

RIMFIRE PACIFIC MINING NL

ACN 006 911 744

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2011**



DIRECTORS' REPORT

The Directors of Rimfire Pacific Mining NL submit herewith the financial report for the half-year ended 31 December 2011.

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year and up to the date of this report are:

Graham Billingham
John Kaminsky
Ramona Enconniere
Thomas Burrowes

PRINCIPAL ACTIVITY

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

RESULTS OF OPERATIONS

The net result for the half-year after applicable income tax expense was a loss of \$163,546. This compares with a loss in 2010 of \$316,940 for the corresponding period.

The Company believes the result again underscores the cost efficient nature of its operations and exploration programs. As at 31 December 2011 the consolidated entity had \$2,179,401 in cash.

DIVIDENDS

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

REVIEW OF OPERATIONS

The Sorpresa Fine Gold Project and surrounding prospective areas for gold have developed significantly during 2011 and remain the major priority within the Company at this point in time.

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

The key overall objective of the Company continues to be "the establishment of a potential open cut minable resource within a 20km² zone of currently identified Au and Pt mineralisation noted within the Sorpresa, Platina-Gillenbine and Ebenezer project areas", which includes both alluvial targets and the greater bedrock systems.

Exploration activities in the period concentrated on the gold potential at Sorpresa and in the wider Fifield district, where 11 areas (EA1 to EA11) continue to be assessed with a variety of exploration techniques, including soil geochemistry, auger bedrock geochemistry, geological mapping, rock chipping, structural interpretation, including airphoto and geophysics reviews.

The RC drill programs completed on the Sorpresa gold (Au) prospect during 2011 and additional knowledge gained in the adjacent locations within the 20km² prospective area identified at Fifield NSW for gold mineralisation have formed the basis for geological model development using the important interpretation of the gold receptive horizon of black silica now identified.

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Inclusive of the main Sorpresa prospect (EA 1), a 4km² area has been identified as having a target potential of 0.5 million to 1.5 million ounces of Au.¹ Details of the basis for the assessment can be seen in the 2011 AGM Presentation.

The Company intends to continue its assessment and delineation of the Main Sorpresa Prospect, whilst advancing the development of additional areas for new Au discoveries. It is the Company's firm view that the district is likely to host a range of gold discoveries, some similar in character to the Sorpresa area, so ensuring a suitable balance between new exploration and delineation is important.

The overall geological setting and Au mineralised potential both continue to show impressive scale and promise in the wider Fifield district of 20km². The Company believes that "Company Making" Au mineralization is likely to occur in this setting.

Company Annual General Meeting (AGM)

The AGM was held on 25th November 2011 in Melbourne, where detailed presentations on the Company and its exploration progress and priorities were provided. The presentations are available by clicking the hyperlinks at:

[Exploration Presentation 2011 AGM \(Click here\)](#)

[Chairman address to 2011 AGM \(Click here\)](#)

Commodity Pricing for the Period

The price of Platinum fluctuated in the period, and was still trading at an historic discount to Gold. The price of Gold whilst also traded in a volatile manner in the quarter, however, both Platinum and Gold traded substantially higher in January 2012. (www.kitco.com).

As at 27th January 2012, the prices for metals in New York based on closing Ask in USD were as follows:

Gold	\$1,738/oz
Platinum	\$1,628/oz
Silver	\$34/oz

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

¹ **Disclaimer** - "That the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource."

AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained a declaration of independence from our auditors, in accordance with Section 307C of the Corporations Act 2001, as set out on page 4.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'J A Kaminsky', with a long horizontal flourish extending to the right.

**J A KAMINSKY
CHAIRMAN**

Dated in Melbourne this 15th day of March 2012.

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2011**

**To: The Directors
Rimfire Pacific Mining NL and the entities it controlled during the half year ended 31 December 2011**

I declare to the best of my knowledge and belief, in relation to the review of the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.



**D J Garvey
Partner
PKF**

15 March 2012
Melbourne

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-Year Ended 31 Dec 11 \$	Half-Year Ended 31 Dec 10 \$
Revenue from continuing operations		
Interest revenue	72,331	18,304
Other income	3,013	-
Expenses from continuing operations		
Professional Costs	(19,545)	(11,525)
Employee Benefits	(90,920)	(72,403)
Non-Executive Directors' Benefits	(37,080)	(34,200)
Share Based Payments - Exploration Personnel	-	(112,500)
Occupancy Costs	(16,217)	(19,941)
Depreciation	(14,946)	(15,767)
Administration Costs	(60,182)	(68,908)
	<hr/>	<hr/>
	(238,890)	(335,244)
Loss from continuing operations before income tax	<hr/>	<hr/>
	(163,546)	(316,940)
Income tax expense	-	-
Loss from continuing operations after income tax	<hr/>	<hr/>
	(163,546)	(316,940)
Other comprehensive income	-	-
Total comprehensive loss for the half year	<hr/>	<hr/>
	(163,546)	(316,940)
Basic Loss Per Share (cents per share)	(0.03)	(0.07)
Diluted Loss Per Share (cents per share)	(0.03)	(0.07)

The statement of comprehensive income is to be read in conjunction with the notes to the half-year financial report set out on pages 9 to 10.

RIMFIRE PACIFIC MINING NL A.C.N. 006 911 744**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	31 Dec 11	30 Jun 11
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,179,401	199,716
Receivables	144,891	77,581
Other financial assets	-	2,000,000
Other current assets	24,767	5,583
TOTAL CURRENT ASSETS	<u>2,349,059</u>	<u>2,282,880</u>
NON-CURRENT ASSETS		
Receivables	150,000	150,000
Property, plant & equipment	536,610	393,096
Exploration & evaluation costs carried forward	6,559,665	5,867,922
TOTAL NON-CURRENT ASSETS	<u>7,246,275</u>	<u>6,411,018</u>
TOTAL ASSETS	<u>9,595,334</u>	<u>8,693,898</u>
LIABILITIES		
CURRENT LIABILITIES		
Payables	92,947	97,186
Provisions	6,739	3,875
TOTAL CURRENT LIABILITIES	<u>99,686</u>	<u>101,061</u>
TOTAL LIABILITIES	<u>99,686</u>	<u>101,061</u>
NET ASSETS	<u>9,495,648</u>	<u>8,592,837</u>
EQUITY		
Contributed Equity	19,393,042	18,326,685
Accumulated losses	(9,897,394)	(9,733,848)
TOTAL EQUITY	<u>9,495,648</u>	<u>8,592,837</u>

The statement of financial position is to be read in conjunction with the notes to the half year financial report set out on pages 9 to 10.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

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

	Contributed Equity	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2010	16,110,293	(9,208,573)	6,901,720
Total comprehensive loss for the period, net of tax	-	(316,940)	(316,940)
Shares issued	112,500	-	112,500
Share issue costs	(1,844)	-	(1,844)
Balance at 31 December 2010	16,220,949	(9,525,513)	6,695,436

The statement of changes in equity is to be read in conjunction with the notes to the half year financial report set out on pages 9 to 10.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-Year Ended 31 Dec 11 \$ Inflows (Outflows)	Half-Year Ended 31 Dec 10 \$ Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(276,930)	(199,811)
Interest received	68,712	14,436
Fuel tax credits received	-	3,899
Net cash used in operating activities	<u>(208,218)</u>	<u>(181,476)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(159,603)	(27,381)
Payments for mining tenement exploration	(718,814)	(459,052)
Net cash used in investing activities	<u>(878,417)</u>	<u>(486,433)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,073,204	9,130
Costs associated with share issue	(6,884)	(41,304)
Net cash provided by / (used in) financing activities	<u>1,066,320</u>	<u>(32,174)</u>
Net decrease in cash and cash equivalents	(20,315)	(700,083)
Cash and cash equivalents at beginning of the half-year	2,199,716	1,654,313
Cash and cash equivalents at the end of the half-year	<u>2,179,401</u>	<u>954,230</u>

The statement of cash flows is to be read in conjunction with the notes to the half year financial report set out on pages 9 to 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011.

Basis of Preparation

The half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134, Interim Financial Reporting.

The half-year financial report does not include notes of the type normally included in an annual financial report. This report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

For the purpose of preparing the half year consolidated financial statements, the half year has been treated as a discrete reporting period.

Summary of Significant Accounting Policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2011.

The entity has not elected to early adopt any new Accounting Standards or amendments that are issued but not yet effective.

2. CONTRIBUTED EQUITY

	31-12-2011	30-06-2011	31-12-2011	30-06-2011
	Number of Securities		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	525,846,643	499,016,550	19,393,042	18,326,685
Ordinary shares on issue at beginning of period	499,016,550	436,766,550	18,326,685	16,110,293
<u>Movements during the period:</u>				
Shares issued:				
31 st August 2011	4,596,480	-	183,859	-
12 th September 2011	22,233,613	-	889,345	-
Shares issued in the previous year	-	62,250,000	-	2,332,500
Transaction costs relating to issues	-	-	(6,847)	(116,108)
Shares on issue at end of period	525,846,643	499,016,550	19,393,042	18,326,685
Unlisted options				
On issue at beginning of period	-	7,500,000		
<u>Movement during the period</u>				
Expired during the period	-	(7,500,000)		
On issue at end of period	-	-		

Listed options

During the period 26,830,093 listed options were exercised and an equivalent amount of ordinary shares were issued. The remaining listed options expired during the period on 31 August 2011.

3. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent liabilities or contingent assets which have arisen during or since the half-year which may significantly affect the operation of the consolidated entity, the results of that operation or stated affairs of the consolidated entity in future financial periods.

4. SEGMENT REVENUES AND RESULTS

The consolidated entity operated predominantly in one industry being mining, exploration and prospecting, and one geographical area, being Australia.

5. EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

The Directors are not aware of any material events subsequent to the half year ended 31 December 2011 which may significantly affect the operations of the consolidated entity, the results of that operation or stated affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the opinion of the Directors of Rimfire Pacific Mining NL:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

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

**J A KAMINSKY
EXECUTIVE CHAIRMAN**

Dated in Melbourne this 15th day of March 2012.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Rimfire Pacific Mining NL which comprises the statement of financial position as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Rimfire Pacific Mining NL (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rimfire Pacific Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Rimfire Pacific Mining NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PKF



**D J Garvey
Partner**

15 March 2012
Melbourne

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