Directors Report & Financial Statements

30 June 2009

DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entity for the financial year ended 30 June 2009.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Graham Billinghurst
John Kaminsky
Ramona Enconniere
Andrew Knox

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the consolidated entity during the financial year were the exploration and development of economic mineral deposits.

Review of Operations

The key exploration commitment in the period continued to be focussed on the projects at Fifield NSW for the source of primary coarse grain Platinum (Pt) and associated Gold (Au). Exploration at Bingara NSW for the primary source of diamond was modest in the period, due to the larger commitment at Fifield by the Company.

It is the Company's view that the overall inherent characteristics of the coarse grain Pt, particularly the simple gravity recovery and the extensive nature of the mineralisation, makes this style of Pt an excellent commercial target, with favourable mining potential, should sufficient grade and tonnage be determined at Platina-Gillenbine and surrounding areas.

Exploration programs conducted have used an extensive array of techniques, well suited to the mineralisation style, including soil sampling, trenching, auger drilling and large scale bulk sampling at Pit One within the Platina–Gillenbine area.

Observation of differing mineral occurrences, including Pt, Au and base metal at Fifield demonstrates that metal zoning remains an important feature of the regional geology. It is still the Company's view that the Fifield area is under explored and thus represents an excellent exploration setting for commercial mineralisation discovery. The primary mineralisation focus for exploration by the Company at Fifield still remains as coarse grain Platinum.

The significant nature of the primary Pt province at Fifield, and Rimfire Pacific Mining's leading role in the exploration effort and understanding of this area, means the Company will continue with regional geochemistry reviews at Fifield. This type of approach already led to the discovery of the "Ebenezer Pt Prospect", covering 4km^2.

The Company processing facilities at Fifield were increased and improved in the period. The plant and equipment available now has greater flexibility, allowing the Company to conduct low cost processing on a wider range of sample feed sizes. Regulatory compliance with environmental standards and health and safety requirements occupied considerable time in the period, particularly with the commissioning of the Pit One bulk sampling area.

The price of Pt traded in the range of USD1,000 to USD1,300/ounce during the period. In the Company's view, the outlook still remains broadly positive in the medium term for Pt.

With regards to the Bingara diamond project, the Company conducted modest activities at Bingara including additional soil sampling, and petrological examination. Field programs during the period were focussed on the Trevallyn area. The Company will continue with this successful exploration formula, albeit at a slower rate, for new "pipe discoveries". This will build upon earlier discoveries made by the Company, namely, the **Horton Valley No.1 Pipe** at Tom and Jerry Mountain and a second "pipe", the **Horton Valley No.2 Pipe** at Back Creek, Glen Idle.

The ongoing success of the Company's exploration can be directly attributed to the tireless field work and efforts of Colin Plumridge, consulting geologist and exploration manager and his team at Fifield. Therefore, on behalf of the Board of Directors and shareholders, the Company offers its gratitude to Mr Plumridge for his committed and incisive professionalism in the period. In addition, the Board extends its sincere gratitude to all contractors and employees who have made valuable contributions to the Company during the period.

Financial Position

The net assets of the consolidated entity have decreased from $6,063,353 at 30 June 2008 to $5,856,932. The Company fully repaid its mortgage ($107,000) secured over its freehold land with cash and cash equivalents now standing at $1,351,869. The Company continued to contain overhead costs during the financial year.

Future Developments, Prospects and Business Strategies

The higher level goal for the Company is to continue to develop its core Pt projects at Fifield, particularly focusing on the Platina-Gillenbine area and the Company freehold location.

Although recognising no resource is yet established, the Platina - Gillenbine Pt project area still has the potential to develop into a minable resource at some point in the future, in the Board's opinion. The Company is also pursuing the extensive Pt and Au bearing gravel system on its freehold, as a potential commercial target. This is consistent with the Company's primary exploration needs, to investigate the underlying bedrock for coarse grain Pt and Au. The Pit One sampling program is the first phase of such an approach.

At the Bingara diamond area, the Company believes that it has a geological model of substance and an exploration methodology with a track record for "pipe" discovery as demonstrated by the discovery of "Horton Valley No.1 Pipe" and the "Horton Valley No.2 Pipe". The Trevallyn area will be pursued at Bingara as the next stage of exploration for the Company.

Within the period, the Company maintained a low cost operating structure and this will continue to be closely monitored during the next financial year, in a climate of more difficult financing in the exploration industry, due to less global financial market stability.

Operating Results

The loss of the consolidated entity amounted to $289,895 (2008: $454,416).

Dividends

No dividends were paid during the financial year, nor are any recommended at 30 June 2009.

No Significant Changes in State of Affairs

The Company has continued to focus its operations and concentrate its efforts on its Pt exploration at the Fifield, NSW area, and the Bingara-Copeton diamond exploration in New South Wales.

After Balance Date Events

There are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental Issues

The consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the consolidated entity's environment policies are adhered to and to ensure that the consolidated entity is aware of and is in compliance with all relevant environmental legislation. There have been no environmental breaches during the 2009 financial year.

Information on Directors –

John Kaminsky (Executive Chairman and Director)

Bachelor of Applied Science (Chemistry) (RMIT) and MBA (Melbourne Business School)

John Kaminsky was appointed Director of Rimfire Pacific Mining NL and Axis Mining NL in April 2004. He brings strong strategic and international skills to the company and has more than 20 years experience in international trade, including chemicals, plastics, metals, minerals, ores, concentrates and energy products. He assumed the role of Executive Chairman in December 2004.

Graham Billinghurst (Non-Executive Director and Secretary)

Graham Billinghurst became a Director of Rimfire Pacific Mining NL and Axis Mining NL in May 1999 and comes to the Board with an extensive background in investment banking and corporate development in the Australasian region. As an investment banker and finance director, he brings to the Board extensive corporate, financial and commercial expertise.

Ramona Enconniere (Non-Executive Director)

Bachelor of Commerce (University of Melbourne) and MBA (Melbourne Business School)

Ramona Enconniere became a Director in May 2005 and has professional affiliations with the Australian Society of CPA and the Australian Institute of Banking and Finance. Ramona makes an excellent contribution to the Board through her experience gained in corporate banking and the funding of mergers and acquisitions, loan syndications, project financing, debt raising via capital markets/securitisation with Citibank, Bank of America, OCBC (Overseas-Chinese Bank Corporation) and National Australia Bank.

Andrew Knox (Non-Executive Director)

Bachelor of Commerce (University of Western Australia) CA, CPA, FAICD

Andrew Knox was appointed Director in July 2005 and has been a Director of several Australian Public Companies which have been involved in the resource industry. He has substantial experience in the acquisition and assessment of business opportunities in the resource sector, comprising potential takeover targets, production/non-production reserves, infrastructure and general market opportunities and the related fund raising required. Andrew's depth of industry experience, public company involvement and financial market understanding make an extremely valuable contribution to the Board.

Meetings of Directors

During the financial year, 7 meetings of Directors (including annual general meeting and special meetings) were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
John Kaminsky	7	7
Graham Billinghurst	7	6
Ramona Enconniere	7	7
Andrew Knox	7	6

Options

At the date of this report, the unissued ordinary shares of Rimfire Pacific Mining NL under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
14/12/2007	30/09/2010	$0.12	7,500,000
			7,500,000

Note that 6,000,000 unlisted options granted on 20/12/2006, disclosed in the prior year report, expired on 30/09/2008.

During the year ended 30 June 2009, the following ordinary shares of Rimfire Pacific Mining NL were issued on the exercise of options granted to the Executive Chairman.

Issue Date of Shares	Exercise Price	Number of Shares Issued
11/07/2008	-	750,000
10/12/2008	-	750,000

No person entitled to exercise any options had or has any right by virtue of the options to participate in any share issue of any other body corporate.

As at 30 June 2009 7,500,000 unlisted options were on hand.

No further options have been issued since the end of the financial year.

Directors' Shareholdings

The Directors disclose their interest in shares, as at the date of this report:

Shares held beneficially:

John Kaminsky	15,766,666
Graham Billinghurst	Nil
Ramona Enconniere	2,710,000
Andrew Knox	4,166,666

Shares in which there is a relevant interest:

John Kaminsky	4,512,666
Graham Billinghurst	11,379,166
Ramona Enconniere	3,583,333
Andrew Knox	1,500,000

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of Rimfire Pacific Mining NL, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Rimfire Pacific Mining NL has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Rimfire Pacific Mining NL believes the remuneration policy to be appropriate and effective, but has established a Remuneration Review Committee to allow the Company to maintain its ability to attract and retain the best executives and Directors to run and manage the consolidated entity, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated entity is detailed below:

The remuneration policy, setting the terms and conditions for executive directors and other senior executives, was approved by the Board. All executives are entitled to receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options. Benefits to non executive Directors consisted exclusively of non cash benefits in the period. The Board reviews executive and non executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

As a junior exploration company the key performance criteria for the Directors and executives relate to their ability to bring ideas, business skills, experience, appropriate networks, capital raising initiatives, promotional strategies, expenditure plans and pursue exploration programs through selection of appropriate technical specialists whilst exercising prudent judgement that can create significant shareholder value. This must all be conducted within modest financial resources, so efficiency and effectiveness are key performance measures by which the Directors need to be assessed.

Key objectives were set by the Board for the Executive Chairman of the Company, and were outlined in the General meeting of Shareholders held on 4 April 2005. The Board refers to these historic guidelines and modifies the content according to the specific needs of the Company and its strategies going forward. The Executive Chairman has a one year appointment to 30 November 2009.

Directors and Executives of the Company are also entitled to participate in share and option arrangements, subject to shareholder approval.

All remuneration paid to Directors and executives is valued at the cost to the company and expensed. Shares given to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using the Black-Scholes or Binomial methodology (as disclosed in remuneration tables) and are now expensed under the accounting standards.

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is not linked directly to the performance of the consolidated entity, however, the Board is conscious of its responsibilities and is mindful of the performance of the Company, so has acted accordingly, in formulating remuneration and incentive levels. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

It should be noted that the non executive directors of the Company have received no cash payments for service as directors of the Company since the 30 June 2004 period (i.e. the last 5 periods). This particular policy will need to be re-examined in the context of the need to sufficiently incentivise non-executive directors for the time, effort and responsibilities required of them.

Details of Remuneration for the Year Ended 30 June 2009

The remuneration for each Director of the consolidated entity receiving the highest remuneration during the year was as follows:

2009

Name of Director	Primary Salary, Fees & Commissions $	Primary Cash Bonus $	Post Employment Superannuation Contributions $	Equity Compensation Shares & Options $	Total $
Non-Executive Directors					
A. Knox	Nil	Nil	Nil	22,500 (i)	22,500
G. Billinghurst	Nil	Nil	Nil	22,500 (i)	22,500
R Enconniere	Nil	Nil	Nil	22,500 (i)	22,500
Executive Director					
J Kaminsky	126,055	Nil	45,945	15,974 (ii)	187,974
	126,055	Nil	45,945	83,474	255,474

(i) Shares issued during the year
(ii) Amortisation expense of options issued in prior years

2008

Name of Director	Primary Salary, Fees & Commissions $	Primary Cash Bonus $	Post Employment Superannuation Contributions $	Equity Compensation Shares & Options $	Total $
Non-Executive Directors					
A. Knox	Nil	Nil	Nil	36,692	36,692
G. Billinghurst	Nil	Nil	Nil	36,692	36,692
R Enconniere	Nil	Nil	Nil	36,692	36,692
Executive Director					
J Kaminsky	134,000	Nil	Nil	80,615	214,615
	134,000	Nil	Nil	190,691	324,691

All of the assumptions underlying the Binomial method of valuing options have been applied to arrive at a value of options issued to Directors. Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the Binomial Model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the timing to maturity of the option.

Performance Income as a Proportion of Total Remuneration

No performance based bonuses were paid during the year ended 30 June 2009 (2008: nil).

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

Options are issued to Directors and executives as part of their remuneration offering longer term incentive. The options are issued based on the remuneration policies of the Board, which do not necessarily rely on strict performance hurdles, yet do take into consideration a range of performance criteria. The options are issued to the Directors and executives of Rimfire Pacific Mining NL and its subsidiary to increase goal congruence between executives, Directors and shareholders.

Directors	Options Granted No.	Value at Grant Date $	Options Exercised No.	Value at exercise date $	Options Lapsed Value at time of lapse $	Total value of options granted, exercised and lapsed	Value of shares and options included in remuneration for the year	% of total remuneration for the year that consists of shares & options
J. Kaminsky	-	-	1,500,000	73,500	2,207	75,707	15,974	8
A. Knox	-	-	-	-	2,207	2,207	22,500	100
R. Enconniere	-	-	-	-	2,207	2,207	22,500	100
G. Billinghurst	-	-	-	-	4,415	4,415	22,500	100

No options were issued as part of remuneration during the year. As at 30 June 2009 all outstanding options have vested.

Employment Contracts of Directors

The engagement conditions of the Executive Chairman, Mr J Kaminsky, are formalised in a consulting agreement which commenced on 1 December 2008 and expires on 30 November 2009.

The consulting agreement stipulates a one month resignation period. The Company may terminate the agreement without cause by providing 3 months written notice. Upon termination of the agreement, the individual is entitled to payment of accrued and outstanding remuneration entitlements to which the individual is or would have become entitled to during the full contract period of employment.

Executives

There were no executives other than the Executive Chairman at balance date.

Indemnifying Officers

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

The company has not otherwise during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or any related body corporate against a liability incurred as such an officer or auditor.

<u>Directors covered by the Directors & Officers Liability Insurance Policy at the time of this report are:</u>

Mr John Kaminsky
Ms Ramona Enconniere
Mr Graham Billinghurst
Mr Andrew Knox

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Auditor's Independence Declaration

The auditor independence declaration required under Section 307C of the Corporations Act 2001 forms part of this Directors' Report and is attached on page 10.

Non-Audit Services

There were no non-audit services provided by PKF Chartered Accountants during the financial year.

Signed in accordance with a resolution of the Board of Directors.

Director John Kaminsky

Dated this 4th day of September 2009

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Rimfire Pacific Mining NL for the year ended 30 June 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rimfire Pacific Mining NL and the entity it controlled during the year.

J A Mooney
Partner
PKF

4 September 2009
Melbourne

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Corporate Governance Statement

Introduction

The Directors of Rimfire Pacific Mining NL recognise the need for high standards of corporate governance and are focused on fulfilling their responsibilities individually and as a Board to all of the Company stakeholders. The Board supports the guidelines on the "Principles of Good Corporate Governance and Best Practice Recommendations" ("Principles") established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business, the stage of its development and the cost of strict and detailed compliance with all of the recommendations the Company has adopted some modified systems, procedures and practices which it considers allow it to reasonably meet the principles of good corporate governance.

The Company practices aim for consistency with those of the guidelines and its recommendations. The Company considers that it has adopted practices that are appropriate to the Company's circumstance in this regard. At the end of this Corporate Governance Statement a table is included detailing the recommendations with which the Company does not strictly comply, including reasons for departure from any stated Principles.

The following sections outline the Company practices in complying with the Principles.

Principle 1: Laying Solid Foundations for Management and Oversight

The role of the Board is to lead and oversee the management and direction of the Company.

After appropriate consultation with executive management, the Board:

1. Defines and sets its business objectives. It subsequently monitors performance and achievements of the Company's objectives and that of senior management;

2. Oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management, remuneration practices and insurance needs of the Company;

3. Monitors and approves financial performance and budgets; and

4. Reports to shareholders.

As part of the execution of their duties, Directors are involved in various subcommittees related to focused aspects of the Company. The Directors are able and encouraged to seek external professional advice as may be required, depending on circumstance.

In addition, Directors have a duty to disclose and appropriately report matters that affect their independence and conform to the Company's trading policy governing dealings in the Company's securities, including any related financial instruments.

During the period, a review of executive performance was undertaken by the Remuneration Committee in accordance with the Company's stated review process and benchmarking.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. One third of the Directors retire annually and are free to seek re-election by shareholders.

Principle 2: Structuring the Board to Add Value

Composition of the Board

The ASX Corporate Governance Council recommends that composition of the Board be determined so as to provide a Company with a broad base of industry, business, technical, administrative and corporate skill and experience considered necessary to represent shareholders and fulfill the business objectives of a Company.

The recommendations of best practice are that a majority of the Directors and in particular the chairperson should be independent. An independent Director is one who:

1. Does not hold an executive position;

2. Is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;

3. Has not within the last 3 years been employed in an executive capacity by the Company or another group member or been a Director after ceasing to hold such employment;

4. Is not a principal of a professional adviser to the Company or another group member;

5. Is not a significant supplier or customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer;

6. Has no significant contractual relationship with the Company or any other group member other than as a Director of the Company; and

7. Is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Directors ability to act in the best interests of the Company.

It is considered that a majority of independent Directors is the optimal composition to add value to the Company. This is due to the size and nature of the Company's business and risk profile of the Company. Corporate Governance practices are in place to support competent and objective operation of the Board and to provide investor assurance in relation to Board decision making.

As a junior exploration company, the key performance criteria for the Directors and executives relate to their ability to bring ideas, general business skills, experience, appropriate networks, risk assessment skills, capital raising initiatives, promotional strategies, expenditure plans and pursue exploration programs through appropriately selected technical specialists whilst exercising prudent judgment that can create significant shareholder value. This must all be conducted within modest financial resources, so efficiency and effectiveness are key performance measures by which the Directors are assessed.

The Board regularly discusses and reviews its performance. The chairperson also discusses with each Director their requirements, performances and aspects of involvement in the Company. The Non-Executive Directors discuss and evaluate the role fulfilled by management individually and together. This is reviewed against the discussed and agreed objectives of the Company and the effectiveness in carrying out those objectives.

Nomination of Other Board Members

Due to the small size of the Company, no Nomination Committee exists currently, this function is adopted by the Board of Directors, which at least annually, reviews its composition to determine if additional core strengths are required to be added to the Board in light of the nature of the Company businesses and its objectives.

Independent Advice

Each of the Directors is entitled to seek independent advice at Company expense to assist them to carry out their responsibilities.

Principle 3: Promotion of Ethical and Responsible Decision-Making

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers, employees and contractors are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material affect on the price or value of the Company shares. An officer must discuss the proposal to acquire or sell shares with the Chairman prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares by Directors must be notified to the Company and Chairman who makes disclosure to ASX within the required reporting time-table guidelines.

Principle 4: Safe Guarding Integrity in Financial Reporting

An Audit Committee operates within the Company.

The committee consists of the following:

A Knox (Chairman)	Non Executive Director
R Enconniere	Non Executive Director
J Kaminsky	Executive Director

The main responsibilities of the Audit Committee are to:

1. Review the annual financial statements with the Executive Chairman and the external auditors and make appropriate recommendations to the Board;
2. Review all regular financial reports to be made to the public prior to their release and make appropriate recommendations to the Board;
3. Monitor compliance with statutory and Australian requirements for financial reporting;
4. Review reports from management and external auditors on any significant proposed regulatory, accounting or reporting issues, to assess the potential impact on the Company's financial reporting process.

The Executive Chairman is required to state in writing that the Company's Financial Reports present a true and fair view in all material respects of the Company's financial condition and operational results in accordance with relevant accounting standards.

The committee is also charged with the responsibilities of recommending to the Board the appointment, removal and remuneration of the external auditors and reviewing the terms of their engagement and the scope and quality of the audit.

An analysis of fees paid to the external auditors, including a breakdown of fees of non audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

Each Board member has access to the external auditors and the auditor has access to each Board member.

Principle 5: Making Timely and Balanced Disclosure

The Executive Chairman has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the

ASX Listing Rules and overseeing and co-coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All material information concerning the Company, including its financial situation, performance, ownership and governance are posted on the Company web site to ensure all investors have equal and timely access.

Principle 6: Respecting the Rights of Shareholders

The Board recognises its responsibility to ensure that its shareholders are informed of all major developments affecting the Company.

All shareholders who nominate to do so receive a copy of the Company's annual report. The annual, half yearly and quarterly reports are prepared in accordance of the ASX Listing Rules and are posted on the Company's web site.

Regular updates on operations are made via ASX releases, including links to any audiocast or video materials.

Information on the Company is posted on the Company's website. This amongst other information includes all text in relation to any notices on meetings to be held by the Company. When analysts are briefed on aspects of the Company's operation, the material used in the presentation is released to the ASX and posted on the Company's website.

The Company has maintained its website during the past year, inclusive of the last 3 years of all ASX release materials, which also incorporates financial information in this time. The website includes the option for shareholders to contact the Company for clarification and receive direct updates of Company matters.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 7: Recognising and Managing Risk

A key element of the Board's role is the assessment of risk and the subsequent management of risk. Key risk areas for the Company include, amongst other things, exploration success risk, financial markets and economic cycle risk, commodity risk and key personnel risk. These are reviewed on a continuous basis and then specifically reviewed again at each Board meeting.

The issue with respect to risk in exploration is one of balancing the potential rewards with the cost of conducting adequate exploration programs. The Company employs a number of strategies to mitigate its risks including considering the farming out of exploration prospects, acquiring more information in order to better define targets within exploration prospects and maximising the use of lower cost exploration techniques. The Company utilises industry standard drafting techniques and software to map, log and assess its prospects for ongoing exploration suitability. Peer review of prospects, by both internal and third party consultants, is used when considered necessary, to consider exploration assumptions at various times.

The Company would be subject to commodity and currency price fluctuation through the sale of commodities denominated in $US. The Company monitors certain commodity and currency movements and possible methods available to manage any such movements in price risk. However, the Company has no consistent current commercial production at this time, except potential by product from bulk sampling programs, so the Board does not consider price risk to be a significant factor at this time. Interest rate risk is assessed according to reporting guidelines.

The Board is responsible for approval of the acquisition and disposal of exploration and development interests. The Board is also responsible for overseeing identification and development of strategies to mitigate price risk, including hedging and also asset protection and potential liabilities via insurance.

The Company has in place internal control processes, and undertakes such modifications as are necessary to ensure reasonable levels of control are maintained.

Monitoring the performance of the Company's financial status and matching this adequately to the current business and economic cycles are key areas for Board risk assessment. Authorisation of equity raisings, entering into debt facilities and major capital expenditure or commitments require Board approval. All routine operating expenditures are the responsibility of management in accordance with programmes and budgets approved by the Board.

The Company currently has personnel of less than 10, which does not include an internal audit function. In relation to its responsibilities the Board's consideration includes the following:

1. Review of internal controls and recommendations of enhancements

2. Monitoring of compliance with the Corporations Act 2001, Australian Stock Exchange, Australian Taxation Office and Australian Securities Investments Commission requirements

3. Improving the quality of the management and accounting information

4. Follow-up and rectification by management of deficiencies or breakdown in controls or procedures.

The Executive Chairman provides a declaration under Section 295A, on behalf of the Company and its subsidiaries, that the financial position of the Company for the year of concern is a true and fair view, complying with the necessary Accounting Standards and Corporations Act regulations.

Principle 8: Remunerate Fairly and Responsibly

A Remuneration Committee operates within the Company.

The committee consists of the following:

A Knox (Chairman)
R Enconniere
J Kaminsky (and alternate G Billinghurst)

The Remuneration Committee makes recommendations to the Board on remuneration packages and other terms of employment. Reviews are conducted annually, or earlier if required, by the committee having regard to performance and relevant comparative information. As well as a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits and securities.

Remuneration packages are set at levels that are intended to attract and retain high calibre staff and align the interest of the executives with those of the Company shareholders. Remuneration of Non-Executive Directors is treated separately and determined by the Board within the maximum amount approved by the shareholders from time to time.

Further information on Directors' and Executives' remuneration is set out in the Directors' Report and Remuneration Report.

Table of Departures and Explanations (from the recommendations of the ASX Corporate Governance Council)

Recommendation Reference (Principle Number reference)	**Departure from Recommendation**	**Explanation for Departure**
2.2 & 2.3	The Chairman is an Executive Director and has a substantial associated shareholding in the Company and therefore does not meet the test of independence.	The Board considers that the Chairman is capable of acting independently and is sufficiently experienced to fulfil that role.
2.4	No separate Nomination Committee currently exists	As a small Company, it is considered more practical for the Board as a whole to take on the responsibility for new Director nomination ideas.
2.5	There has been no formal disclosure of the process for performance evaluation of the Board, committees, individual Directors and key Executives.	Given the size of the Company and the involvement of all four Directors a policy has not been required to date. The Directors continually monitor and discuss performance.
3.1	No formal code of conduct has been established as to practices necessary to	It is not considered that a code of conduct or reporting guide is yet necessary. The

Recommendation Reference (Principle Number reference)	Departure from Recommendation	Explanation for Departure
	maintain confidence in the Company integrity or as to reporting and investigating unethical practices. Similarly, There has been no disclosure of the code of conduct to deal with compliance for legal or other obligations to legitimate stakeholders.	principles are followed. The business practices adopted by the Board recognise that proper compliance with legal and other obligations is mandatory for all Directors and the Company as a whole.
4.2	The structure of the Audit Committee comprises 3 Directors, both Executive and Non Executive Directors, but has a majority of Non-Executive Directors.	Given the size of the Company, it is appropriate in the Board's opinion to include the Executive Chairman within the Audit Committee. A Non-Executive Director is the Chairperson of the Audit Committee.
4.3	The Audit Committee does not have a formal charter.	Given the size of the Company, the entire Board works intimately with the Executive management and Audit Committee. The Board feels that adequate procedures are in place that a formal audit charter is not necessary at this time.
5.1	Limited written policy and procedure exists to ensure that compliance with ASX Listing Rules disclosure requirements are met at senior management level.	There is only one senior Executive of the Company and the Board does not consider that a written policy is at this time required. It will be reviewed as the activities of the Company increase.
6.1	The Company has no formally designed or disclosed communication strategy with shareholders, beyond ensuring continuous disclosure is met. The ASX announcement platform is the main basis for communication with shareholders.	The Board is conscious of the need to continually keep shareholders and markets advised. The procedures adopted within the Company, although not written, are weighted towards informing shareholders and markets.
7.1 and 7.2	There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the Board concerning those matters. However, risk assessment discussion is an integral part of management and the Board's activities on a regular basis.	Given the nature and size of the Company, its business interests and the involvement of all Directors who all have business management skills, it is not considered necessary to establish this practice at this time. Each member of the Board is in regular contact with senior exploration management, to assist the understanding of this key business risk.
7.3	The Company receives a statement of compliance under Section 295A concerning the integrity of the financial statements from the Executive Chairman, but the Company has no Chief Financial Officer given the size of the Company.	The Company complies with the spirit of the guidelines in this regard, but given the small size of the Company, it is not envisaged an internal financial officer would be appointed in the immediate future. The Company and Board work with the Company's external auditors and accountants to ensure a suitable compliance statement is authorised.

Schedule of Mining Tenements

Project Area	Units	Reference	Date Granted	Expiry Date	Registered Holder	State	Mineral Focus
Fifield	15	EL6241	17-May-04	16-May-10	100% Rimfire	NSW	Platinum/ Gold/Base Metal.
Fifield	40	EL5534	23-Oct-98	22-Oct-10	100% Rimfire	NSW	Platinum/ Gold/Base Metal.
Fifield.	9	EL5565 [a]	24-Mar-99	23-Mar-09	100% Rimfire	NSW	Platinum.
Fifield.	70	EL7058	1-Feb-08	31-Jan-10	100% Rimfire	NSW	Platinum/ Gold/Base Metal.
Fifield.	25	EL6144	24-Oct-03	23-Oct-09	100% Rimfire	NSW	Platinum/ Gold/Base Metal.
Fifield.	4	EL7233	31-Oct-08	30-Oct-10	100% Rimfire	NSW	Gold/Base metal
Fifield.	13	EL7234	31-Oct-08	30-Oct-10	100% Rimfire	NSW	Gold/Base Metal.
Fifield	1.9ha	MC305	17-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Fifield	2ha	MC 306	17-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Bingara Diamonds	69	EL6106[b]	29-Jul-03	28-Jul-09	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	2	EL5880[c]	31-July-01.	30-Jul-09	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	6	EL6892	4-Oct-07	3-Oct-09	100% Rimfire	NSW	Diamonds
Bingara Diamonds	9	EL6893	4-Oct-07	3-Oct-09	100% Rimfire	NSW	Diamonds
Bingara Diamonds	37	EL6894	4-Oct-07	3-Oct-09	100% Rimfire	NSW	Diamonds
Broken Hill	74	EL5958 [d]	24-Jun-07	26-Jun-09	100% Rimfire	NSW	Base Metals

Notes:

a, b, c - Renewal applications have been lodged

d – Rimfire retains a 10% free carried interest. Perilyna is the operator, holding a 90% interest.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity 2009	Consolidated Entity 2008	Parent Entity 2009	Parent Entity 2008
		$	$	$	$
Revenue from continuing operations	2	122,654	135,928	122,654	135,928
Employees benefits expense		(45,979)	(101,866)	(45,979)	(101,866)
Directors' securities non-cash benefits expense		(83,474)	(190,691)	(83,474)	(190,691)
Professional costs		(114,895)	(111,555)	(114,895)	(111,555)
Occupancy costs		(28,183)	(20,331)	(28,183)	(20,331)
Travel costs		(14,959)	(18,831)	(14,959)	(18,831)
Marketing expense		(9,664)	(6,708)	(9,664)	(6,708)
Depreciation and amortisation expense		(15,953)	(11,870)	(15,953)	(11,870)
Insurance		(14,761)	(14,518)	(14,761)	(14,518)
Share registry and listing expenses		(32,215)	(49,177)	(32,215)	(49,177)
Information and technology expense		(4,615)	(7,229)	(4,615)	(7,229)
Impairment write off on exploration costs		(8,397)	(15,059)	(8,397)	(15,059)
Loss on disposals of property, plant and equipment		-	(3,038)	-	(3,038)
Other expenses		(35,183)	(30,874)	(35,183)	(30,874)
Finance costs		(4,271)	(8,597)	(4,271)	(8,597)
Loss before income tax	3	(289,895)	(454,416)	(289,895)	(454,416)
Income tax expense	4	-	-	-	-
Loss for the year		(289,895)	(454,416)	(289,895)	(454,416)
Overall Operations					
Basic earnings (loss) per share (cents per share)	7	(0.09)	(0.17)		
Diluted earnings (loss) per share (cents per share)	7	(0.09)	(0.17)		

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	8	1,351,869	2,424,785	1,351,869	2,424,785
Receivables	9	45,479	32,724	45,252	32,497
Other current assets	12	5,000	8,333	5,000	8,333
TOTAL CURRENT ASSETS		1,402,348	2,465,842	1,402,121	2,465,615
NON-CURRENT ASSETS					
Receivables	9	162,969	172,969	162,969	172,969
Property, plant and equipment	11	309,541	283,737	309,541	283,737
Exploration & evaluation costs carried forward	13	4,112,839	3,409,608	4,112,839	3,409,608
TOTAL NON-CURRENT ASSETS		4,585,349	3,866,314	4,585,349	3,866,314
TOTAL ASSETS		5,987,697	6,332,156	5,987,470	6,331,929
CURRENT LIABILITIES					
Payables	14	128,060	160,970	126,560	159,470
Interest-bearing liabilities	15	833	107,833	833	107,833
Provisions	16	1,872	-	1,872	-
TOTAL CURRENT LIABILITIES		130,765	268,803	129,265	267,303
TOTAL LIABILITIES		130,765	268,803	129,265	267,303
NET ASSETS		5,856,932	6,063,353	5,858,205	6,064,626
EQUITY					
Contributed equity	17	14,681,951	14,598,477	14,681,951	14,598,477
Accumulated losses		(8,825,019)	(8,535,124)	(8,823,746)	(8,533,851)
TOTAL EQUITY		5,856,932	6,063,353	5,858,205	6,064,626

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity — **Year Ended 30 June 2009**

	Share Capital - Ordinary	Accumulated Losses	Options Reserve	Total
	$	$	$	$
Balance at 1 July 2008	14,598,477	(8,535,124)	-	6,063,353
Shares issued during the year	67,500	-	-	67,500
Transaction costs related to shares issued	-	-	-	-
Share options expense	15,974	-	-	15,974
Loss attributable to the entity for the period	-	(289,895)	-	(289,895)
Balance at 30 June 2009	**14,681,951**	**(8,825,019)**	**-**	**5,856,932**

Consolidated Entity — **Year Ended 30 June 2008**

	Share Capital - Ordinary	Accumulated Losses	Options Reserve	Total
	$	$	$	$
Balance at 1 July 2007	12,102,530	(8,080,708)	-	4,021,822
Shares issued during the year	2,638,719	-	-	2,638,719
Transaction costs related to shares issued	(238,758)	-	-	(238,758)
Share options expense	95,986	-	-	95,986
Loss attributable to the entity for the period	-	(454,416)	-	(454,416)
Balance at 30 June 2008	**14,598,477**	**(8,535,124)**	**-**	**6,063,353**

Parent Entity — **Year Ended 30 June 2009**

	Share Capital – Ordinary	Accumulated Losses	Options Reserve	Total
	$	$	$	$
Balance at 1 July 2008	14,598,477	(8,533,851)	-	6,064,626
Shares issued during the period	67,500	-	-	67,500
Transaction costs related to shares issued	-	-	-	-
Share options expense	15,974	-	-	15,974
Loss attributable to the entity for the period	-	(289,895)	-	(289,895)
Balance at 30 June 2009	**14,681,951**	**(8,823,746)**	**-**	**5,858,205**

Parent Entity — **Year Ended 30 June 2008**

	Share Capital – Ordinary	Accumulated Losses	Options Reserve	Total
	$	$	$	$
Balance at 1 July 2007	12,102,530	(8,079,435)	-	4,023,095
Shares issued during the period	2,638,719	-	-	2,638,719
Transaction costs related to shares issued	(238,758)	-	-	(238,758)
Share options expense	95,986	-	-	95,986
Loss attributable to the entity for the period	-	(454,416)	-	(454,416)
Balance at 30 June 2008	**14,598,477**	**(8,533,851)**	**-**	**6,064,626**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(311,928)	(443,201)	(311,928)	(443,201)
Interest received		97,381	135,928	97,381	135,928
Interest and finance costs paid		(4,271)	(8,597)	(4,271)	(8,597)
Net cash used in operating activities	24a	(218,818)	(315,870)	(218,818)	(315,870)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of other non-current assets		-	(2,969)	-	(2,969)
Purchase of property, plant and equipment		(41,757)	(24,896)	(41,757)	(24,896)
Payment for mining tenement exploration		(696,014)	(707,154)	(696,014)	(707,154)
Proceeds from refunds of sundry assets		10,000	-	10,000	-
Net cash used in investing activities		(727,771)	(735,019)	(727,771)	(735,019)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(107,000)	-	(107,000)	-
Proceeds from issue of shares		-	2,541,219	-	2,541,219
Transaction costs associated with share issues		(19,327)	(211,507)	(19,327)	(211,507)
Net cash (used in)/ provided by financing activities		(126,327)	2,329,712	(126,327)	2,329,712
Net (decrease)/increase in cash held		(1,072,916)	1,278,823	(1,072,916)	1,278,823
Cash at beginning of the year		2,424,785	1,145,962	2,424,785	1,145,962
Cash at end of the year	8	1,351,869	2,424,785	1,351,869	2,424,785

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

Note 1 **Statement of Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Rimfire Pacific Mining NL and its controlled entity, and Rimfire Pacific Mining NL as an individual parent entity. Rimfire Pacific Mining NL is a listed public company, incorporated and domiciled in Australia.

The principal activities of the consolidated entity during the financial year were the exploration and development of economic mineral deposits.

The financial report of Rimfire Pacific Mining NL and its controlled entity, and Rimfire Pacific Mining NL as an individual parent entity, comply with all Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report complies with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report was authorised for issue by Directors on the date of signing the directors' declaration.

The financial report is presented in Australian dollars, has been prepared on an accruals basis and is based on historical costs.

Accounting Policies

a. **Significant Judgements and Key Assumptions**

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern the future successful exploration and development of mining tenements including the saleability of mined resources.

The following key assumption has been made concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

It is assumed that the mining tenements currently being explored by the consolidated entity will be successfully developed with minerals being produced and commercially sold on the market at some future point, as yet unspecified. The production of saleable minerals is assumed to be at least sufficient to recover the costs of exploration and development. Should this assumption prove incorrect then material adjustments may have to be made for impairment losses in respect of capitalised exploration costs.

The calculation of the fair value of options for purposes of share based payments in respect of options issued to directors in previous financial years has been based on the binomial method of option pricing. This method requires the estimation of the expected share price volatility in Rimfire Pacific Mining NL which has been disclosed at Note 18 of the financial statements.

b. **Principles of Consolidation**

A controlled entity is any entity controlled by Rimfire Pacific Mining NL. Control exists where Rimfire Pacific Mining NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Rimfire Pacific Mining NL to achieve the objectives of Rimfire Pacific Mining NL. A list of controlled entities is contained in Note 10 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Investments in subsidiaries are accounted for at cost in the individual financial reports of Rimfire Pacific Mining NL.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

c. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on the taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Rimfire Pacific Mining NL and its wholly-owned Australian subsidiary have not formed an income tax consolidated group under the tax consolidation regime.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis, being the amounts which have been paid for the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of property, plant and equipment, but excluding freehold land, is depreciated using a reducing balance method commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	15%
Plant and equipment	7.5%-30%
Office furniture	10%-40%
Motor Vehicles	19%

e. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. **Exploration Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

g. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of cash-generating unit to which the asset belongs.

h. **Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year including entitlements arising from wages and salaries and annual leave, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

i. **Cash and cash equivalents**

For the purpose of the cash flow statement, cash includes:

— cash on hand and at call deposits with banks or financial institutions net of bank overdrafts.

j. **Receivables**

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

k. **Payables**

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Payments are normally settled on 30 day terms.

l. **Financial Instruments**

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the income statement.

m. **Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

n. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

o. **Going Concern**

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. As at 30 June 2009, the consolidated entity had sufficient cash reserves to continue its current exploration programmes and other working capital requirements. Should additional funding be required the consolidated entity may attempt future equity capital raising initiatives, however, it should be noted that while this source of funding has been used regularly in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

p. **Interest-bearing Liabilities**

Mortgage loans are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

q. **Borrowing Costs**

Borrowing costs are expensed as incurred.

r. **Equity Settled Compensation**

The group operates a share-based compensation and incentive plan which includes a share option arrangement applicable to the remuneration policy for directors. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted using the Binomial method.

s. **New and Revised Accounting Standards and Interpretations**

All new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Rimfire Pacific Mining NL and its subsidiary's operations and effective for annual reporting periods beginning on 1 July 2008 have been adopted by the consolidated entity.

Consideration has been given to the following standards, amendments to standards and interpretations, identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

Standard or Interpretation	Summary	Applicable for reporting periods
AASB 101 - Presentation of Financial Statements (Revised).	Changes how an entity presents changes in equity and also changes presentation and terminology of the primary financial statements.	Beginning 1 January 2009
AASB 123 - Borrowing Costs (Revised).	Removes the option to expense borrowing costs. Entities are now required to capitalise borrowing costs directly attributable to qualifying asset as part of the cost of that asset.	Beginning 1 January 2009
AASB 3 - Business Combinations (Revised).	Changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests.	Beginning 1 July 2009
AASB 127 - Consolidated and Separate Financial Statements (Amended).	Changes the accounting for investment in subsidiaries. Including the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss.	Beginning 1 July 2009
AASB 8 - Operating Segments	Requires an entity to report financial and descriptive information about its reportable segments.	Beginning 1 January 2009
AASB 2008-1 Amendments to Australian Accounting Standard - Share based Payments: Vesting Conditions and Cancellations.	Changes the measurement of share-based payments that contain non-vesting conditions.	Beginning 1 January 2009
AASB 2008-5 - Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs.	Beginning 1 January 2009
AASB 2008-6 – Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	Includes requirements relating to a sale plan involving the loss of control of a subsidiary.	Beginning 1 July 2009
AASB 2008-7 - Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.	Allows first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment.	Beginning 1 January 2009
AASB 2009-4 - Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes.	Beginning 1 July 2009
AASB 2009-5 – Further amendments to Australian Accounting Standards arising from the Annual Improvements Project.	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes.	Beginning 1 January 2010

The Directors note that the impact of the initial application of the above standards are not yet known or is not reasonably estimable.

Note 2 Revenue

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Operating activities				
Interest received	122,654	135,928	122,654	135,928
	122,654	135,928	122,654	135,928
Total Revenue	122,654	135,928	122,654	135,928

Note 3 Results for the financial year

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
The results for the financial year have been arrived at after charging the following:				
Expenses				
Bad and doubtful debts				
- third parties	-	559	-	559
Rental expense	27,541	19,331	27,541	19,331
Superannuation contribution expense	3,980	12,594	3,980	12,594

Note 4 Income Tax Expense

	Consolidated Entity 2009	Consolidated Entity 2008	Parent Entity 2009	Parent Entity 2008
	$	$	$	$
a. The prima facie tax on loss before tax is reconciled to the income tax as follows:				
Prima facie tax on loss before tax at 30% (2008:30%)	(86,969)	(136,325)	(86,969)	(136,325)
Add:				
Tax effect of:				
— non-allowable items	27,561	62,563	27,561	62,563
— net of current year tax losses not recognised and deductible items (exploration expenditure and others)	88,707	108,096	88,707	108,096
	29,299	34,334	29,299	34,334
Less:				
Tax effect of:				
— capitalised share placement costs	29,299	34,334	29,299	34,334
Income tax expense attributable to loss before income tax	-	-	-	-
Deferred tax liability in relation to exploration costs	1,233,852	1,022,882	1,233,852	1,022,882
Less tax losses recognised	1,233,852	1,022,882	1,233,852	1,022,882
	-	-	-	-
The deferred tax asset arising from tax losses has not been recognised as an asset because recovery is not probable:				
Tax losses carried forward	3,089,368	2,773,646	3,089,368	2,773,646
Balance of franking account at year end	-	-		-

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account because Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable.

Future benefits attributable to temporary differences have not been brought to account as the Directors do not believe it is appropriate to regard the realisation of such benefits as probable. These benefits will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

Rimfire Pacific Mining NL and its wholly owned entity have not opted to enter the tax consolidation regime as at 30 June 2009.

Note 5 Key Management Personnel Remuneration

a. Names and positions held of Parent Entity Directors and Executives in office at any time during the financial year are:

Parent Entity Directors

John Kaminsky	Executive Chairman and Director
Graham Billinghurst	Non-Executive Director and Secretary
Ramona Enconniere	Non-Executive Director
Andrew Knox	Non-Executive Director

Executives

There were no other executives of the consolidated entity.

b. **Parent Entity Directors' Remuneration**

2009

	Short-term		Post Employment	Share based Payment	Total
	Salary & Fees $	Cash Bonus $	Superannuation Contribution $	Shares & Options $	$
Andrew Knox	-	-	-	22,500	22,500
Graham Billinghurst	-	-	-	22,500	22,500
Ramona Enconniere	-	-	-	22,500	22,500
John Kaminsky	126,055	-	45,945	15,974	187,974
	126,055	-	45,945	83,474	255,474

2008

	Short-term		Post Employment	Share based Payment	Total
	Salary & Fees $	Cash Bonus $	Superannuation Contribution $	Shares & Options $	$
Andrew Knox	-	-	-	36,692	36,692
Graham Billinghurst	-	-	-	36,692	36,692
Ramona Enconniere	-	-	-	36,692	36,692
John Kaminsky	134,000	-	-	80,615	214,615
	134,000	-	-	190,691	324,691

Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of any future performance hurdles being met, combined with the use of the Binomial Model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the timing to maturity of the option.

Note 5 Key Management Personnel Remuneration (Cont'd)

c. **Remuneration Options**

No options were granted to the directors during the year.

During the year Mr J Kaminsky exercised the following options issued to him as part of his remuneration and long term incentive program:

- 750,000 options vesting on 31 May 2008 and exercised on 11 July 2008 for nil consideration.
- 750,000 options vesting on 30 November 2008 and exercised on 10 December 2008 for nil consideration.

No other options were exercised by any Director during the period to 30 June 2009.

Refer note 17a on options amortisation expense incurred during the year.

d. **Options Holdings**

Number of Options held by Directors & Executives

2009 Directors	Balance 01/07/08	Granted as Remuneration	Options Exercised	Net Change Other *	Balance 30/06/09	Total Vested 30/06/09	Total Exercisable 30/06/09	Total Unexercise-able 30/06/09
R Enconniere	2,500,000	-	-	(1,000,000)	1,500,000	1,500,000	1,500,000	-
A Knox	2,500,000	-	-	(1,000,000)	1,500,000	1,500,000	1,500,000	-
G Billinghurst	3,500,000	-	-	(2,000,000)	1,500,000	1,500,000	1,500,000	-
J Kaminsky	4,500,000	-	(1,500,000)	(1,000,000)	2,000,000	2,000,000	2,000,000	-
Total	13,000,000	-	(1,500,000)	(5,000,000)	6,500,000	6,500,000	6,500,000	-

* options expired in the period on 30/09/2008

Number of Options held by Directors & Executives

2008 Directors	Balance 01/07/07	Granted as Remuneration	Options Exercised	Net Change Other *	Balance 30/06/08	Total Vested 30/06/08	Total Exercisable 30/06/08	Total Unexercise-able 30/06/08
R Enconniere	2,000,000	1,500,000	-	(1,000,000)	2,500,000	2,500,000	2,500,000	-
A Knox	2,000,000	1,500,000	-	(1,000,000)	2,500,000	2,500,000	2,500,000	-
G Billinghurst	2,000,000	1,500,000	-	-	3,500,000	3,500,000	3,500,000	-
J Kaminsky	5,500,000	3,500,000	(3,000,000)	(1,500,000)	4,500,000	3,750,000	3,750,000	750,000
Total	11,500,000	8,000,000	(3,000,000)	(3,500,000)	13,000,000	12,250,000	12,250,000	750,000

* options expired in the period on 30/09/2007

e. **Shareholdings**

Number of Shares held by Key Management Personnel

2009 Parent Entity Directors	**Balance 1/7/08**	**Received as Remuneration**	**Options Exercised**	**Net Change Other***	**Balance 30/6/09**
G Billinghurst	9,879,166	1,500,000	-	-	11,379,166
J Kaminsky	18,779,332	-	1,500,000	-	20,279,332
A Knox	4,166,666	1,500,000	-	-	5,666,666
R Enconniere	4,793,333	1,500,000	-	-	6,293,333
Total	37,618,497	4,500,000	1,500,000	-	43,618,497

* Net change other refers to shares purchased or sold during the financial year.

Number of Shares held by Key Management Personnel

2008 Parent Entity Directors	**Balance 1/7/07**	**Received as Remuneration**	**Options Exercised**	**Net Change Other***	**Balance 30/6/08**
G Billinghurst	7,383,332	650,000	-	1,845,834	9,879,166
J Kaminsky	14,779,332	-	3,000,000	1,000,000	18,779,332
A Knox	3,516,666	650,000	-	-	4,166,666
R Enconniere	3,516,666	650,000	-	626,667	4,793,333
Total	29,195,996	1,950,000	3,000,000	3,472,501	37,618,497

* Net change other refers to shares purchased or sold during the financial year.

Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, the complexity of the tasks undertaken, the market rate for such skills and work requirements and overall performance of the company. A Remuneration Committee exists within the Company to make assessments, review benchmarks and set any appropriate goals.

The engagement conditions of the Executive Chairman, Mr J Kaminsky, are formalised in an agreement which took effect 1 December 2008 and expires on 30 November 2009.

The consulting agreement stipulates a one month resignation period. The Company may terminate the agreement without cause by providing 3 months written notice. Upon termination of the agreement, the individual is entitled to payment of accrued and outstanding remuneration entitlements to which the individual is or would have become entitled to during the full contract period of employment.

Note 6 Auditor's Remuneration

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	23,700	24,000	23,700	24,000
— other services	-	-	-	-
	23,700	24,000	23,700	24,000

Note 7 Earnings per Share

		Consolidated Entity	
		2009	2008
		$	$
a.	**Reconciliation of Earnings to Net Profit or Loss**		
	Loss used in the calculation of basic EPS	(289,895)	(454,416)
	Loss used in the calculation of dilutive EPS	(289,895)	(454,416)
b.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	309,606,602	275,162,083
	Potential ordinary shares		
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	309,606,602	275,162,083
c.	**Classification of securities**		
	Current share options are anti-dilutive and securities have not been classed as potential ordinary shares and are not included in the determination of dilutive EPS:	7,500,000	15,000,000
d.	Ordinary shares issued between reporting date and time of completion of the financial report	-	750,000

Note 8 Cash and Cash Equivalents

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash at bank		1,351,869	2,424,785	1,351,869	2,424,785
		1,351,869	2,424,785	1,351,869	2,424,785

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash	1,351,869	2,424,785	1,351,869	2,424,785
	1,351,869	2,424,785	1,351,869	2,424,785

Note 9 Receivables

	Note	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT					
Security deposits		80	80	80	80
Interest receivable		25,273	-	25,273	-
Sundry debtors		20,126	32,644	19,899	32,417
		45,479	32,724	45,252	32,497
NON-CURRENT					
Security deposits		162,969	172,969	162,969	172,969
Amounts receivable from:					
— wholly-owned entity		-	-	464,034	464,034
— allowance for doubtful debts wholly-owned subsidiary		-	-	(464,034)	(464,034)
		162,969	172,969	162,969	172,969

Note 10 Controlled Entity

	Country of Incorporation	Percentage Owned (%) 2009	Percentage Owned (%) 2008
Parent Entity			
Rimfire Pacific Mining NL			
Subsidiary of Rimfire Pacific Mining NL			
Axis Mining NL	Australia	100	100

Note 11 **Property, Plant and Equipment**

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
LAND				
Freehold land:				
At cost	216,720	216,720	216,720	216,720
Total Land	216,720	216,720	216,720	216,720
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	109,034	72,273	104,533	67,772
Accumulated depreciation	(33,871)	(23,537)	(29,370)	(19,036)
	75,163	48,736	75,163	48,736
Motor Vehicle				
At cost	9,536	9,536	9,536	9,536
Accumulated depreciation	(3,164)	(1,694)	(3,164)	(1,694)
	6,372	7,842	6,372	7,842
Office Furniture				
At cost	46,398	42,488	43,882	39,973
Accumulated depreciation	(35,460)	(32,459)	(32,944)	(29,944)
	10,938	10,029	10,938	10,029
Leasehold Improvements				
At cost	420	420	420	420
Accumulated depreciation	(72)	(10)	(72)	(10)
	348	410	348	410
Total Plant and Equipment	92,821	67,017	92,821	67,017
Total Property, Plant and Equipment	309,541	283,737	309,541	283,737

Note 11 Property, Plant and Equipment (Cont'd)

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

2009	Freehold Land $	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Leasehold Improvements	Total $
Consolidated Entity:						
Balance at the beginning of year	216,720	7,842	48,736	10,029	410	283,737
Additions	-	-	37,325	4,432	-	41,757
Disposals	-	-	-	-	-	-
Depreciation expense	-	(1,470)	(10,898)	(3,523)	(62)	(15,953)
Carrying amount at the end of year	216,720	6,372	75,163	10,938	348	309,541
Parent Entity:						
Balance at the beginning of year	216,720	7,842	48,736	10,029	410	283,737
Additions	-	-	37,325	4,432	-	41,757
Disposals	-	-	-	-	-	-
Depreciation expense	-	(1,470)	(10,898)	(3,523)	(62)	(15,953)
Carrying amount at the end of year	216,720	6,372	75,163	10,938	348	309,541

2008	Freehold Land $	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Leasehold Improvements	Total $
Consolidated Entity:						
Balance at the beginning of year	216,720	4,792	38,415	14,664	-	274,591
Additions	-	4,536	17,099	2,000	420	24,055
Disposals	-	-	(882)	(2,157)	-	(3,039)
Depreciation expense	-	(1,486)	(5,896)	(4,478)	(10)	(11,870)
Carrying amount at the end of year	216,720	7,842	48,736	10,029	410	283,737
Parent Entity:						
Balance at the beginning of year	216,720	4,792	38,415	14,664	-	274,591
Additions	-	4,536	17,099	2,000	420	24,055
Disposals	-	-	(882)	(2,157)	-	(3,039)
Depreciation expense	-	(1,486)	(5,896)	(4,478)	(10)	(11,870)
Carrying amount at the end of year	216,720	7,842	48,736	10,029	410	283,737

Note 12 Other Assets

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
CURRENT				
Prepayments	5,000	8,333	5,000	8,333

Note 13 Exploration & Evaluation Costs Carried Forward

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
NON-CURRENT				
Exploration Expenditure				
Costs carried forward in respect of areas of interest in:				
– exploration and evaluation phases	4,112,839	3,409,608	4,112,839	3,409,608
Total Exploration Expenditure	4,112,839	3,409,608	4,112,839	3,409,608

Ultimate recoupment of these costs is dependant on successful development and commercial exploration or alternatively sale of the respective areas of interest.

Note 14 Payables

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Unsecured liabilities				
Trade creditors	75,594	101,314	75,594	101,314
Sundry creditors and accrued expenses	52,466	59,656	50,966	58,156
	128,060	160,970	126,560	159,470

Note 15 Interest Bearing Liabilities

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Unsecured liabilities				
Rental Bond Received	833	833	833	833
	833	833	833	833
Secured liabilities				
Mortgage loans	-	107,000	-	107,000
	-	107,000	-	107,000
	833	107,833	833	107,833

a. The carrying amounts of non-current assets pledged as security are:

First mortgage				
Freehold land	-	216,720	-	216,720
Total assets pledged as security	-	216,720	-	216,720

b. The loan was repaid on 15 December 2008 in accordance with the terms of the mortgage contract.

Note 16 Provisions

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT				
Employee Benefits	1,872	-	1,872	-
	1,872	-	1,872	-

Note 17 Contributed Equity

	Notes	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
311,976,107 (2008: 305,976,107) fully paid ordinary shares	17a	14,681,951	14,598,477	14,681,951	14,598,477
		14,681,951	14,598,477	14,681,951	14,598,477
a. **Ordinary shares**					
At the beginning of the reporting period		14,598,477	12,102,530	14,598,477	12,102,530
Shares issued during the year					
— 750,000 on 11 July 2008 at nil consideration (i)		-	-	-	-
— 4,500,000 on 10 December 2008 at nil consideration(ii)		67,500	-	67,500	-
— 750,000 on 10 December 2008 at nil consideration (i)		-	-	-	-
— Shares options expense during the year		15,974	95,986	15,974	95,986
— Shares issued in the previous year		-	2,638,719	-	2,638,719
Transaction costs relating to share issues		-	(238,758)	-	(238,758)
		83,474	2,495,947	83,474	2,495,947
At reporting date		14,681,951	14,598,477	14,681,951	14,598,477

The Company does not have limited authorised capital and issued shares have no par value.

(i) Issued to Executive Chairman due to the exercise of options

(ii) Issued to Non Executive Directors as remuneration, approved at AGM and measured based upon market value of share price.

Note 17 **Contributed Equity (Cont'd)**

	Note	Consolidated Entity 2009 No.	Consolidated Entity 2008 No.	Parent Entity 2009 No.	Parent Entity 2008 No.
At the beginning of reporting period		305,976,107	240,520,886	305,976,107	240,520,886
Shares issued during year					
— 11 July 2008		750,000	-	750,000	
— 10 December 2008		4,500,000	-	4,500,000	
— 10 December 2008		750,000	-	750,000	
— Issued in the previous year		-	65,455,221	-	65,455,221
At reporting date		311,976,107	305,976,107	311,976,107	305,976,107

On 11 July 2008 the Company issued 750,000 ordinary shares at nil cents per share to the Executive Chairman through an exercise of 750,000 call options issued on 14 December 2007.

On 10 December 2008 the Company issued 4,500,000 at nil cents per share to the Directors as part of their remuneration and longer term incentive.

On 10 December 2008 the Company issued 750,000 ordinary shares at nil cents per share to the Executive Chairman through an exercise of 750,000 call options issued on 14 December 2007.

b. **Options**

For information relating to share options issued to key management personnel during the financial year, refer to Note 18 Share-based Payments.

c. **Capital Management**

Management controls the capital of the consolidated entity in order to ensure that the Company remains a going concern as a primary objective and is able to deliver suitable exploration, as the circumstances allow. This is done, to the best of management's ability in the prevailing business and economic circumstances. The consolidated entity's debt and capital includes ordinary share capital, listed options and financial liabilities.

The Board may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. The Board has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next financial year.

The consolidated entity is not subject to any externally imposed capital requirements.

Note 18 Share Based Payments

The following share-based payment arrangements existed at 30 June 2009:

On 14 December 2007, 6,500,000 share options were granted to the Directors of the Company and 1,000,000 were granted to the Exploration Manager, Mr C Plumridge to take up ordinary shares at an exercise price of 12 cents each. The options were available for exercise from 14 December 2007 to 30 September 2010. (Reference OP01)

All options granted to Directors and the Exploration Manager are for ordinary shares in Rimfire Pacific Mining NL, which confer a right of one ordinary share for every option held.

	Consolidated Entity				Parent Entity			
	2009		2008		2009		2008	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		$		$		$		$
Outstanding at the beginning of the year	15,000,000	0.11	13,500,000	0.10	15,000,000	0.11	13,500,000	0.10
Granted	-		9,000,000	0.10	-		9,000,000	0.10
Forfeited	-		-	-	-		-	-
Exercised	(1,500,000)	-	(3,000,000)	-	(1,500,000)	-	(3,000,000)	-
Expired	(6,000,000)	0.12	(4,500,000)	0.12	(6,000,000)	0.12	(4,500,000)	0.12
Outstanding at year-end	7,500,000	0.12	15,000,000	0.11	7,500,000	0.12	15,000,000	0.11
Exercisable at year-end	7,500,000	0.12	14,250,000	0.11	7,500,000	0.12	14,250,000	0.11

There were 1,500,000 options exercised during the year ended 30 June 2009. These options had a weighted average share price of $0.015 at exercise date.

The options outstanding at 30 June 2009 had a weighted average exercise price of $0.12 and a weighted average remaining contractual life of 15 months. Exercise price is $0.12 in respect of options outstanding at 30 June 2009.

No options were granted during the year ended 30 June 2009.

Included under Directors' securities benefits expense is $83,474 (2008: $190,691), and relates, in full, to equity-settled share-based payment transactions.

All of the assumptions underlying the Binomial method of valuing options have been applied to arrive at a value of options issued to Directors. Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the Binomial Model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the timing to maturity of the option.

Note 19 Capital and Leasing Commitments

	Note	Consolidated Entity 2009	Consolidated Entity 2008	Parent Entity 2009	Parent Entity 2008
		$	$	$	$
a. Operating Lease Commitments					
Office & Other Premises					
Payable					
— not later than 1 year		16,164	21,553	16,164	21,553
— later than 1 year but not later than 5 years		-	16,164	-	16,164
		16,164	37,717	16,164	37,717

The office premises lease is a non-cancellable lease with a two-year term, with rent payable monthly in advance, and commenced on 1st April 2008. The lease agreement has a fixed yearly payment value of year (1) $19,593 plus GST and year (2) $20,573 plus GST. An option exists to renew the lease at the end of the two year term for a further two periods of two years each period. The lease allows for sub-letting of all lease areas.

b. **Capital Expenditure Commitments**

The consolidated entity is committed to capital expenditure on its various mining tenements and leases as follows:

	Consolidated Entity 2009	Consolidated Entity 2008	Parent Entity 2009	Parent Entity 2008
Payable	$	$	$	$
— not later than 1 year	500,000	548,000	500,000	548,000
— later than 1 year but not later than 5 years	1,000,000	1,500,000	1,000,000	1,500,000
	1,500,000	2,048,000	1,500,000	2,048,000

Note 20 Contingent Liabilities and Contingent Assets

The Directors are not aware of any matters or circumstances which have arisen during or since the financial year which may significantly affect the operations of the consolidated entity, the results of those operations or state of affairs of the consolidated entity in future years.

Note 21 Segment Reporting

Business and Geographical Segments

The consolidated entity operates predominantly in one business segment, being mineral exploration and prospecting. The consolidated entity operates predominantly in one geographical segment, being Australia.

Note 22 Related Party Transactions

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
(i) Director-related Entities				
Strategic International Ventures Pty Ltd, a company associated with J Kaminsky, was paid $16,358 in respect of administrative services provided for the parent entity during the year.	16,358	27,225	16,358	27,225
(ii) Entities in the wholly owned group				
Axis Mining NL				
At 30 June 2009, Axis Mining NL has amounts owing to the parent entity totalling $464,034 (2008: $464,034) interest free, payable at call. The loan has been fully provided for.	-	-	-	-

Note 23 Post Balance Date Events

There are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Note 24 Cash Flow Information

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax				
Loss after income tax	(289,895)	(454,416)	(289,895)	(454,416)
Non-cash flows in loss				
Depreciation and amortisation	15,953	11,870	15,953	11,870
Write-off of capitalised expenditure	8,397	15,058	8,397	15,058
Loss / (Gain) on disposal of property, plant and equipment	-	3,038	-	3,038
Share based payments expensed	83,474	190,691	83,474	190,691
Allowance for doubtful debts	-	559	-	559
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in prepayments	3,333	(292)	3,333	(292)
(Increase)/decrease in other receivables	(20,446)	(5,167)	(20,446)	(5,167)
Increase/(decrease) in trade creditors and accruals	(21,506)	(77,211)	(21,506)	(77,211)
Increase/(decrease) in provisions	1,872	-	1,872	-
Cash flows from operations	(218,818)	(315,870)	(218,818)	(315,870)

b. Cash not available for use
There was no cash as at the end of the year which was unavailable for use.

c. Non-cash Financing and Investing Activities
There were no non-cash financing and investing activities carried out during the year.

d. Credit Standby Facilities
The group has no overdraft facility.

e. Used / Unused Facilities

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Loan Facilities				
- Used	-	107,000	-	107,000
- Unused	-	-	-	-

Note 25 Financial Risk Management

a. **Financial Risk Management Policies**

The group's financial instruments consist mainly of deposits with banks, deposits with other non-financial institutions, payables, loans to subsidiaries and secured borrowings.

The main purpose of non-derivative financial instruments is to raise and maintain finance for the group's operations.

The group is not involved in the use of derivative financial instruments for either hedging or speculative trading purposes. Such instruments include forward exchange and currency option contracts and interest rate swap agreements.

i. Treasury Risk Management

The Board of directors regularly reviews the financial and economic cycle risks that may affect the Company. In addition, an audit committee consisting of the executive director and non-executive directors of the group meet to analyse financial risk exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial goals, whilst minimising the potential adverse effects on financial performance.

The audit committee operates under policies approved by the Board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These primarily include the management of the group's future cash flow requirements.

ii. Financial Risk Exposure and Management

The main risks the group is exposed to through its financial instruments are credit risk, interest rate risk and liquidity risk.

Interest Rate Risk

Interest rate risk refers to the risk that adverse changes in the market rate of interest applicable to either debts owed by the group or interest bearing investments held by the group will materially impact on the group's financial performance or position.

The group's interest rate risk exposure in relation to debt is managed by fixing the rate of exchange with respect to secured borrowings. Risk associated with funds held in deposit with financial institutions is managed by maintaining short term or non-fixed maturity dates with respect to these deposits.

Liquidity Risk

Refers to the risk that the group will have insufficient funds available to meet debts as and when they fall due. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained and that opportunities for equity financing are regularly monitored.

Credit Risk

At balance date the maximum exposure to credit risk, (excluding the value of any collateral or other security), recognised as a financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Business Cycle Risks

The Company monitors key market indicators representative of the current business cycle to ensure that business cycle risks are taken into consideration in planning decisions. In particular, the general economic climate is reviewed and considered in the specific context of the resource and exploration industry outlook. Regular discussion within the Board takes account of the potential impact of these circumstances and the Company's ability to maintain its exploration programs at a suitable level and the cycle risk impact on any Company financing decisions.

Exploration and Project Risks

The nature of the core business is high risk exploration activities. There is always the possibility, despite best endeavours and extensive work programs that an economic realisation of the exploration work undertaken may not occur. The Board receives regular input from various technical professionals in regards to its work programs and weighs the relative performance of the exploration activities undertaken by the Company with the stated direction of attempting to add significant commercial value to its portfolio of projects. In addition, a risk exists that suitably qualified personnel cannot be retained or secured to continue work on the various exploration programs.

Note 25 Financial Risk Management (Cont'd)

b. **Interest Rate Risk**

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate $		Fixed Interest Rate Maturing Within One Year $		Non-interest Bearing $		Total $	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial Assets	%	%								
Cash	5.91	7.28	40,481	123,935	1,311,325	2,300,636	63	214	1,351,869	2,424,785
Receivables	2.11	4.0	150,000	150,000	-	-	58,448	55,693	208,448	205,693
Total Financial Assets			190,079	273,935	1,311,325	2,300,636	58,511	55,907	1,559,915	2,630,478
Financial Liabilities										
Trade and sundry creditors			-	-	-	-	125,932	160,970	125,932	160,970
Rental Bond			-	-	-	-	833	833	833	833
Mortgage	5.0	10.0	-	-	-	107,000	-	-	-	107,000
Total Financial Liabilities			-	-	-	107,000	126,765	161,803	126,765	268,803
Net Financial Assets			190,079	273,935	1,311,325	2,193,636	(68,254)	(105,896)	1,433,150	2,361,675

Note 25 Financial Risk Management (Cont'd)

c. **Net Fair Values**

The carrying amounts of financial assets and liabilities approximate the net fair value unless otherwise stated.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash: The carrying amount approximates fair value.

Receivables: The carrying amount approximates fair value.

Term Deposits: The carrying amount approximates fair value.

Trade Creditors: The carrying amount approximates fair value.

Secured Borrowings: The carrying amount approximates fair value

d. **Sensitivity Analysis**

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2009, the effect on profit after tax and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Change in profit after tax				
- Increase in interest rate by 2%	39,174	37,090	39,174	37,090
- Decrease in interest rate by 2%	(39,174)	(37,090)	(39,174)	(37,090)
Change in equity				
- Increase in interest rate by 2%	39,174	37,090	39,174	37,090
- Increase in interest rate by 2%	(39,174)	(37,090)	(39,174)	(37,090)

The above changes are based on the effect of an interest rate change in relation to:

- secured borrowings held for $107,000 presently carrying an interest rate of 10% per annum and funds held on deposit: and
- funds held in deposit with financial institutions

Note 26 Company Details

The registered office of the Company is:

Rimfire Pacific Mining NL
"Exchange Tower"
Suite 411, 530 Little Collins Street
Melbourne Victoria 3000

The principal place of business is:

Rimfire Pacific Mining NL
"Exchange Tower"
Suite 411, 530 Little Collins Street
Melbourne Victoria 3000

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 45 are in accordance with the Corporations Act 2001 and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and,

   b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and consolidated entity.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The Executive Chairman has given the declarations in his capacity as chief representative of executive management of the company to the Directors required by Section 295A.

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

Director John Kaminsky

Dated this 4th day of September 2009

PKF

Chartered Accountants
& Business Advisers

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

We have audited the accompanying financial report of Rimfire Pacific Mining NL ("the company") which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 "Presentation of Financial Statements", that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF RIMFIRE PACIFIC MINING NL

PKF
Chartered Accountants
& Business Advisers

Auditor's Opinion

In our opinion:

(a) the financial report of Rimfire Pacific Mining NL is in accordance with the Corporations Act 2001, including

(i) giving a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Rimfire Pacific Mining NL for the year ended 30 June 2009, complies with section 300A of the Corporations Acts 2001.

PKF
PKF

J A Mooney
J A Mooney
Partner

4 September 2009
Melbourne