

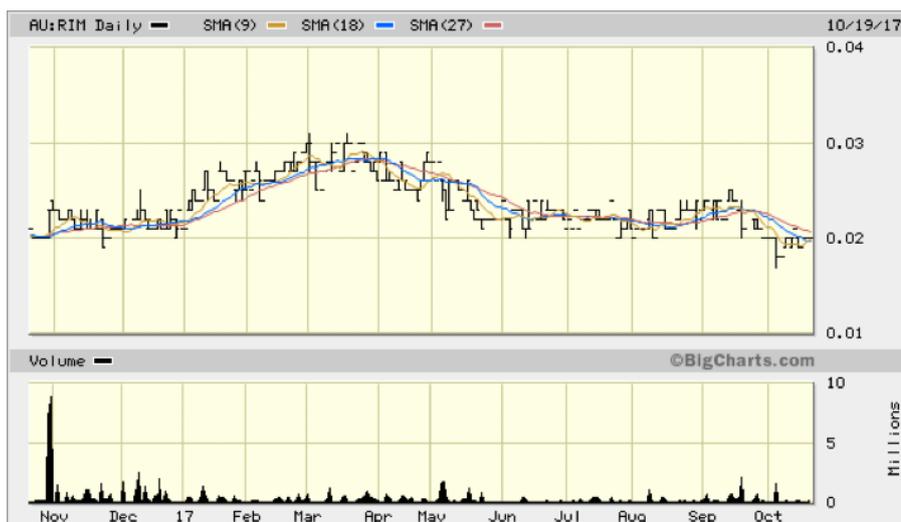
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New Gold Deal Underlines Rimfire Potential

BY GAVIN WENDT - 20/10/2017 | [VIEW MORE ARTICLES BY GAVIN WENDT](#)

Rimfire Mining (ASX: RIM, Share Price: \$0.02, Market Cap: \$19m) is a NSW gold exploration play that's managed to sustain measured but active exploration activity on its flagship Fifield gold exploration project in NSW with encouraging results. The negotiation in 2016 of a major farm-out JV deal with Canada's New Gold underlines the region's potential and is a vote of confidence in RIM's work so far.

Rimfire recently intersected 44 metres at 0.61g/t gold from drilling on its new Transit gold-copper prospect, located 4km east of its Sorpresa Gold and Silver resource. This work is significant despite the modest grade, as it is suggestive of multiple shear zones along with a potential porphyry relationship at depth.



Market Significance

Rimfire's share price has drifted from a recent 12-month high of \$0.031 earlier this year, undoing a lot of the good work that was done during the period from late 2016 onwards, when the share price climbed from below \$0.02. My meeting with Rimfire's MD John Kaminsky confirmed his disappointment with the market's lack of appreciation of the results from first-pass drilling results at Transit, which is effectively a brand new prospect. The market has perhaps appeared to focus too much on the low-grade nature of the initial assay results, rather than the fact that the results highlight the potential for further discoveries east and north of its Sorpresa deposit.

Nevertheless, it is fair to say that over the past 12 months there has been greater market appreciation of Rimfire's greater Fifield project area, situated within the world-class copper-gold corridor known as the

Lachlan Transverse Zone. There's also better awareness of Rimfire's transformational exploration joint venture deal with Canada's New Gold, which facilitates a major funding boost for the Fifield project.

Fifield Project Update

MD John Kaminsky provided a detailed and comprehensive overview of the current thought processes with respect to the broader Fifield project, in particular the current exploration focus in terms of specific target areas. The graphic below is important because it highlights these focus areas (in green), as well as another key target area known as Tout East Extension (in blue), which has the potential to be an extension of CleanTEQ's Syerston Tout Intrusive scandium-nickel-cobalt-platinum deposit.

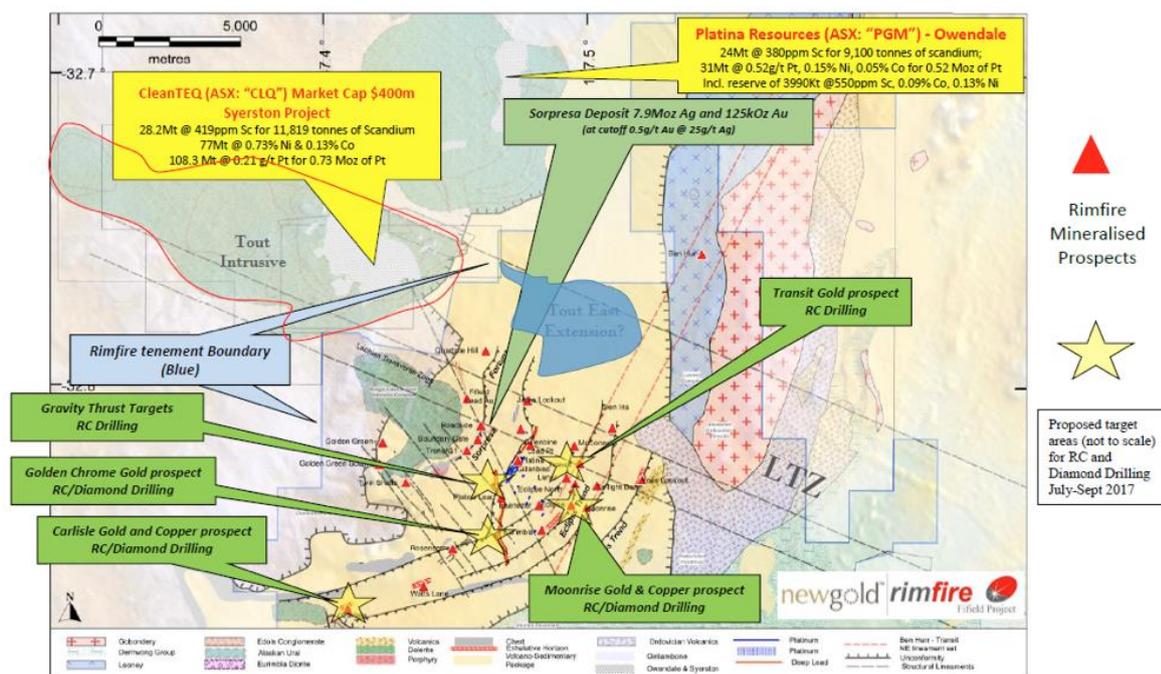


Figure 1: Fifield District Prospect Map – Adjacent Deposits to the North – on geology and structure background

Rimfire and project partner New Gold are continuing to pursue a discovery strategy based on a multi-million ounce discovery objective, with aspirations for an aggregate +4 million ounce gold-equivalent discovery outcome within the Fifield district over the medium-term. This type of discovery would be targeted as capable of sustaining production over a +10 year mine life and ranking in the lower third of industry costs.

The New Gold discovery methodology provides an increased geological understanding of the district as a base to identify the best prospects for drill-testing. This work involves: historic data integration and gap analysis, surface reconnaissance (including mapping, geophysics and geochemistry); reconnaissance RC and diamond drilling. In addition, Rimfire is continuing its district-wide prospecting, initially focused on 13 specific areas of interest (funded by New Gold).

Latest Activity – Transit gold-copper prospect

At present, first-pass drilling is currently being jointly undertaking on five targets via a combination of RC and/or diamond drilling – of which Transit is just one. Transit is significant because it's located just 4km east of Rimfire's Sorpresa Gold and Silver resource.

A total of eight holes for 830 metres were completed in two locations, with depths ranging from 40 metres to 220 metres. Four holes were drilled on a surface gold anomaly defined by auger drilling, whilst four holes were drilled on surface base metal and epithermal signatures 300 metres to the southwest.

The best gold assay results included 44 metres @ 0.63g/t Au from 36 metres depth (including 20 metres @ 1.11g/t Au), 36 metres @ 0.64g/t Au from surface (including 4 metres @ 2.32g/t Au) and 30 metres @ 0.61g/t Au from 22 metres (including 6 metres @ 1.65g/t Au).

Technical Significance

Interpretation of these results indicates that drilling has intercepted shear-hosted gold mineralisation – in fact there's evidence of multiple shear zones operating at Transit. These multiple shears, which are yet to be tested, provide significant upside to the current intersections that remain open in all directions.

The surrounding RC drilling also supports a potential porphyry relationship at depth, with assays of 8 metres @ 0.13% Cu & 65 ppm Mo (including 2 metres @ 0.47% Cu & 131 ppm Mo). The results also suggest a larger (possible porphyry) system as the source of both the peripheral shear-hosted gold and potentially more centrally located copper-molybdenum results at deeper levels.

Located just 4km east of Sorpresa, the results from Transit demonstrate that the Fifield area has the ability to host additional discoveries. It is likely the best gold is located on intersecting structures and that the best grades are yet to be seen.

Separately, current surface mapping activities are providing supportive evidence for favourable structural locations, including at the Transit prospect, and are generating significant insights for new gold target positions at Fifield particularly to the East and North of the Sorpresa discovery.

Overview

The company's focus is on Fifield in central NSW, where during 2010 the company made a greenfields gold and silver discovery, named Sorpresa, announcing a JORC 2012-compliant Inferred & Indicated Maiden resource during 2014 comprising 6.4Mt @ 0.61g/t Au and 38g/t Ag for 125koz Au and 7.9Moz Ag. The current main Sorpresa strike line containing gold and silver mineralisation is approximately 1.5km in length and is at various stages of additional discovery growth, including the larger 7km x 2km Sorpresa corridor.

Multiple prospects areas involving potential for gold, silver, copper and platinum have been established within a >6km radius of the Sorpresa discovery at Fifield, which is part of the contiguous 669 sq km tenement position held.

During October 2016, Rimfire and New Gold Inc. (TSX/NYSE code: NGD) signed an Earn-in Agreement under which New Gold has committed to spend \$2 million during the first 12-month earn-in (period to 21 March 2018) and may choose to spend additional funds (up to \$12 million in total within five years) to earn up to a 70% interest in Rimfire's tenements in the Fifield district.

Summary

We initiated coverage of Rimfire Pacific Mining around \$0.023 during October 2016.

The company has maintained a measured and successful approach to exploration at Fifield over recent years, despite the vagaries of financial markets and limited availability to exploration funding. The company's strategy was successful in attracting a 'big brother' in the form of a cashed-up larger industry player, which has the financial and technical resources to capitalize on all of the hard work that Rimfire has already undertaken.

With New Gold's involvement, exploration funding is secure, overall exploration activity will increase and Rimfire shareholders won't have to worry so much about dilutionary capital raisings to fund exploration activity. It's a win-win deal that could ultimately provide the turning point for Rimfire in terms of market appreciation.

Consistent with Rimfire's exploration approach to date, a core principal of the strategy with New Gold will be the continuous sharing and integration of knowledge gained toward improving the geologic framework, as the project advances toward the next discovery. Accordingly, initial work by New Gold is principally focused on developing this geological framework at district and local scales, providing more informed priority drill-targeting decisions. In parallel, Rimfire is providing district reconnaissance prospecting, continuing to feed the pipeline of new prospects and targeting concepts.

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