

RIMFIRE PACIFIC MINING NL

ACN 006 911 744

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**

DIRECTORS' REPORT

The Directors of Rimfire Pacific Mining NL submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

DIRECTORS

The names of the Directors of the company during or since the end of the half-year are:

Graham Billingham	Director (appointed 24 May 1999)
John Adrian Kaminsky	Director (appointed 10 May 2004)
Ramona Enconniere	Director (appointed 28 April 2005)
Andrew Knox	Director (appointed 8 July 2005)

PRINCIPAL ACTIVITIES

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

RESULTS OF OPERATIONS

General operating costs continue to be contained. The net result for the half-year after applicable income tax expense was a loss of (\$323,544). This compares with a loss in 2006 of (\$288,842) for the corresponding period. The increase loss position compared to 2006 was largely affected by non-cash items representing (\$138,636) during the half year compared to 2006 of (\$109,813) for the corresponding period. This was as a result of options issued to Directors during the period.

The Company had a successful capital raising through a 1 for 4 Rights Issue to shareholders that closed in December 2007 raising A\$2,541,219 before the deduction of share raising transaction costs. The number of new ordinary shares subscribed by shareholders was approximately 48 million or 80% of the shares on offer. The remaining shares, namely, the 20% shortfall of approximately 12 million shares were taken up by the Underwriter and Lead Manager to the Issue, Patersons Securities Limited.

DIVIDENDS

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

REVIEW OF OPERATIONS

The Company maintained continuous exploration at Fifield NSW through daily field programs during the December 2007 half, involving soil line sampling, auger drilling, geophysical surveys, geochemistry evaluation sample processing and geological mapping.

The Company has now developed four major project areas in the vicinity of the Fifield township, namely the Platinum (Pt) project at "**Platina-Gillenbine**", the newly discovered Pt in soil anomaly named "**Ebenezer**", the "**Goldengreen**" shear zone Gold (Au) prospect and the "**Eclipse**" base metal prospect which is showing Volcanic Massive Sulphide (VMS) characteristics. These projects each have significant potential in the Company's view, and reflect the under-explored nature of the Fifield area.

The Company believes a very large primary Platinum (Pt) bearing province exists at Fifield and this is being demonstrated in the regional exploration work around the Platina-Gillenbine area, particularly the "Ebenezer" Pt prospect. It appears that the discovered Ebenezer Pt in soil anomaly has not been previously identified by other explorers at Fifield.

Ebenezer is located 500m SE of the Platina-Gillenbine work area. An initial major soil sampling program was conducted and the results have demonstrated significant coarse grain Pt is present, with associated gold (Au) in some areas. Pt grades in soil samples have been observed of more than 1g/t Pt, with a maximum grade seen to date of approximately 1.6g/t. It appears that the main mineralising structural control is fault or shear zone based.

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The Ebenezer Pt in soil map shows 6 semi parallel Pt corridors that in total cover an area of approximately 4 sq km.

Further close examination of two higher yielding coarse Pt areas within Ebenezer was also undertaken through a tighter sampling program at 50m intervals. The results were very encouraging, with coarse Pt recovered in most of the tighter grid samples (areas were approximately 200m x 200m each). It is the Company's belief that the results at Ebenezer are reflective of underlying bedrock source(s) for Pt within a shear zone system.

The "Ebenezer" prospect area is characterised by poor creek development so regional soil sampling is essential to locate Pt and Au. A detailed topographic survey was completed to allow more accurate interpretation of the soil movements and drainages in the area.

Extensive ground based geophysical surveys were conducted including magnetic, radiometric, gravity and EM surveys covering "Platina-Gillenbine" and "Ebenezer". This will assist the interpretation of the underlying geology, and could help indicate structural orientation and any deeper intrusives that may exist.

In the next period, the Company intends to undertake the following activities at Fifield:

- Commence trial bulk sampling operations at a location (called "Pit One") on the Company's freehold within the Ebenezer Pt anomaly. This would be followed by additional bulk sampling at selected areas.
- Conduct extensive soil sampling and subsoil auger drilling.
- Establish an RC drill program for "Goldengreen", and parts of "Eclipse"
- Undertake comprehensive data modelling and review incorporating the recent exploration, for Goldengreen, Ebenezer, Eclipse and other selected areas
- Continue evaluation of additional Pt areas within the Company tenements

In general, the Company has also extended its regional soil program in the quarter due to the success being shown at Ebenezer and has identified more prospective areas for coarse grain Pt to the north and the south of Platina-Gillenbine.

The goal of the exploration at Fifield is to establish a bedrock based Pt resource suitable for open cut mining using a low cost gravity separation plant. The Company believes significant progress has again been made in the period, having already established the key principal, that the coarse grain Pt is in fact derived from a local bedrock source at Platina-Gillenbine.

In addition to the work at Fifield, the Company conducted further diamond indicator mineral searches through soil sampling programs at its Bingara diamond project area, focussing on the Trevallyn prospect and the location South of Horton Valley No.1 Pipe. The Company believes additional "Pipes" are likely in these areas, based on key indicator mineral occurrence encountered to date and will pursue its ongoing program at Bingara accordingly.

The diamond exploration work at Bingara NSW continued to build upon the very successful period for the first half of 2007, where the location of Horton Valley No.1 and No.2 Pipes were discovered by the Company.

The preliminary petrology report on rock chips and heavy minerals recovered from auger samples taken from Horton Valley No.2 Pipe at the Bingara Diamond Project area confirmed earlier field observations made that a new discovery was made.

The geology does appear to be more complex at Horton Valley No.2, possibly reflecting a composite intrusion with local variation within the structure, or else several separate intrusions/breccia pipes/dykes. All 200 garnet grains that were "micro probed" from the pipe were "mantle derived".

New garnet indicator mineral has been identified 1km South of Horton Valley No.1 Pipe, and a Geophysical "Sub Audio Magnetic" surveys (SAM) were completed at Back Creek and Tom & Jerry South.

New exploration licences at Bingara were granted and these areas track regional geology identified as potentially similar to the geology of localities of Horton Valley No.1 Pipe and No.2 Pipe. Regional sampling programs are being planned for these new areas.

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The results to date represent significant further milestones in the Company's exploration within the Horton Valley for diamonds. The Company discovered two "Pipes" during 2007, where key indicator mineral has now been observed in fresh rock, below surface, and structurally controlled to "explosive vents". The Company is seeking to make further pipe discoveries in the district.

During the Trevallyn prospect evaluation at Bingara an unusual rock type was discovered "a likely xenocryst breccia" up slope from the stream sediment Trevallyn diamond recovered by the Company in earlier exploration programs at Trevallyn possibly indicative of a diatreme.

The field program at Trevallyn is designed to better target the planned auger drilling program to examine focused "subsurface target areas" at Trevallyn for possible sources of diamond and previously recovered diamond and diamond indicator minerals, which were found in stream sediment sampling in this locality by the Company. The Company has commissioned a skid mounted auger drill, to cope with drilling the 30⁰ incline slopes at Trevallyn.

Discovery of a new "pipe" within the Trevallyn area would be highly significant. This would then demonstrate that a key "diamond indicator mineral" source resides in a vent geology, within a drainage, above the recovery site of the "Trevallyn stream sediment diamond" found a number of years earlier.

Further surface sampling and auger drilling at the various locations in the district will be undertaken, as this is proving an excellent technique to test the best surface sample results, quickly and efficiently. Access to difficult topography is made possible, cutting lead times in exploration, through the use of the auger drills.

An appropriate bulk sampling program would be subsequently planned, subject to permitting, to investigate for contained diamond in the discovered pipes.

Company AGM

The Company held its AGM on 28th November 2007. The meeting was well attended, and an excellent presentation on the Company activities was provided. The presentation can be accessed at the ASX Limited website <http://www.asx.com.au/asxpdf/20071128/pdf/3163b8n9wbxxk4.pdf> or on the Company website <http://www.rimfire.com.au/PDF/AGM%20Presentation%2028.11.2007.pdf>.

The price of Platinum traded on an upward trend exceeding USD 1,500/ounce (www.kitco.com) during the period. The price of platinum remained very strong with a reasonable mid term outlook.

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 5.

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", written over a horizontal line.

**J A KAMINSKY
CHAIRMAN**

Dated in Melbourne this 7th day of March 2008.



Chartered Accountants
& Business Advisers

7 March 2008

Board of Directors
Rimfire Pacific Mining NL
Suite 810
530 Little Collins Street
MELBOURNE VIC 3000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Rimfire Pacific Mining NL for the half-year ended 31 December 2007, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely
PKF

A handwritten signature in black ink, appearing to read 'M L Port'.

M L Port
Partner

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half-Year Ended 31 Dec 07 \$	Half-Year Ended 31 Dec 06 \$
Revenue from continuing operations	19,104	9,065
Expenses from continuing operations		
Professional Costs	(55,380)	(50,865)
Travel Costs	(9,685)	(8,469)
Employee Costs	(53,094)	(51,395)
Non-cash Directors' securities benefits expense	(138,636)	(109,813)
Occupancy Costs	(9,217)	(7,794)
Borrowing Costs	(4,336)	(4,833)
Overhead Costs	(72,300)	(64,738)
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	(342,648)	(297,907)
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Loss from continuing operations before income tax	(323,544)	(288,842)
Income tax expense	-	-
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Loss from continuing operations after income tax	(323,544)	(288,842)
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Loss attributable to members	(323,544)	(288,842)
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Basic Earnings/(Loss) Per Share (cents per share)	(0.13)	(0.15)
Diluted Earnings/(Loss) Per Share (cents per share)	(0.13)	(0.15)

The condensed income statement is to be read in conjunction with the notes to the half-year financial report set out on pages 10 to 13.

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	31 Dec 07	30 Jun 07
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	2,900,574	1,145,962
Receivables	40,150	27,773
Other current assets	7,245	8,042
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	2,947,969	1,181,777
NON-CURRENT ASSETS		
Receivables	170,000	170,000
Property, plant & equipment	279,750	274,591
Exploration & evaluation costs carried forward	3,024,512	2,680,611
	<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS	3,474,262	3,125,202
	<hr/>	<hr/>
TOTAL ASSETS	6,422,231	4,306,979
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Payables	174,112	177,324
Interest-bearing liabilities	107,000	107,833
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	281,112	285,157
	<hr/>	<hr/>
TOTAL LIABILITIES	281,112	285,157
	<hr/>	<hr/>
NET ASSETS	6,141,119	4,021,822
<u>EQUITY</u>		
Share Capital	14,545,371	12,102,530
Accumulated losses	(8,404,252)	(8,080,708)
	<hr/>	<hr/>
TOTAL EQUITY	6,141,119	4,021,822
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The condensed balance sheet is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 13

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half Year Ended 31 Dec 2007			Total
	Share Capital	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
Balance at 1 July 2007	12,102,530	(8,080,708)	-	4,021,822
Shares issued during the period	2,638,719	-	-	2,638,719
Transaction costs related to shares issued	(239,809)	-	-	(239,809)
Options issued during the period	43,931	-	-	43,931
Loss attributable to the entity for the period	-	(323,544)	-	(323,544)
Balance at 31 December 2007	14,545,371	(8,404,252)	-	6,141,119

	Half Year Ended 31 Dec 2006			Total
	Share Capital	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
Balance at 1 July 2006	10,315,754	(7,607,020)	227,502	2,936,236
Shares issued during the period	346,400	-	-	346,400
Transaction costs related to shares issued	(5,511)	-	-	(5,511)
Options issued during the period	-	-	40,620	40,620
Transfer from options reserve on exercise	144,000	-	(144,000)	-
Transfer from options reserve to share capital	124,122	-	(124,122)	-
Loss attributable to the entity for the period	-	(288,842)	-	(288,842)
Balance at 31 December 2006	10,924,765	(7,895,862)	-	3,028,903

The condensed statement of changes in equity is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 13

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half Year Ended 31 Dec 07 \$ Inflows (Outflows)	Half Year Ended 31 Dec 06 \$ Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(289,357)	(170,510)
Interest received	19,104	9,065
Interest paid	<u>(86)</u>	<u>(4,833)</u>
Net cash used in operating activities	<u>(270,339)</u>	<u>(166,278)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,720)	-
Payment for mining tenement exploration	<u>(292,683)</u>	<u>(150,469)</u>
Net cash used in investing activities	<u>(304,403)</u>	<u>(150,469)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Costs associated with share issue	(209,716)	(5,511)
Deposits received from potential investors	10,500	-
Proceeds from share issue	<u>2,528,570</u>	<u>275,000</u>
Net cash provided by financing activities	<u>2,329,354</u>	<u>269,489</u>
Net increase (decrease) in cash and cash equivalents	1,754,612	(47,258)
Cash and cash equivalents at beginning of the half-year	<u>1,145,962</u>	<u>427,549</u>
Cash and cash equivalents at the end of the half-year	<u>2,900,574</u>	<u>380,291</u>

The condensed statement of cash flows is to be read in conjunction with the notes to the half year financial report set out on pages 10 to 13

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

**1. SELECTED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007.**

Note 1 – Basis of Preparation

The half-year consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the year ended 30 June 2007. It is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The half-year financial report does not include notes of the type normally included in an annual financial report.

The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2007.

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

2. CONTRIBUTED EQUITY

	31-12-2007	30-06-2007	31-12-2007	30-06-2007
	Number of Securities		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	305,976,107	240,520,886	14,545,371	12,102,530
	305,976,107	240,520,886	14,545,371	12,102,530
Ordinary Shares on issue at beginning of period	240,520,886	194,804,262	12,102,530	10,315,754
<u>Movements during the half year:</u>				
Issue on 18 th July 2007 exercise of an option at nil consideration	1,500,000	-	-	-
Issue on 14 th December 2007 for nil consideration on exercise of options	1,500,000	-	-	-
Issue on 14 th December 2007 for nil consideration as part of the Directors remuneration	1,950,000	-	97,500	-
Issue on 24 th December 2007 as part of a rights issue	60,505,221	-	2,541,219	-
Unlisted options issued during the half year	-	-	43,931	-
Issued in previous financial period	-	45,716,624	-	1,871,522
Transaction costs relating to issues	-	-	(239,809)	(84,746)
Shares on issue at end of period	305,976,107	240,520,886	14,545,371	12,102,530
Unlisted options exercisable at 12 cents on or before 30 September 2007				
On issue at beginning of period	4,500,000	4,500,000	2,192	-
<u>Movements during the period:</u>				
Issued during the period:	-	-	-	-
Expired on 30 September 2007	(4,500,000)	-	(2,192)	-
On issue at end of period	-	4,500,000	-	-
Unlisted options exercisable at 12 cents on or before 30 September 2008				
On issue at beginning of period	6,000,000	-	11,036	-
<u>Movement during the half year</u>				
Issued during the period	-	6,000,000	-	11,036
On issue at end of period	6,000,000	6,000,000	11,036	11,036

2. CONTRIBUTED EQUITY (cont'd)

	31-12-2007	30-06-2007	31-12-2007	30-06-2007
	Number of Securities		Value of Securities \$	
Unlisted options exercisable at nil cents on or before 15 July 2007				
On issue at beginning of period	1,500,000	-	6,000	-
<u>Movement during the half year</u>				
Issued during the period:	-	1,500,000	-	6,000
Exercised during the period	(1,500,000)	-	(6,000)	-
On issue at end of period	-	1,500,000	-	6,000
Unlisted options exercisable at nil cents on or before 15 January 2008				
On issue at beginning of period	1,500,000	-	3,500	-
<u>Movement during the half year</u>				
Issued during the period:	-	1,500,000	-	3,500
Exercised during the period	(1,500,000)	-	(3,500)	-
On issue at end of period	-	1,500,000	-	3,500
Unlisted options exercisable at 12 cents on or before 30 September 2010				
On issue at beginning of period	-	-	-	-
<u>Movement during the half year</u>				
Issued during the period	7,500,000	-	20,960	-
On issue at end of period	7,500,000	-	20,960	-
Unlisted options exercisable at nil cents on or before 15 July 2008				
On issue at beginning of period	-	-	-	-
<u>Movement during the half year</u>				
Issued during the period	750,000	-	36,750	-
On issue at end of period	750,000	-	36,750	-
Unlisted options exercisable at nil cents on or before 15 January 2009				
On issue at beginning of period	-	-	-	-
<u>Movement during the half year</u>				
Issued during the period	750,000	-	36,750	-
On issue at end of period	750,000	-	36,750	-

3. CONTINGENT LIABILITIES

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

4. SEGMENT REVENUES AND RESULTS

The company operated predominantly in one industry mining, exploration and prospecting, and one geographical area, 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 2007 which may significantly affect the operations of the entity, the results of that operation or stated affairs of the entity.

6. RELATED PARTY TRANSACTIONS

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:

Director Related Entities

Strategic International Ventures Pty Ltd, a company associated with J Kaminsky, provided consultancy services to the parent entity. Fees of \$55,000 were paid to Strategic International Ventures Pty Ltd for the half year period.

Entities in the wholly owned group

As at 31 December 2007, Axis Mining NL, a company wholly-owned by Rimfire Pacific Mining NL, owed an unsecured non-interest bearing loan to the parent entity. The balance of the amount owing remained unchanged since the start of the half year period being \$464,034.

RIMFIRE PACIFIC MINING NL A.C.N. 006 911 744

DIRECTORS' DECLARATION

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

- (a) the accompanying financial statements and notes comply with the accounting standards and Corporations Regulations 2001 and give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date.
- (b) at the date of this declaration there are reasonable grounds to believe that the consolidated entity 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



J A KAMINSKY
CHAIRMAN

Dated in Melbourne this 7th day of March 2008.



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Rimfire Pacific Mining NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rimfire Pacific Mining NL ('Rimfire'), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Rimfire and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Rimfire are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

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 an Interim 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 Rimfire's financial position as at 31 December 2007 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, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Rimfire would be in the same terms if it had been given at the time the auditor's review report was made.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rimfire 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 2007 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*.

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PKF
Chartered Accountants

A handwritten signature in black ink that reads 'M L Port'.

M L Port
Partner

Melbourne
7 March 2008