during or since the end of the half-year and up to the date of this report are:

<b>Graham Billingham</b>	Director
<b>John Kaminsky</b>	Director
<b>Ramona Enconniere</b>	Director
<b>Andrew Knox</b>	Director

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the exploration and development of economic mineral deposits.

### **RESULTS OF OPERATIONS**

General operating costs continue to be contained. The net result for the half-year after applicable income tax expense was a loss of \$143,615. This compares with a loss in 2008 of \$174,743 for the corresponding period. The Company believes the result again underscores the cost efficient nature of its operations and exploration programs.

As at 31<sup>st</sup> December 2009 the Company had approximately \$841,837 in cash.

### **DIVIDENDS**

No dividends were paid during the half-year, nor are any recommended.

### **REVIEW OF OPERATIONS**

The exploration during the period continued to be focused mainly on the bulk sampling program designed to examine the mineralising system for coarse grained Platinum (Pt) and Gold (Au) within the Pit One area on the Company freehold at Fifield, NSW.

Within Pit One area, detailed bedrock examination was commenced during this period, yielding confirmed Pt and Au from specific bedrock geology in Tile One, Tile Two and Block E.

The exploration concept at Pit One is to locate Pt bearing shear zones and follow these along strike and try to locate sufficient Pt ore grade in these shears, via the bulk sampling. The Company will continue to track and sample the key structural geology as it is uncovered in the current program, testing for Pt, Au and Chromite. This will involve further tiles and deeper excavations within tiles.

The key overall objective of the Company continues to be "the establishment of a potential open cut minable resource within the 6km<sup>2</sup> zone of currently identified Pt mineralisation noted within the Platina-Gillenbine and Ebenezer project areas", which includes both alluvial targets and the greater bedrock system.

In this regard, the Company continues to investigate the commercial potential on its freehold of the alluvial system, comprising the multilevel gravel system, un-mined portions of the historic Platina Deep Lead and the likelihood of Pt bearing tributaries feeding into the Platina Valley.

## **RIMFIRE PACIFIC MINING NL A.C.N. 006 911 744**

As at the report date, approximately 1,200g of Pt/Au mixed HVC<sup>1</sup> has been recovered from approximately 2,400 tonnes (which excludes known dilution from prior backfill and overlying silt) of gravel/bedrock contact processed through the Company's own plant, from the Pit One Area.

The Company provided a range of video materials to assist understanding of the work programs being conducted at Pit One Fifield NSW. These videos can be found on the Company website at:

<http://www.rimfire.com.au/presentations.htm>

### *Fifield - Gold Dominant Areas*

The "Sorpresa" Au and Base Metal prospect had undertaken an extensive geochemistry grid in the period, based on the observation that the target mineralized system could be significantly larger than originally conceived. Similarly, the adjacent bedrock location to the Fifield Lead, has been extensively sampled for geochemistry, and this prospect is known as the "Fifield Hard Rock Gold".

This work followed from the extensive mapping of geology and historic workings undertaken in the vicinity of the historic Fifield Lead.

### *Bingara Diamonds*

Selected samples from the garnet anomalism, previously identified in late 2008 at the Trevallyn diamond prospect at Bingara NSW, were reviewed with the results showing the garnets recovered in the latest program were predominantly crustal. This would make these garnets incompatible with the mantle garnets previously derived from this area in historic stream sediment sampling done by the Company.

The Company is unable to make a conclusion given this conflicting information, and is still considering the next step. Based on key previous eclogite one garnet chemistry and a diamond recovered in stream sediments, plus the nearby unusual MARID mantle rock at Trevallyn, the Company believes the north-south structural trend which also hosts Horton Valley No.2 Pipe, should yield a similar structure at Trevallyn, but this is yet to be confirmed. The Company will re-assess the situation at Trevallyn accordingly.

### *Summary Exploration Planned at Fifield NSW for the 2010 period for Pt and Au*

The major exploration activities that the Company is looking to undertake at Fifield during 2010 include the following, subject to any constraints:

- Complete the bulk sampling and trial mining within the Pit One Area of both gravel and bedrock systems
- Complete the delineation of the Pt bearing gravel (approx. 2km x 0.5km) and tributary areas prospective for mining on the Company freehold and bulk sample this system.
- Further define and bulk sample previously unmined sections of the extension of the Platina Lead.
- Apply for additional Bulk sampling locations not on the Company Freehold (4 sites) for determination of Pt grades in bedrock.
- Apply the results from extensive geochemistry grids over the "Sorpresa" and "Fifield Hard Rock" Au areas, to proceed with an RC drill program on the best available targets for Au mineralisation.

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<sup>1</sup> HVC = High Value Concentrate, fully cleaned, but not refined to pure metal, self assessed by the Company

**Company Annual General Meeting (AGM)**

The AGM was held on 19<sup>th</sup> November 2009 in Melbourne, where detailed presentations on the Company and its exploration progress and priorities was provided. The presentations are available by clicking the hyperlinks at:

[AGM 2009 Presentation \(Click here\)](#)

[Chairman address to 2009 AGM \(Click here\)](#)

**Commodity Pricing for the December 2009 Period**

The price of Platinum has maintained its recovery in the period, and was trading in a much higher range generally as of early 2010 to the level of USD\$1,620 per ounce ([Kitco Link](#)).

Industry observers believe that Platinum metal has the makings of being a significant and positive precious metal story for 2010. The global supply of platinum is now considered to be tighter and production will not be easily increased.

Approximately 6 million ounces were produced globally in 2009, but demand was seen to be increasing quickly, driven by the automotive sector and other industrial uses as world industrial recovery takes hold. Jewellery usage, particularly the strong growth in China, and the emerging market for ETF (Exchange Traded Funds) which enables direct investment in Platinum metal now, are recent demand trends of importance. It is expected that this new category of Platinum investment through ETFs could be 17% of the demand in 2010. Accordingly, it is considered by observers that a global deficit in Platinum is potentially looming.

**AUDITOR'S INDEPENDENCE DECLARATION**

We confirm that we have obtained a declaration of independence from our auditors, in accordance with Section 307C of the Corporations Act 2001, as set out on page 5.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'J A Kaminsky', written over a horizontal line.

**J A KAMINSKY**  
**Executive Chairman**

Dated in Melbourne this 16th day of March 2010.



Chartered Accountants  
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Rimfire Pacific Mining NL for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rimfire Pacific Mining NL and the entity it controlled during the half year ended 31 December 2009.

A handwritten signature in black ink, appearing to read 'J A Mooney'.

**J A Mooney**  
**Partner**  
**PKF**

16 March 2010  
Melbourne

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Half-Year Ended 31 Dec 09 \$</b>	<b>Half-Year Ended 31 Dec 08 \$</b>
<b>Revenue from continuing operations</b>	47,638	81,339
<b>Expenses from continuing operations</b>		
Professional Costs	(67,725)	(50,495)
Travel Costs	(7,901)	(7,454)
Employee Costs	(28,380)	(20,114)
Directors' benefits expense	(6,000)	(83,474)
Occupancy Costs	(15,107)	(14,280)
Borrowing Costs	-	(4,250)
Impairment Write Off	(3,822)	(8,397)
Overhead Costs	(62,318)	(67,618)
	<u>(191,253)</u>	<u>(256,082)</u>
<b>Loss from continuing operations before income tax</b>	(143,615)	(174,743)
<b>Income tax expense</b>	-	-
<b>Loss from continuing operations after income tax</b>	<u>(143,615)</u>	<u>(174,743)</u>
Other comprehensive income	-	-
Total comprehensive loss for the half year	<u>(143,615)</u>	<u>(174,743)</u>
<b>Loss attributable to members</b>	<u>(143,615)</u>	<u>(174,743)</u>
 <b>Basic Loss Per Share (cents per share)</b>	 (0.05)	 (0.06)
 <b>Diluted Loss Per Share (cents per share)</b>	 (0.05)	 (0.06)

The statement of comprehensive income is to be read in conjunction with the notes to the half-year financial report set out on pages 10 to 11.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	31 Dec 09 \$	30 Jun 09 \$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	841,837	1,351,869
Receivables	28,816	45,479
Other current assets	6,123	5,000
<b>TOTAL CURRENT ASSETS</b>	<u>876,776</u>	<u>1,402,348</u>
<b>NON-CURRENT ASSETS</b>		
Receivables	162,969	162,969
Property, plant & equipment	345,390	309,541
Exploration & evaluation costs carried forward	4,474,551	4,112,839
<b>TOTAL NON-CURRENT ASSETS</b>	<u>4,982,910</u>	<u>4,585,349</u>
<b>TOTAL ASSETS</b>	<u>5,859,686</u>	<u>5,987,697</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Payables	143,872	128,060
Interest-bearing liabilities	-	833
Provisions	2,497	1,872
<b>TOTAL CURRENT LIABILITIES</b>	<u>146,369</u>	<u>130,765</u>
<b>TOTAL LIABILITIES</b>	<u>146,369</u>	<u>130,765</u>
<b>NET ASSETS</b>	<u>5,713,317</u>	<u>5,856,932</u>
<b>EQUITY</b>		
Share Capital	14,681,951	14,681,951
Accumulated losses	(8,968,634)	(8,825,019)
<b>TOTAL EQUITY</b>	<u>5,713,317</u>	<u>5,856,932</u>

The statement of financial position is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 11.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 1 July 2009</b>	14,681,951	(8,825,019)	5,856,932
Total comprehensive loss for the period, net of tax	-	(143,615)	(143,615)
<b>Balance at 31 December 2009</b>	<b>14,681,951</b>	<b>(8,968,634)</b>	<b>5,713,317</b>

	<b>Share Capital</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$
<b>Balance at 1 July 2008</b>	14,598,477	(8,535,124)	6,063,353
Shares issued during the period	67,500	-	67,500
Share options expensed	15,974	-	15,974
Total comprehensive loss for the period, net of tax	-	(174,743)	(174,743)
<b>Balance at 31 December 2008</b>	<b>14,681,951</b>	<b>(8,709,867)</b>	<b>5,972,084</b>

The statement of changes in equity is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 11.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<b>Half-Year Ended 31 Dec 09 \$ Inflows (Outflows)</b>	<b>Half-Year Ended 31 Dec 08 \$ Inflows (Outflows)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	10,574	-
Payments to suppliers and employees	(167,343)	(167,313)
Interest received	47,191	71,563
Fuel tax credits received	8,601	-
Net cash used in operating activities	<u>(100,977)</u>	<u>(95,750)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(46,166)	(18,656)
Proceeds from refund of deposits	-	10,000
Payment for mining tenement exploration	(362,889)	(401,177)
Net cash used in investing activities	<u>(409,055)</u>	<u>(409,833)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(107,000)
Costs associated with share issue	-	(19,327)
Net cash used in financing activities	<u>-</u>	<u>(126,327)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(510,032)</b>	<b>(631,910)</b>
<b>Cash and cash equivalents at beginning of the half-year</b>	<b>1,351,869</b>	<b>2,424,785</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b><u>841,837</u></b>	<b><u>1,792,875</u></b>

The statement of cash flows is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 11.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

**1. SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009.**

Note 1: Basis of Preparation

The half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134, Interim Financial Reporting.

The half-year financial report does not include notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

For the purpose of preparing the half year consolidated financial statements, the half year has been treated as a discrete reporting period.

Summary of Significant Accounting Policies

Apart from the changes in accounting policy noted below, the half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

**AASB 101 Presentation of Financial Statements**

The revised AASB 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with non-owners changes in equity presented in a reconciliation of each component of equity and included in a new statement of comprehensive income. The entity has elected to present all items of recognized income and expense in one single statement of comprehensive income.

**AASB 8 Operating Segments**

Adoption of this standard has not resulted in a change in the disclosure of operating segments as noted in Note 5.

Adoption of these Standards did not have any effect on the financial position or performance of the consolidated entity.

The entity has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

**2. GOING CONCERN NOTE**

The consolidated entity has incurred a loss of \$143,615 and has net cash out flows of \$100,977 from operating activities for the half year ended 31 December 2009, and has at present a potential deficiency in working capital beyond the next 12 month period from the date of this financial report. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The Directors believe the going concern basis is appropriate and therefore the financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors have the capacity to defer cash outflows to themselves, if necessary, and have the ability to re-organise exploration programs, if necessary, over the next 12 month period from the date of this report meeting minimum requirements over the next 12 months. The Directors are intending to secure additional financing as and

## RIMFIRE PACIFIC MINING NL A.C.N. 006 911 744

when required and have a number of alternatives available to them such as a farm-out of exploration commitments or raising additional equity funds, which the consolidated entity has a history of successfully doing over the last 5 years.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

### 3. CONTRIBUTED EQUITY

	31-12-2009	30-06-2009	31-12-2009	30-06-2009
	Number of Securities		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	311,976,107	311,976,107	14,681,951	14,681,951
	<u>311,976,107</u>	<u>311,976,107</u>	<u>14,681,951</u>	<u>14,681,951</u>
<b>Ordinary Shares on issue at beginning of period</b>	311,976,107	305,976,107	14,681,951	14,598,477
<u>Movements during the half year:</u>				
Issued in previous financial period	-	6,000,000	-	83,474
Transaction costs relating to issues	-	-	-	-
<b>Shares on issue at end of period</b>	<b>311,976,107</b>	<b>311,976,107</b>	<b>14,681,951</b>	<b>14,681,951</b>
<b>Unlisted options exercisable at 12 cents on or before 30 September 2010</b>				
On issue at beginning of period	7,500,000	7,500,000		
<u>Movement during the half year</u>				
Issued during the period	-	-		
On issue at end of period	<u>7,500,000</u>	<u>7,500,000</u>		

### 4. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent liabilities or contingent assets which have arisen during or since the half-year which may significantly affect the operation of the consolidated entity, the results of that operation or stated affairs of the consolidated entity in future financial periods.

### 5. SEGMENT REVENUES AND RESULTS

The company operated predominantly in one industry being mining, exploration and prospecting, and one geographical area, being Australia.

### 6. EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

The Company entered into a new two year office lease commencing April 2010. The rate of the first year's rent payable under the new lease will remain unchanged from that paid during the April 2009 to March 2010 period but will attract a 5% increase at the beginning of the second year of the lease.

**RIMFIRE PACIFIC MINING NL A.C.N. 006 911 744**

The Directors are not aware of any other material events subsequent to the half year ended 31 December 2009 which may significantly affect the operations of the consolidated entity, the results of that operation or stated affairs of the consolidated entity.

**DIRECTORS' DECLARATION**

The Directors of Rimfire Pacific Mining NL declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and cash flows for the half-year ended on that date; and
  - (b) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



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**J A KAMINSKY**  
**Executive Chairman**

Dated in Melbourne this 16<sup>th</sup> day of March 2010.



Chartered Accountants  
& Business Advisers

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF RIMFIRE PACIFIC MINING NL**

We have reviewed the accompanying half-year financial report of Rimfire Pacific Mining NL ("the company"), which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at 31 December 2009 or from time to time during the half year ended on that date.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rimfire Pacific Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Chartered Accountants  
& Business Advisers

*Conclusion*

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 Rimfire Pacific Mining NL is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Emphasis of Matter - Material Uncertainty Regarding Continuation As A Going Concern**

Without qualification to the conclusion expressed above, attention is drawn to the following matter.

As referred to in Note 2 "Going Concern" to the financial statements, the consolidated entity incurred a loss of \$143,615, had net cash outflows of \$100,977 from operating activities for the half year ended 31 December 2009, and a potential deficiency in working capital beyond the next 12 months from the date of this report is anticipated. These conditions give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report has been prepared on a going concern basis for the reasons set out in Note 2 and therefore does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in black ink, appearing to be the initials 'PKF'.

PKF

16 March 2010  
Melbourne

A handwritten signature in black ink, appearing to be 'J A Mooney'.

**J A Mooney**  
Partner