

RIMFIRE PACIFIC MINING NL

ACN 006 911 744

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2012**



DIRECTORS' REPORT

The Directors of Rimfire Pacific Mining NL submit herewith the financial report for the half-year ended 31 December 2012.

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:

John Kaminsky
Graham Billingham
Ramona Enconniere
Thomas Burrowes

PRINCIPAL ACTIVITY

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

RESULTS OF OPERATIONS

The net result for the half-year after applicable income tax expense was a loss of \$302,073. This compares with a loss in 2011 of \$163,546 for the corresponding period.

The Company believes the result again underscores the cost efficient nature of its operations and exploration programs. As at 31 December 2012 the consolidated entity had \$2,492,184 in cash.

DIVIDENDS

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

REVIEW OF OPERATIONS

The Company project areas are located immediately south of the Township of Fifield NSW and sit within the well established, highly mineralised regional corridor, the Lachlan-Cadia Lineament. This corridor includes the Rio Tinto owned North Parkes Copper-Au mine and the Newcrest owned Cadia Valley Au-Copper mines amongst others.

Exploration activities in the period concentrated on the gold and silver potential at Sorpresa and in the wider Fifield 20km² district, where relevant areas continue to be assessed with a variety of exploration techniques, including soil geochemistry, auger bedrock geochemistry, geological mapping, rock chipping, structural interpretation, including airphoto and geophysics reviews, and percussion drilling.

A geological model focussing on the rift basin setting and the highly prospective area for discovery within this 8km² area for gold has been developed. The gold receptive horizon, silicified carbonaceous sediments, sheared and brecciated is a key geology within this setting.

The Sorpresa Project and surrounding prospective areas for gold and silver have developed significantly during 2012 and remain the major priority within the Company at this point in time. Drilling occurred at three main areas at Sorpresa, Roadside, Trench 31 and Boundary Gate. Each area produced "best grades at each of these locations in 2012, compared with previous drilling in 2011."

Drilling within the Northern Roadside area encountered further strong silver and significant gold mineralization and has extended the likely strike of the Roadside mineralization to over 300 metres.

Extremely high grades of silver and gold were encountered in drilling in the second half of 2012 particularly the Roadside locations. Hole **Fi 241** returned excellent silver grades in the fresh rock zone of **10m @ 535g/t silver**, including **2m @ 2,020 g/t of silver** in association with gold credits of 10m @ 1.01 g/t Au. This was identified east and down dip at around 250 metres from the mineralization that breaks surface at Roadside. The highest gold grade during the period at Roadside was hole **Fi 212** (which returned **14m @ 24.4 g/t gold**, including **2m @ 112 g/t gold, and 26m @ 155g/t silver**).

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The drilling was successfully conducted to test the shallowest IP response in this Roadside vicinity. The excellent results returned from limited drilling undertaken to date in this very small part of the entire IP response that is known to underlay Sorpresa, suggests that systematic drilling will translate into more successful mineralization intersections.

The key overall objective of the Company continues to be “the establishment of a potential open cut minable resource” within the Sorpresa project areas, so to this end 2013 will continue to move towards resource definitions. The delineation growth on the known Sorpresa mineralization is a priority, and with this, better characterization of the mineralization is required, including mineralogy and metallurgy.

In addition, discovery programs at various locations in the wider prospective 8km² district will continue during 2013. This will require further investment in people to deliver the outcomes in the coming year.

It is the Company’s firm view that the district is likely to host a range of gold discoveries, some similar in character to the Sorpresa area, so ensuring a suitable balance between new exploration and delineation is important.

The overall geological setting demonstrating the gold and silver mineralised potential continues to show impressive scale and promise in the wider Fifield district. The Company believes that “Company Making” Au mineralization is likely to occur in this setting.

Company Annual General Meeting (AGM)

The AGM was held on 22nd November 2012 in Melbourne, attended by more than 50 people, where detailed presentations on the Company and its exploration progress and priorities were provided. The presentations are available by *clicking the hyperlinks below* at:

[Rimfire 2012 AGM presentation](#)

[Chairman’s Address 2012 AGM](#)

Commodity Pricing for the Period

The price of Platinum had traded above parity with Gold in recent times (www.kitco.com), restoring the price differences in the metals closer to the historic norm, of a premium for Platinum over Gold.

As at 8th February 2013, the prices for metals in New York based on closing Ask in USD were as follows:

Gold	\$1,668/oz
Platinum	\$1,719/oz
Silver	\$31.50/oz

The information in the report to which this statement is attached that relates to Exploration Results is compiled by Mr Colin Plumridge, who is a Member of The Australian Institute of Mining and Metallurgy, each with over 40 years experience in the mineral exploration and mining industry. Mr Plumridge is employed by Plumridge & Associates Pty. Ltd. and is a consulting geologist to the Company. He has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which is being undertaken to qualify as Competent Persons as defined in the 2004 edition of the “Australian Code for Reporting of Mineral Resources and Ore reserves”. Mr Plumridge consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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 4.

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', with a long horizontal flourish extending to the right.

**J A KAMINSKY
CHAIRMAN**

Dated in Melbourne this 7th day of March 2013.



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DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF RIMFIRE PACIFIC MINING NL

As lead auditor of Rimfire Pacific Mining NL for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect Rimfire Pacific Mining NL and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'David Garvey'. The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

David Garvey

Partner

BDO East Coast Partnership

Melbourne, 7 March 2013

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Half-Year Ended 31 Dec 12 \$	Half-Year Ended 31 Dec 11 \$
Revenue from continuing operations		
Interest revenue	50,060	72,331
Other income	-	3,013
Expenses from continuing operations		
Professional Costs	(31,160)	(19,545)
Employee Benefits	(135,653)	(90,920)
Non-Executive Directors' Benefits	(46,350)	(37,080)
Occupancy Costs	(17,914)	(16,217)
Depreciation	(16,107)	(14,946)
Administration Costs	(104,949)	(60,182)
	<u>(352,133)</u>	<u>(238,890)</u>
Loss from continuing operations before income tax	<u>(302,073)</u>	<u>(163,546)</u>
Income tax expense	-	-
Loss from continuing operations after income tax	<u>(302,073)</u>	<u>(163,546)</u>
Other comprehensive income	-	-
Total comprehensive loss for the half year	<u>(302,073)</u>	<u>(163,546)</u>
Basic Loss Per Share (cents per share)	(0.05)	(0.03)
Diluted Loss Per Share (cents per share)	(0.05)	(0.03)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the half-year financial report set out on pages 9 to 11.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	31 Dec 12	30 Jun 12
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,492,184	1,401,441
Receivables	90,705	52,186
Other current assets	29,305	11,933
TOTAL CURRENT ASSETS	<u>2,612,194</u>	<u>1,465,560</u>
NON-CURRENT ASSETS		
Receivables	150,000	150,000
Property, plant & equipment	553,621	547,214
Exploration & evaluation costs carried forward	8,264,351	7,279,388
TOTAL NON-CURRENT ASSETS	<u>8,967,972</u>	<u>7,976,602</u>
TOTAL ASSETS	<u>11,580,166</u>	<u>9,442,162</u>
CURRENT LIABILITIES		
Payables	160,589	197,341
Provisions	15,932	7,125
TOTAL CURRENT LIABILITIES	<u>176,521</u>	<u>204,466</u>
TOTAL LIABILITIES	<u>176,521</u>	<u>204,466</u>
NET ASSETS	<u>11,403,645</u>	<u>9,237,696</u>
EQUITY		
Contributed Equity	21,861,063	19,393,041
Accumulated losses	(10,457,418)	(10,155,345)
TOTAL EQUITY	<u>11,403,645</u>	<u>9,237,696</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 9 to 11.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Contributed Equity	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2012	19,393,041	(10,155,345)	9,237,696
Total comprehensive loss for the period, net of tax	-	(302,073)	(302,073)
Shares issued	2,540,500	-	2,540,500
Share issue costs	(72,478)	-	(72,478)
Balance at 31 December 2012	21,861,063	(10,457,418)	11,403,645

	Contributed Equity	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2011	18,326,685	(9,733,848)	8,592,837
Total comprehensive loss for the period, net of tax	-	(163,546)	(163,546)
Shares issued	1,073,204	-	1,073,204
Share issue costs	(6,847)	-	(6,847)
Balance at 31 December 2011	19,393,042	(9,897,394)	9,495,648

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 9 to 11.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Half-Year Ended 31 Dec 12 \$ Inflows (Outflows)	Half-Year Ended 31 Dec 11 \$ Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(292,812)	(276,930)
Interest received	35,624	68,712
Net cash used in operating activities	<u>(257,188)</u>	<u>(208,218)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(31,854)	(159,603)
Payments for mining tenement exploration	(1,088,237)	(718,814)
Net cash used in investing activities	<u>(1,120,091)</u>	<u>(878,417)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,540,500	1,073,204
Costs associated with share issue	(72,478)	(6,884)
Net cash provided by financing activities	<u>2,468,022</u>	<u>1,066,320</u>
Net increase / (decrease) in cash and cash equivalents	1,090,743	(20,315)
Cash and cash equivalents at beginning of the half-year	1,401,441	2,199,716
Cash and cash equivalents at the end of the half-year	<u>2,492,184</u>	<u>2,179,401</u>

The statement of cash flows is to be read in conjunction with the notes to the half year financial report set out on pages 9 to 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Rimfire Pacific Mining NL as at 30 June 2012 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2012 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a 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.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012 (continued)

1. SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012 (continued)

(b) Accounting policies (continued)

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period's disclosures.

2. CONTRIBUTED EQUITY

	31-12-2012	30-06-2012	31-12-2012	30-06-2012
	Number of Securities		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	610,529,976	525,846,643	21,861,063	19,393,041
Ordinary shares on issue at beginning of period	525,846,643	499,016,550	19,393,041	18,326,685
<u>Movements during the period:</u>				
Shares issued:				
In the previous period	-	26,830,093	-	1,073,203
14 September 2012	58,333,333	-	1,750,000	-
26 September 2012	26,350,000	-	790,500	-
Transaction costs relating to issues			(72,478)	(6,847)
Shares on issue at end of period	610,529,976	525,846,643	21,861,063	19,393,041

There are no options on issue at the end of the period.

3. 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.

4. SEGMENT REVENUES AND RESULTS

The consolidated entity operated predominantly in one industry being mining, exploration and prospecting, and one geographical area, being Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and determining the allocation of resources. There is no aggregation of operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the annual report.

5. EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

The Directors are not aware of any material events subsequent to the half year ended 31 December 2012 which may significantly affect the operations of the consolidated entity, the results of that operation or stated affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the directors' opinion:

the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'J A Kaminsky', with a large, sweeping flourish underneath.

**J A KAMINSKY
EXECUTIVE CHAIRMAN**

Dated in Melbourne this 7th day of March 2013.



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Rimfire Pacific Mining NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rimfire Pacific Mining NL, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Rimfire Pacific Mining NL, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 2012 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*.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey'. Above the signature is a small, stylized logo consisting of the letters 'BDO'.

David Garvey

Partner

Melbourne, 7 March 2013