

**rimfire**



**RIMFIRE PACIFIC MINING NL  
ABN 59 006 911 744**

**NOTICE OF ANNUAL GENERAL MEETING**

**And**

**EXPLANATORY MEMORANDUM**

Date of Meeting	20 November 2008
Time of Meeting	10.00 am
Place of Meeting	RACV Club (City) 501 Bourke Street Melbourne Victoria 3000 "Bayside Room 4" Level 2

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**RIMFIRE PACIFIC MINING NL  
ABN 59 006 911 744**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of shareholders of Rimfire Pacific Mining NL ("Company") will be held at RACV Club (City) 501 Bourke Street, Melbourne Victoria 3000, "Bayside Room 4" Level 2 on 20 November 2008 at 10.00 am (Melbourne time).

The Explanatory Memorandum which accompanies and forms part of this "Notice of Annual General Meeting" describes the various matters to be considered at the annual general meeting.

**AGENDA**

**ORDINARY BUSINESS**

**Item 1 - FINANCIAL STATEMENTS AND REPORTS**

***"To receive and consider the Company's annual report comprising the Directors' Report, Auditor's Report and Financial Statements for the year ended 30 June 2008."***

The electronic version of the annual report can be found at:

- Rimfire Pacific Mining NL website at [http://www.rimfire.com.au/asx\\_announcements.htm](http://www.rimfire.com.au/asx_announcements.htm)
- ASX website at <http://www.asx.com.au/research/companies/index.htm>

To consider and, if thought fit, pass the following resolutions, with or without amendment, as ordinary resolutions of the Company.

**Item 2 - Resolution 1: REMUNERATION REPORT**

***"To adopt the Remuneration Report for the Year ended 30 June 2008."***

**Short explanation**

The Corporations Act 2001 requires listed companies to put to shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the AGM.

As stated, the resolution is non-binding.

### **Item 3 - Resolution 2: RE-ELECTION OF DIRECTOR ANDREW KNOX**

***“That Mr Andrew Knox, who retires by rotation in accordance with Article 40 of the Company’s constitution, and being eligible offers himself for re-election, be re-elected as a Director”.***

#### **Short explanation**

The Company’s constitution requires one third of the Directors (other than the Managing Director) to retire at each Annual General Meeting, being the Directors longest in office at the date of the Annual General Meeting. A Director may not serve for a period of more than 3 years, without retiring, but may make himself/herself available for re-election for a subsequent period.

Mr Knox must therefore retire and has offered himself for re-election. The details of all Directors are set out in the Directors’ Report section of the Annual Report.

### **Item 4 - Resolution 3: RE-ELECTION OF DIRECTOR GRAHAM BILLINGHURST**

***“That Mr Billingham, who retires by rotation in accordance with Article 40 of the Company’s constitution, and being eligible offers himself for re-election, be re-elected as a Director”.***

#### **Short explanation**

The Company’s constitution requires one third of the Directors (other than the Managing Director) to retire at each Annual General Meeting, being the Directors longest in office at the date of the Annual General Meeting. A Director may not serve for a period of more than 3 years, without retiring, but may make himself/herself available for re-election for a subsequent period.

Mr Billingham must therefore retire and has offered himself for re-election. The details of all Directors are set out in the Directors’ Report section of the Annual Report.

## **SPECIAL BUSINESS**

To consider and, if thought fit, pass the following resolutions, with or without amendment, as ordinary resolutions of the Company.

### **Item 5 – Resolution 4: APPROVAL OF ISSUE OF SHARES TO NON EXECUTIVE DIRECTORS**

***“Conditional upon passing of Resolution 2 in the case of Mr Knox and Resolution 3 in the case of Mr Billingham that in accordance with the provisions of Listing Rule 10.11 and Part 2E of the Corporations Act the Company be authorized to issue a total of 4,500,000 ordinary shares in the capital of the Company to the Non Executive Directors of the Company, Mr Graham Billingham, Mr Andrew Knox and Ms Ramona Enconniere listed in Table A of the Explanatory Memorandum accompanying this Notice and on the terms set out in the Explanatory Memorandum.”***

#### **Short Explanation:**

The Board seeks shareholder approval to issue shares at nil consideration to the Non Executive Directors listed in Table A of the Explanatory Memorandum. The issue is designed to form the core part of the remuneration as Non Executive officers of the Company. The proposed issue is provided in lieu of cash payments to the Non Executive Directors of the Company and preserves the Company’s cash position. The recipients of the shares have not received any cash payment since their appointment to the Board of Directors which were: April 2005, in the case of Ms Enconniere; July 2005, in the case of Mr Knox; and, since July 2004 in the case of Mr Billingham. These Non Executive officers received shares in December 2007 based on a similar proposal, as remuneration for the past year.

The Listing Rules generally require shareholder approval before any securities are issued to a Director. This resolution seeks the required approval.

This resolution is further considered in the Explanatory Memorandum.

**Voting Exclusion Statement**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 4 by a Director of the Company, and by associates of that person. The Directors of the Company at the date of this Notice are Mr Graham Billinghamurst, Mr Andrew Knox, Ms Ramona Enconniere and Mr John Kaminsky.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (and the acknowledgment box on the proxy form in relation to this resolution is marked).

**BY ORDER OF THE BOARD**



Graham Billinghamurst  
Company Secretary  
DATED 1 October 2008.

## **PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS**

### **PROXY AND BODY CORPORATE REPRESENTATIVE INSTRUCTIONS**

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the Meeting under Section 250D of the Corporations Act 2001 (Cth).

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) and certificates appointing body corporate representatives or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) or certificate appointing a body corporate representative must be deposited at, posted to, or sent by facsimile transmission to the Company's office, as follows:

**Suite 411, 530 Little Collins Street, Melbourne, Victoria, Australia, 3000  
or Fax (03) 9620-5822 (or International Fax 613 9620-5822)**

and not less than 48 hours before the time for holding the Meeting, or adjourned Meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorized in writing or, if the shareholder is a corporation, in the manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

### **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7:00pm, 18th November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## EXPLANATORY MEMORANDUM

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### 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of members of Rimfire Pacific Mining NL ABN 59 006 911 744 ("Rimfire" or "Company") in connection with the business to be conducted at the Annual General Meeting of members to be held on 20th November 2008 at 10.00am ("Meeting").

The Notice of Meeting sets out the details of four (4) separate resolutions to be put to Shareholders comprising the following:

- Resolution 1 seeks the approval to adopt the Remuneration Report as it appears in the 2008 Annual Report. The resolution is non binding on the Company.
- Resolution 2 seeks the re-election Mr Andrew Knox as a Director of the Company;
- Resolution 3 seeks the re-election Mr Graham Billingham as a Director of the Company;
- Resolution 4 seeks the approval to the issue of 4,500,000 shares in the Company to Mr Graham Billingham (1,500,000), Mr Andrew Knox (1,500,000) and Ms Ramona Enconniere (1,500,000), who are related parties to the Company.

**Resolutions 1, 2 & 3 are standard for an Annual General Meeting of a Company and no further comments are made below.**

Specific comments relating to Resolution 4 is set out below.

### 2. RESOLUTION 4 – APPROVAL OF ISSUE OF SHARES TO NON EXECUTIVE DIRECTORS

#### 2.1 Introduction

The Company proposes to issue to Mr Graham Billingham, long standing Director, Ms Ramona Enconniere and Mr Andrew Knox who were appointed Directors to the Company during 2005 (April and July respectively), fully paid ordinary shares at nil consideration.

The issue is designed to act as the core form of remuneration for Non Executive Directors of the Company. The recipients will receive a benefit in the form of shares which will increase if there is a significant increase in the Company's share price over the next ten months.

All current Non Executive Directors of the Company have not received any cash payment for their roles as officers of the Company since 1 July 2004, in the case of Mr Billingham and since their appointments as Directors, in the case of Ms Enconniere and Mr Knox.

The number of shares proposed to be issued is as follows:

**Table A**

<b>Director</b>	<b>Shares</b>
<b>Andrew Knox</b>	<b>1,500,000</b>
<b>Ramona Enconniere</b>	<b>1,500,000</b>
<b>Graham Billinghamurst</b>	<b>1,500,000</b>
<b>TOTAL</b>	<b>4,500,000</b>

A summary of the material items of the issue of shares is set out below:

- The securities to be issued to the above recipients are ordinary shares in the capital of the Company;
- The shares will be issued within one month of the date of the approval of this resolution, as is required under the Listing Rules;
- Quotation of the shares on the Australian Securities Exchange (“ASX”) will be sought; and,
- Holders of the shares will be permitted to participate in new issues of securities of the Company.

No funds will be raised from the issue of the shares, however, the company will have provided remuneration to the Non Executive Directors whilst conserving the cash reserves of the Company.

## **2.2 Additional information**

This proposed resolution, if passed, will confer a financial benefit to a related party. The Company therefore provides the following information:

**a) The related parties to whom the resolution would permit the financial benefit to be given are:**

Mr Graham Billinghamurst, Ms Ramona Enconniere and Mr Andrew Knox being Directors of the Company.

**b) The nature of the financial benefit**

The nature of the proposed financial benefit to be given is the issue of 4,500,000 ordinary shares in total as set out in Table A above.

**c) Directors’ Recommendation**

Each Director, other than Mr Kaminsky, declines to give a recommendation, as a related party to the transaction proposed. Mr Kaminsky recommends that the resolution be approved, for the reasons set out in section 2.1.

**d) Costs and Detriments of Providing Financial Benefit**

The issue of the shares will have a minor dilutionary impact on the issued share capital of the Company. The number of ordinary shares on issue at the date of this notice was 306,726,107 and the dilutionary effect would be 1.47%.

## e) Directors' Interest

The Directors disclose their interests as follows:

The following unlisted options have been granted to Directors as part of their performance remuneration:

Options granted on 14/12/07 Exercisable on  
or before 30/09/10 (OP 1) @ 12 cents each

John Kaminsky	2,000,000
Graham Billinghamurst	1,500,000
*	
Ramona Enconniere	1,500,000
Andrew Knox**	1,500,000
	<u>6,500,000</u>

\*Issued to Colhurst Superannuation Fund \*\* Issued to Silva Holdings Pty Ltd

Options granted on 14/12/07 Exercisable on  
or before 15/01/09 (OP2b) @ Nil cents each

John Kaminsky	<u>750,000</u>
	<u>750,000</u>

## Directors' Shareholdings

The Directors disclose their interest in shares, as follows:

### Shares held beneficially:

John Kaminsky	15,016,666
Graham Billinghamurst	Nil
Ramona Enconniere	2,710,000
Andrew Knox	2,666,666

### Shares in which there is a relevant interest:

John Kaminsky	4,512,666
Graham Billinghamurst	9,879,166
Ramona Enconniere	2,083,333
Andrew Knox	1,500,000

## Details of Remuneration for the Year Ended 30 June 2008

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

Name of Director	Primary		Post Employment	Equity Compensation	Total
	Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares & Options	
	\$	\$	\$	\$	\$
A. Knox	Nil	Nil	Nil	36,692	36,692
G. Billinghamurst	Nil	Nil	Nil	36,692	36,692
R Enconniere	Nil	Nil	Nil	36,692	36,692
J Kaminsky	134,000	Nil	Nil	80,615	214,615
	<u>134,000</u>	<u>Nil</u>	<u>Nil</u>	<u>190,691</u>	<u>324,691</u>

**f) Valuation**

The Company has estimated the value of the Shares being the value of the shares at the date of 1 October 2008 with a closing share price, namely 2.0 cents per share, giving a value to each Non Executive Director share issue of \$30,000.

Based on this information, the Company has adopted an indicative value for the shares as follows:

**Table B**

<b>Director</b>	<b>Share (total value \$)</b>
<b>Andrew Knox</b>	<b>\$30,000</b>
<b>Ramona Enconniere</b>	<b>\$30,000</b>
<b>Graham Billinghamurst</b>	<b>\$30,000</b>
<b>TOTAL</b>	<b>\$90,000</b>

**g) Any other information that is reasonably required by shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its Directors save and except as follows:

- Opportunity Costs

There will be a dilutionary impact caused with the issue of shares on the Company, this is more than offset by the advantages accruing to the Company securing the services of experienced and skilled Directors on appropriate incentivised terms.

- Taxation Consequences

In so far as the Company is aware, there are no adverse taxation consequences to the Company arising from the proposed issue of the shares in accordance with Resolution 4.

- Share price range in the last 12 months

The Company's share price traded at a low of 1.9 cents and a high of 5.5 cents for the last 12 months.

The Company is required to attract and maintain quality Non Executive Directors if it wishes to succeed in its business objectives. To do so it must offer competitive remuneration that compensates a Non Executive Director for the time and risk associated with the role. The value of shares offered is not high, but gives some compensation to Non Executive Directors while maintaining the cash resources of the Company. The alternative to offering shares is to pay cash, which the Board is able to do under the Company's Constitution. When Non Executive Directors' fees were last paid in cash (June 2004), Non Executive Directors were entitled to each receive \$24,000 per annum.

### 2.3 Listing Rules issues

Listing Rule 10.11 requires shareholder approval to be obtained, and Listing Rule 10.13 requires the following information to be given to shareholders:

- (i) **the name of the person:** Graham Billingham, Ramona Enconniere and Andrew Knox.
- (ii) **the number of securities to be issued:** A total of 4,500,000 ordinary fully paid shares.
- (iii) **the date by which the entity will issue the securities:** the shares will be issued within one month of the approval of this resolution.
- (iv) **the issue price of the securities:** nil.
- (v) **the use or intended use of the funds raised:** no funds will be raised by the issue of securities.
- (vi) **a voting exclusion statement:** this information is set out in the Notice of Meeting.