

Wednesday 22nd February, 2017

2017 Exploration Strategy Outline – Portfolio Stock (coverage initiated @ \$0.023 in Oct 2016)

Rimfire Mining (ASX: RIM, Share Price: \$0.029, Market Cap: \$27m) is a NSW gold exploration play that's managed to fly under the radar of most investors, despite managing to sustain a measured exploration program on its flagship Fifield gold exploration project, with encouraging results. The negotiation of a major new farm-out JV deal with Canada's New Gold underlines the project's potential.

Rimfire has advised having held joint venture exploration planning meetings with partner New Gold during December and January, providing an agreed strategy and key objectives for the 2017 field season, focused on the discovery of an aggregate +4 million ounce gold resource at Fifield in the medium term.



Market Significance

Rimfire Pacific has risen from a 12-month low of \$0.012 during March 2016 on the back of greater market appreciation of its growing Sorpresa gold-silver deposit - along with its potentially-transformational exploration joint venture deal with Canada's New Gold. The arrangement will provide a major funding boost for Rimfire's Fifield project, situated within the world-class copper-gold corridor known as the Lachlan Transverse Zone. The latest positive exploration results are a reflection of a growing step-out exploration program that will look to aggressively grow the regional resource base during 2017.

Announcement Detail – Sopresa Project Update

Rimfire Pacific has advised that it and New Gold Inc held Earn-in/JV planning meetings during December 2016 and January 2017, which have provided an agreed exploration strategy and key objectives for 2017.

Both parties have agreed a multi-million ounce discovery objective, with aspirations for an aggregate +4 million ounce gold-equivalent discovery outcome within the Fifield district over the medium term. This type of discovery would be targeted as capable of sustaining production over a +10 year mine life and ranking in the lower third of industry costs.

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

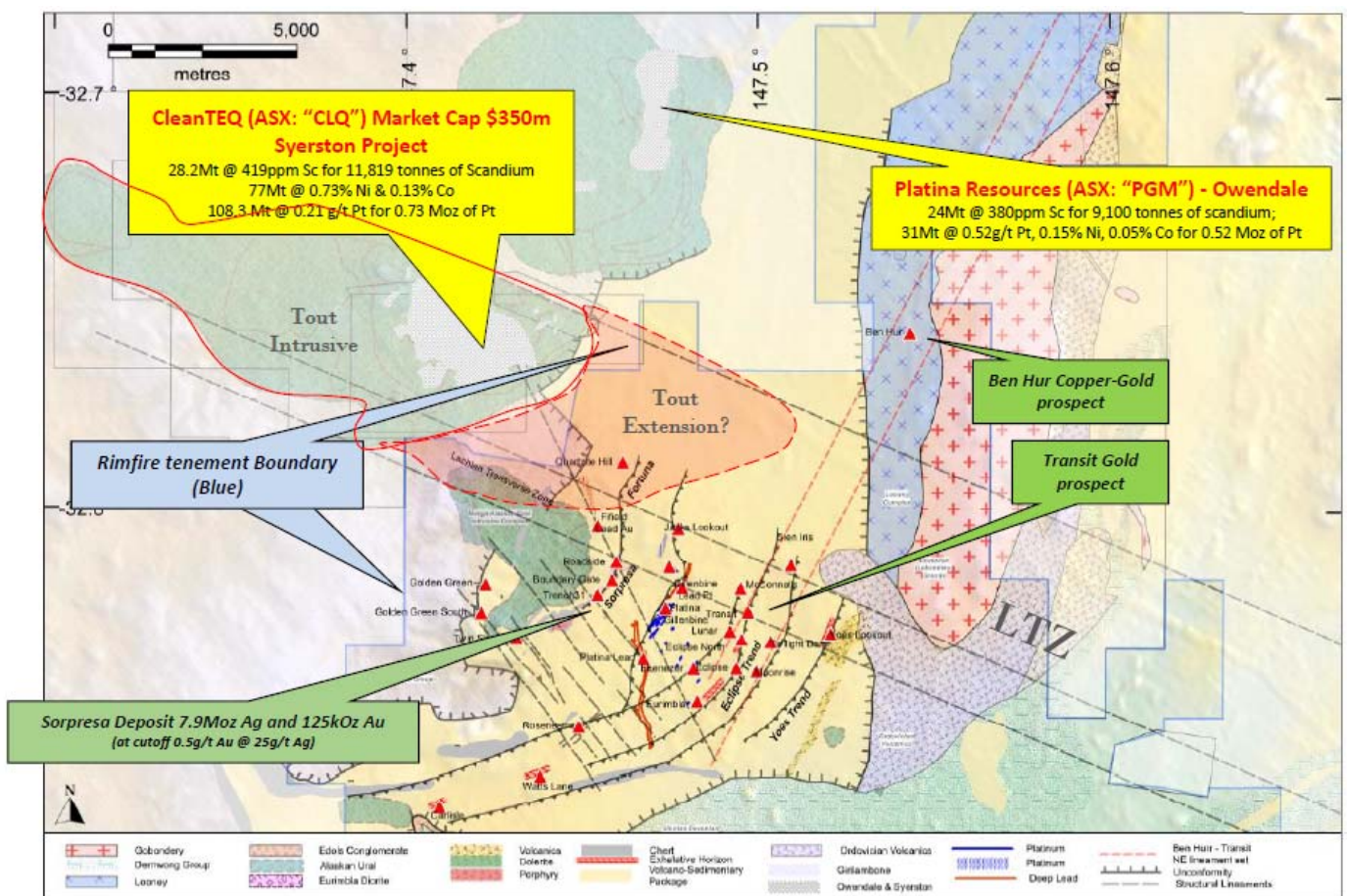


Figure 1: Fifield District Prospect Map – Adjacent Deposits to the North – on geology and structure background

Current Activity

Airborne magnetics and radiometric survey flight lines have now been completed, with the survey providing full coverage over the Fifield tenements, with data interpretation anticipated to be available during March. Geophysics is also expected to make an important contribution to geology framework and discovery targeting.

A round of drilling comprising 1,809 metres of RC has also been completed within the Sorpresa resource area at Roadside and Boundary Gate areas, with the objective is to advance the understanding of these areas, particularly the orientation of higher grades. Assay results are awaited.

Additional bedrock auger drilling has also been completed at Transit gold prospect, with results interpretation still underway and follow-up RC drill permitting granted.

Technical Significance

Discovery concepts have been developed by Rimfire that include the possible extension into its tenements of the major intrusive complex, the “Tout Complex 2”, which contains resources defined by other companies including platinum, nickel, cobalt and scandium. In all, more than 13 priority areas have been identified by Rimfire within the Fifield district for priority prospecting over the next 12 months.

Mapping, sampling and concept advancement is now underway, with the geophysical survey set to aid the review and targeting within these areas. The initial prospecting work will provide relatively quick coverage at low cost.

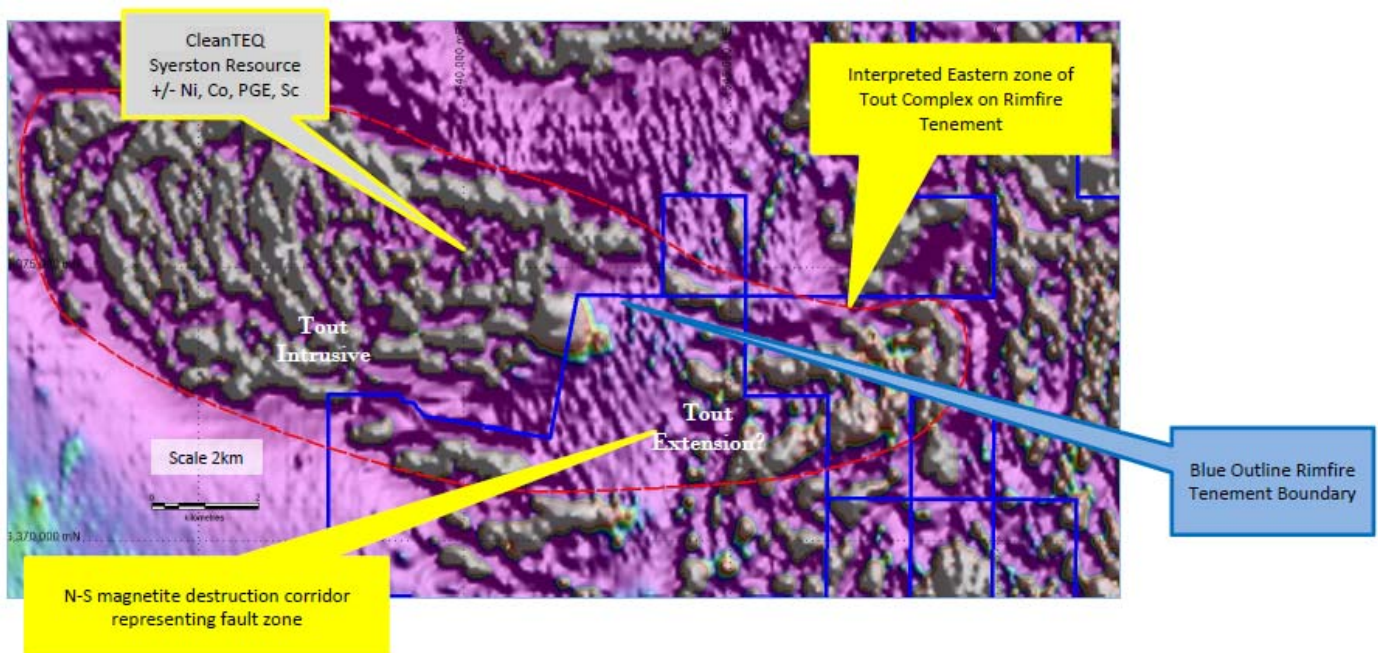


Figure 2: RTP-1VD Magnetic Image of Tout Intrusive Complex – on a backdrop of interpreted structures, prospects and potential targets

Gold Exploration JV Deal Explained

Rimfire during H2 2016 announced the completion of subscription, earn-in and joint venture agreements with Australian subsidiaries of Canadian gold producer, New Gold Inc (TSX: NGD) (NYSE MKT: NGD).

The key elements of the agreements comprise an initial \$0.5 million placement in Rimfire at \$0.021 per share (which is the same terms offered to Rimfire shareholders as part of its SPP this year), with New Gold then committed to spending a minimum of \$2 million on exploration within the first year.

New Gold can then spend a further \$5 million within the first three years to earn a 51% stake in the Fifield tenements, with a further opportunity to spend an additional \$5 million within the first five years to earn an additional 19% stake (in turn forming an unincorporated exploration, development and mining joint venture – comprising Rimfire 30% and New Gold 70%). At this point New Gold's total expenditure at Fifield would be \$12 million).

If this further funding of \$5 million is not completed by New Gold within the first five years, an unincorporated exploration, development and mining joint venture will form on the basis of Rimfire 49% and New Gold 51%.

Should the current Sorpresa gold and silver mineral resource ultimately be mined and processed, New Gold would pay Rimfire additional consideration of up to \$5 million.

Importantly, in recognition by New Gold of Rimfire's strong technical work, Rimfire will have direct spending control of 15% of the first \$7 million funded by New Gold, in order to continue its exploration work at Fifield, contemporaneously with New Gold's Fifield exploration activities.

New Gold is a tier-two Canadian gold mining company. The company has a portfolio of four producing assets and two significant development projects. The New Afton Mine in Canada, the Mesquite Mine in the United States, the Peak Mines in NSW, Australia and the Cerro San Pedro Mine in Mexico, provide the company with its current production base. In addition, New Gold owns 100% of the Rainy River and Blackwater projects, both in Canada, as well as a 4% gold stream on the El Morro project located in Chile.

Technical Significance

New Gold is C\$2.7 billion gold-producing company that has recognised the resource potential of Rimfire's Fifield leases and is therefore keen to provide the financial and technical resources in order to accelerate the discovery process across a wide range of prospects.

As we mentioned at the outset, the Fifield project is strategically positioned along the prolific Lachlan Transverse Zone – which is in fact host to several established mining operations including the Cadia and North Parkes copper-gold mines. Both these operations apparently share strong geologic characteristics with New Gold's New Afton copper-gold mine in Kamloops, British Columbia.

Summary

We initiated coverage of Rimfire Pacific Mining around \$0.023 during October 2016, representing a current gain of 26%.

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

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

Consistent with Rimfire's exploration approach to date, a core principal of the strategy with New Gold will be the continuous sharing and integration of knowledge gained toward improving the geologic framework, as the project advances toward the next discovery. Accordingly, work conducted by New Gold Inc. in the first half of the year will principally be focused on developing this geological framework at district and local scales, providing more informed priority drill-targeting decisions.

In parallel, Rimfire will provide district reconnaissance prospecting, continuing to feed the pipeline of new prospects and targeting concepts.

Accordingly, Rimfire Pacific Mining will remain firmly held within our Portfolio.

Disclaimer: Gavin Wendt, who is a director of Mine Life Pty Ltd ACN 140 028 799, compiled this document. It does not constitute investment advice. I wrote this article myself, it expresses my own opinions and I am not receiving compensation for it. In preparing this article, no account was taken of the investment objectives, financial situation and particular needs of any particular person. Investors need to consider, with or without the assistance of a securities adviser, whether the information is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission in that information. I have no positions in the stock mentioned and no plans to initiate any positions within the next 72 hours.