

**RIMFIRE PACIFIC MINING NL**

ACN 006 911 744

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2015**



## **DIRECTORS' REPORT**

Your directors present their report on the consolidated entity consisting of Rimfire Pacific Mining NL and the entity it controlled at the end of, or during, the half-year ended 31 December 2015.

### **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:

John Gillett – Director since 17<sup>th</sup> July 2014; Non-Executive Chairman since 3<sup>rd</sup> March 2015  
John Kaminsky - Director since April 2004; Managing Director since 3<sup>rd</sup> March 2015  
Graham Billingham - Director since May 1999; Secretary since September 2001  
Ramona Enconniere - Director since April 2005  
Thomas Burrowes - Director since December 2010

### **PRINCIPAL ACTIVITY**

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

### **RESULTS OF OPERATIONS**

The net result for the half-year after applicable income tax expense was a loss of \$413,610. This compares with a loss in 2014 of \$334,635 for the corresponding period.

The Company believes the result again underscores the cost efficient nature of its operations, with a high ratio of in ground expenditure to administration costs being achieved consistently over an extended period of time.

### **DIVIDENDS**

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

### **REVIEW OF OPERATIONS**

The Company focus remains at Fifield NSW, in gold, silver copper and platinum, where its ground holding and exploration efforts are situated within the well-established, highly credentialed and mineralised regional corridor, the Lachlan Transverse Zone (LTZ). This corridor includes the North Parkes Copper-Au mine and the Cadia Valley Au-Copper mines amongst others and represents an excellent discovery setting for the Company. During the period, the Company interacted with a number of Companies within the wider district in NSW for potential collaborative opportunities.

In December 2014, the Company declared a JORC 2012 Compliant Inferred & Indicated Maiden resource for Sorpresa, which comprised 6.4Mt for 7.9Moz of silver and 125kOz of gold (at 0.5g/t Au & 25g/t Ag cutoff). The mineralisation system is considered open in a number of directions, with targets for growth being identified in the high grade lenses, infill locations, spatially related geophysics and extensional drilling opportunities. A recent additional gravity survey and additional geological mapping (Feb 2016) have been undertaken to assist these goals.

In parallel, the Company continued the assessment of its substantial portfolio of more than 30 regional targets within a 6km radius of Sorpresa. The portfolio has been ranked by priority and is being systematically progressed, looking to provide additional discovery growth to the Company. There are now five regional areas that have significant mineralized anomalies with early stage geochemical profiles that could be considered comparable to the early discovery stages of Sorpresa. The confirmation of a Copper signature at Eclipse (including a best intersection in hole Fi0588 of 4m @ 6.5% Cu and 2.30g/t Au) and the Yoes areas, was a significant outcome for the period.

The progress in the period has again demonstrated that the work programs continue to yield results that re-inforce the overall potential of the Fifield area. It is anticipated the Company will maintain a regular flow of news in 2016.

A program of evaluation of the higher grade areas within the oxide zone at the Sorpresa resource commenced in the half year period. The focus was on Trench 31 and Roadside areas and included additional metallurgical trials.

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This RC drilling assists the assessment of the structural controls and orientation of high grade lens areas within Sorpresa. The Company continues to encounter a significant proportion of high grade results in the program, providing further encouragement for economic feasibility assessment. Key outcomes of the work include:

- ❑ The drilling has improved the knowledge of orientation and controls operating on the higher grade gold and silver.
- ❑ Parts of the resource at Sorpresa would move to measured status in due course with model upgrades.
- ❑ The Sorpresa Gold and Silver drilling continues to provide consistent high grade results and demonstrates continuity in the known mineralised zone at Trench 31 area and Roadside at shallow depths (typically 0~50m).

The frequency of the higher grade results (>10g/t Au) including results above 30g/t Au in numerous places, plus bonanza patches for silver (>1,000g/t Ag) at Roadside is encouraging. The work assists both delineation and extension discovery strategies for Sorpresa enabling the use of the information for projections into previously undrilled areas outside the existing resource boundary.

There is a priority to focus efforts on increasing the gold resource that is suited to shallow open-cut mining, with ideas emerging from the recent work for new shallow extensions.

Accordingly, increasing shareholder value through further discovery remains an important component of the Company strategy. The Company has now established a number of project areas of importance involving potential for hard rock Gold (Au), Silver (Ag), Platinum (Pt) and Base Metals within an extensive prospective 35km<sup>2</sup> area at Fifield, which is part of the contiguous 566km<sup>2</sup> tenement position held by the Company.

The overall geological setting demonstrates that the gold, silver, copper and platinum mineralised potential continues to show impressive scale and promise in the wider Fifield district. The Company believes that “Company Making” Au mineralization could occur in this setting. It is the Company’s considered view that the district is likely to host a range of gold discoveries, some similar in character to the Sorpresa area. Ensuring a suitable balance between regional exploration and continued assessment at Sorpresa is therefore important.

This approach helps mitigate risk, ensuring a more sustainable business and provides a diversified platform for the Company to develop the value of the Fifield area while starting the transition to examine economic pathways. The Company continues to maintain an objective to the establishment of a potential open cut minable resource within the wider Sorpresa project area.

The global economic circumstances worsened during the period extending the difficult market conditions for junior resource companies in particular. Sustained lower gold and silver prices (in USD) alienated investor sentiment further from the higher risk exploration sector, creating a very tough environment in which to raise risk capital. Although the weakening Australian dollar has provided an increase in metal prices, in local terms, investor sentiment still maintains a bias to existing producers rather than explorers.

It is the Company’s belief that this will likely improve during 2016 as we near the bottom of the commodity cycle. This will allow more advanced explorers, such as Rimfire, that possess higher quality geological and mineralized settings, to attract investment interest in the coming periods. This is well reflected in discussions the Company is having with potential industry partners.

The challenging economic and market environment intensified during 2015 with increased volatility and difficult conditions for attracting higher risk capital. However, the Company has remained in relatively healthy financial shape, with a respectable cash position being maintained. The market capitalization of the Company (approx. \$12M at 31st December 2015) compared favourably with sector peers in exploration listed on the ASX (and TSX). Additional working capital of \$1.043M was raised in December 2015 through a rights issue. The support shown towards the Company by existing and new shareholders in the capital raising was much appreciated by the Company.

A consistent work rate was maintained in the field at Fifield in the belief that the Company’s project areas utilizing lower industry costs, particularly for drilling contractors. The Board acknowledges that the Company prospects are of high quality and have the potential to continue to deliver positive results. Whilst the Company acknowledges that

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substantial work is still required at Fifield on both existing and new prospects, and that this is not without risk, the Company believes that the continued positive progress made during 2015 is encouraging and lays a solid foundation heading into 2016/2017.

### Reporting Period Highlights

The high grade sulphide rich Cu/Au intersections of 4m @ 6.5% Cu & 2.3g/t Au & 10 g/t Ag from 119m (incl. 2m @ 10.95% Cu & 3.87g/t Au & 16.6g/t Ag from 120m in Fi0588) announced in RC drilling at Eclipse South (ASX 22nd July 2015) validates the Company's strategy of operating a regional prospect portfolio of discovery opportunities, in parallel to the growth and economic assessment of the existing Sorpresa resource.

Economic assessment of the Sorpresa Resource (inferred and indicated resource of 6.4Mt for 7.9Moz of silver and 125kOz of gold (at 0.5g/t Au & 25g/t Ag cutoff)) continued with shallow RC drilling that is testing the continuity of high grade gold and silver shoots identified within the Trench 31 and Roadside North areas.

The first stage of the resource at Sorpresa equates to approx. a quarter million ounces of gold equivalent, made up of 50:50 gold and silver. This is a solid platform for additional discoveries in future periods.

The Company believes there is upside potential for gold within the Sorpresa resource, with further investigation required on the likely incidence of additional higher grade gold zones yet to be discovered, and currently missed due to wider spaced drilling conducted in parts. Similarly, the controls on distribution of the higher grade gold is yet to be fully understood and the Company has placed emphasis on this in 2015 and 2016.

The RC drilling programs conducted in the period continue to support the view that resource and discovery growth opportunities remain dynamic at Sorpresa, thus providing potential upside for the Company to go beyond the maiden resource estimate.

### Highlights – Sorpresa Gold and Silver area

- RC drilling at Sorpresa in the known mineralised zone at Trench 31 area has revealed gold with consistent high grade results at shallow depths (typically 0~50m).
  - A strong north-south zone, not previously understood, with high grades Au/Ag
- A best intersection occurred in Hole Fi 0689 with 9m @ 18.15g/t Au & 100g/t Ag from 18m
  - This represents the 3<sup>rd</sup> best hole ever returned at Sorpresa
- Best individual 1m or 2m intervals (>20g/t Au) in the oxide zone returned at Sorpresa, Trench 31 area, reported in the period, include: (note: Tables 1 a,b,c this report show intersection details)
  - Fi 0548 with 1m @ 53.30g/t Au & 74g/t Ag;      Fi 0658 with 1m @ 50g/t Au & 55g/t Ag
  - Fi 0662 with 1m @ 39.6g/t Au & 58g/t Ag;      Fi 0659 with 1m @ 33.7g/t Au & 31g/t Ag
  - Fi 0680 with 2m @ 31.35g/t Au;              Fi 0685 with 1m @ 54.20g/t Au & 121g/t Ag
  - Fi 0672 with 1m @ 36.10g/t Au;              Fi 0684 with 1m @ 21.50g/t Au
  - Fi 0687 with 2m @ 14.85g/t Au;              Fi 0690 with 1m @ 24.1g/t Au
  
  - Fi 0689 with 1m @ 69.0g/t Au, Plus 1m @ 38.6g/t Au also returned 1m @ 448g/t Ag, the highest assay for silver at Trench 31 to date
- At Roadside area within Sorpresa, a best hole Fi 0528 returned 14m @ 5.24g/t Au & 156g/t Ag from 21m (incl. 3m @ 17.38g/t Au & 243g/t Ag)
- Further metallurgy at Sorpresa in the oxide and primary zones provided promising gravity, floatation and leaching recoveries. Conceptual plant and process options are being reviewed.
- Geophysical reviews (Gravity & Magnetics) are yielding newly identified target areas adjacent to Sorpresa.

(This RC drilling was part of an ongoing assessment of the structural controls and orientation of high grade gold and silver lens areas within Sorpresa. The positive results provide further encouragement for an economic feasibility appraisal. Additional RC drilling is planned at Roadside area within the 1<sup>st</sup> Quarter 2016.)

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### Highlights – Fifield Regional Activities (within 6km radius of Sorpresa)

- ❑ Detailed geological mapping has been conducted and continues in the Eclipse Trend - Yoes areas (4km<sup>2</sup>), to assist interpretation and targeting for the copper-gold signature now established
- ❑ The Eclipse Trend is now 3km in length with new gold anomalism confirmed in auger and RC drilling which extends the known position 800m to the south
- ❑ Regional soil programs and mapping were conducted north of Eclipse Trend & Yoes Trend, with encouraging mineralized float identified and providing a positive context for potential copper-gold porphyry systems
- ❑ New regional creek and auger geochemical sampling programs were underway for copper and gold
- ❑ Further refinement of the geological model concepts has occurred and additional targets have also been identified, based on geochemistry, mapped geology and geophysics

### Highlights – Corporate and other activities

- ❑ The AusIndustry R & D submission was successfully concluded and provided the Company with \$1.046m in additional non-dilutive funds in early November.
- ❑ Numerous presentations were made including the international resources conference, IMARC and the Sydney Resources conference.
- ❑ Discussions for potential partnership opportunities were continued, including site visits.
- ❑ 1 for 7 rights issue at 2.0 cents (plus free option) raised \$1.043m before costs in December
- ❑ The Company was awarded a new exploration license EL8401 (288km<sup>2</sup>) located east of Yoes. The area is deemed to extend the prospective opportunity for gold and copper discovery.
- ❑ A major upgrade to the Company website was implemented ([www.rimfire.com.au](http://www.rimfire.com.au))

Regional exploration utilizes aspects of the knowledge gained at Sorpresa thereby assisting the Company's endeavor to make new discoveries within the highly prospective 35km<sup>2</sup> area at Fifield.

Whilst there are many practical hurdles for the Company to achieve its vision of establishing, in a reasonable time frame, an open cut mining operation at Fifield, this remains the ultimate goal, and the exploration effort is firmly focused with this in mind.

The Company continues to be encouraged and remains of the view that at Fifield, within the greater Sorpresa 35km<sup>2</sup> area, this area has a capacity to host multimillion ounces of gold equivalent metal. The district looks capable to yield the discovery of world class deposits leading to a "Company Making" opportunity.

The Company is striving to deliver its strategy, and maintain its momentum by applying intelligent effort to its range of quality prospects and project areas located at Fifield, attempting to increase value to shareholders in 2016 and beyond. The Company and Board are most grateful for the ongoing support provided by shareholders during the last period.

### Company Annual General Meeting (AGM) and Presentations

The AGM was held on 27<sup>th</sup> November 2015 in Melbourne, at the premises of the Company new accountancy firm, Shinewing, and was attended by more than 50 people. A strong supportive vote was returned on the resolutions at the AGM, which were all passed comfortably.

Expert guest speakers presented context for the resources industry and the junior companies in particular, providing valuable benchmarking criteria. The presentation delivered by Hedley Widdup, Lion Selection, on the key market drivers in the resources sector, provided an excellent backdrop to the meeting and was well received.

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Professor Richard Schodde also delivered an update to the AGM on his world renowned tracking study that targets issues and trends in the junior exploration sector. It was pleasing for Rimfire to receive a positive independent benchmark on the efficiency and effectiveness of the Company's performance, above the industry sector averages.

The presentations given at the AGM are available by clicking the hyperlinks below at:

Title: *AGM 2015 CEO Presentation Corporate and Exploration*: [Click here](#) to view this announcement.

Title: *AGM 2015 H. Widdup Presentation Mining Market Snapshot*: [Click here](#) to view this announcement.

Title: *AGM 2015 Richard Schodde Presentation Exploration Trends*: [Click here](#) to view this announcement.

Title: *AGM 2015 Chairman Address*: [Click here](#) to view this announcement.

### **Cash, Funding, Facilities and Investments**

There were a number of initiatives in the period aimed at providing ongoing capital to the Company.

#### *Rights Issue Completed 30<sup>th</sup> November 2015*

A non-renounceable rights issue (Rights Issue) offering one (1) new share for every seven (7) shares held at an application price of 2.0 cents per share, with one free attached option for every new share was open to eligible shareholders and investors as at 10th November 2015 (the "Record Date").

The Rights issue resulted in 52,145,951 new shares and 52,145,951 attaching free new options being issued, raising approximately \$1.043M before costs for the new securities.

In total, the Directors subscribed to approx. \$200,000 in combined entitlements and sub underwriting. In the context of the existing difficult global market conditions, this was a very successful capital raising and all shareholders and participants are to be sincerely thanked for their ongoing support provided to the Company. The Directors were not entitled to any fees. The issue, if fully subscribed, would have raised \$2.126 million before costs.

#### *AusIndustry R&D funds received*

An AusIndustry R & D Application for the year to June 2015 was submitted in August 2015 and was successfully concluded providing the Company with \$1.046m (before costs) in additional non-dilutive funds in early November.

#### *Available draw down of \$175,000 Drilling Grant completed*

The Company was awarded (Sept 2014) an approximately \$175,000 grant from the NSW Government Department of Trade & Investment, under its '[New Frontiers Co-operative Drilling Program](#)' initiative. The drilling funds were used to make further progress of the wider Sorpresa Project area, at Fifield, NSW, and this program was concluded in the 3<sup>rd</sup> quarter 2015.

In addition, as cost saving measures, the Company made further adjustments in its personnel commitments, which provided reduced field expenditure during 2015 and again heading into 2016.

### **Work Program Intentions and Corporate Activities for 2016**

During the next phase of exploration and assessment, the major priorities intended for the Company at Fifield during 2016 will involve:

- ✓ Sorpresa resource, further definition, discovery growth and economic parameters assessment
  - Continue the definition and understanding of the high grade lens areas with further drilling

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- Seek to extend the discovery growth into new adjacent areas, based on geophysics, mineralisation projections and testing additional concepts in modelling the known resource
- ✓ Finalise discussions with potential commercial partners for the Company's project areas, aiming to:
  - Assist accelerated outcomes in discovery growth through additional committed expenditure
  - Look at development opportunities for the Sorpresa resource
  - The Company has several technical information exchange agreements in place (CA's), and will pursue the opportunities to create appropriate partnerships as it sees fit to do so.
- ✓ Maintain a discovery growth focus on the regional opportunities for gold and copper which will involve the follow up of the prioritised regional prospects under review:
  - This will involve a range of activities, including geophysics, RC drilling and geochemistry
  - Immediate areas of interest include Eclipse Trend – CO2 - Yoes areas, and their extensions

The Company considers there is good potential for value creation with these initiatives.

### **Commodity Pricing for the Period**

The price ([www.kitco.com](http://www.kitco.com)) for gold had shown volatility during 2015, with some slight recovery in early 2016. Platinum pricing had a major discount to gold in the period, trading down USD\$200/ounce year on year. As at 22<sup>nd</sup> February 2016, the prices for metals in New York based on closing Ask in USD were as follows:

	9 March 2015	22 Feb 2016
Gold	\$1,168/oz	\$1209/oz
Platinum	\$1,145/oz	\$932/oz
Silver	\$15.73/oz	\$15.32/oz

### **Competent Person Declarations**

*The information in the report to which this statement is attached that relates to Exploration and Resource Results is based on information reviewed and compiled by Colin Plumridge who is deemed to be a Competent Person and is a Member of The Australasian Institute of Mining and Metallurgy.*

*Mr Plumridge has over 45 years' experience in the mineral and mining industry. Mr Plumridge is employed by Plumridge & Associates Pty. Ltd. and is a consulting geologist to the Company. Colin Plumridge has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Colin Plumridge has previously consented to the inclusion of the matters based on the information in the form and context in which it appears.*

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**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 2015 which may significantly affect the operations of the consolidated entity, the results of that operation or stated affairs of the consolidated entity.

**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 8.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'John Gillett', written in a cursive style.

**JOHN GILLETT  
CHAIRMAN**

Dated in Melbourne this 7th day of March 2016.





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**DECLARATION OF INDEPENDENCE BY SIMON SCALZO TO THE DIRECTORS OF RIMFIRE PACIFIC MINING NL**

As lead auditor for the review of Rimfire Pacific Mining NL for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to be 'S Scalzo', written over a light blue horizontal line.

Simon Scalzo  
Partner

**BDO East Coast Partnership**

Melbourne, 7 March 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Half-Year Ended 31 Dec 15 \$	Half-Year Ended 31 Dec 14 \$
<b>Revenue</b>			
Interest revenue		10,163	21,522
Research and development tax offset income	2	147,024	185,527
<b>Expenses</b>			
Professional costs		(86,700)	(89,364)
Employee benefits		(167,560)	(188,321)
Non-Executive Directors' benefits		(60,000)	(57,500)
Occupancy costs		(20,175)	(17,116)
Travel costs		(23,554)	(7,964)
Marketing expense		(60,996)	(58,223)
Depreciation		(22,517)	(24,501)
Insurance		(26,094)	(26,624)
Share registry and listing costs		(40,562)	(25,872)
Loss on disposal of plant and equipment		(2,594)	-
Administration costs		(60,045)	(46,199)
		<u>(570,797)</u>	<u>(541,684)</u>
<b>Loss before income tax</b>		<b>(413,610)</b>	<b>(334,635)</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>(413,610)</b>	<b>(334,635)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the half year</b>		<b><u>(413,610)</u></b>	<b><u>(334,635)</u></b>
<b>Loss per share for the period attributable to members of Rimfire Pacific Mining NL</b>			
Basic loss per share (cents per share)		(0.05)	(0.05)
Diluted loss per share (cents per share)		(0.05)	(0.05)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes for part of these financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	31 Dec 15 \$	30 Jun 15 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,702,696	1,297,896
Trade and other receivables		118,823	157,060
Other current assets		-	16,507
<b>TOTAL CURRENT ASSETS</b>		<u>1,821,519</u>	<u>1,471,463</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		150,000	150,000
Property, plant & equipment		522,484	543,003
Exploration & evaluation costs	3	10,755,948	10,705,929
<b>TOTAL NON-CURRENT ASSETS</b>		<u>11,428,432</u>	<u>11,398,932</u>
<b>TOTAL ASSETS</b>		<u>13,249,951</u>	<u>12,870,395</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		313,563	470,948
Provisions		19,481	16,443
<b>TOTAL CURRENT LIABILITIES</b>		<u>333,044</u>	<u>487,391</u>
<b>TOTAL LIABILITIES</b>		<u>333,044</u>	<u>487,391</u>
<b>NET ASSETS</b>		<u>12,916,907</u>	<u>12,383,004</u>
<b>EQUITY</b>			
Contributed equity	4	27,078,963	26,131,450
Accumulated losses		(14,162,056)	(13,748,446)
<b>TOTAL EQUITY</b>		<u>12,916,907</u>	<u>12,383,004</u>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes for part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2015</b>	26,131,450	(13,748,446)	12,383,004
Total comprehensive loss for the period, net of tax	-	(413,610)	(413,610)
<b>Transaction with owners in their capacity as owners</b>			
Shares issued	1,044,042	-	1,044,042
Share issue costs	(96,529)	-	(96,529)
<b>Balance at 31 December 2015</b>	<b>27,078,963</b>	<b>(14,162,056)</b>	<b>12,916,907</b>

	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Balance at 1 July 2014</b>	25,104,814	(13,027,652)	12,077,162
Total comprehensive loss for the period, net of tax	-	(334,635)	(334,635)
<b>Transaction with owners in their capacity as owners</b>			
Shares issued	1,092,874	-	1,092,874
Share issue costs	(42,455)	-	(42,455)
<b>Balance at 31 December 2014</b>	<b>26,155,233</b>	<b>(13,362,287)</b>	<b>12,792,946</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes for part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>Half-Year Ended 31 Dec 15 \$ Inflows (Outflows)</b>	<b>Half-Year Ended 31 Dec 14 \$ Inflows (Outflows)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(496,504)	(436,820)
Interest received	14,181	28,668
Net cash used in operating activities	<u>(482,323)</u>	<u>(408,152)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from property, plant and equipment	1,000	-
Proceeds from government grants	1,189,493	-
Purchase of property, plant and equipment	(10,968)	(35,540)
Payments for mining tenement exploration	(1,178,674)	(1,596,069)
Net cash provided in investing activities	<u>851</u>	<u>(1,631,609)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	934,043	992,874
Costs associated with share issue	(47,771)	(22,731)
Net cash provided by financing activities	<u>886,272</u>	<u>970,143</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>404,800</b>	<b>(1,069,618)</b>
<b>Cash and cash equivalents at beginning of the half-year</b>	<b>1,297,896</b>	<b>2,355,073</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b><u>1,702,696</u></b>	<b><u>1,285,455</u></b>

The consolidated statement of cash flows is to be read in conjunction with the the accompanying notes for part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation and Statement of Compliance**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and comply with Australian Accounting Standards including *AASB 134 Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report has been prepared on an accruals basis and is based on historical cost.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2015, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2015.

**(a) Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, and has determined that their application to the financial statements is either not relevant or not material.

**(b) Going Concern**

During the half-year ended 31 December 2015, the consolidated entity incurred an operating loss of \$413,610 (31 December 2014: \$334,635) and had cash outflows from operating activities of \$482,323 (31 December 2014: 408,152). The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The half-year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- As at 31 December 2015, the consolidated entity had cash and cash equivalent of \$1,702,696.
- Consolidated entity is anticipating the receipt of a R&D tax incentive in the next 12 months. This is consistent with previous years' cash inflows from the government grant.
- Directors have a number of external funding alternatives available such as a farm-out of exploration commitments or raising additional equity funds. The Company has a history of successfully undertaking capital raisings during the last 10 years.
- The Board also has the ability to defer or reduce operating activities and exploration expenditure if necessary, whilst meeting minimum tenement expenditure commitments.

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

Based on the consolidated entity successfully actioning the above, the directors believe that the consolidated entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

### (c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period disclosures.

## 2. RESEARCH AND DEVELOPMENT TAX OFFSET INCOME

	<b>Half-Year Ended 31 Dec 15</b>	<b>Half-Year Ended 31 Dec 14</b>
	\$	\$
Research and development tax offset	147,024	185,527

An additional \$898,217 received during the half year ended 31 December 2015 (2014 - \$1,028,098 during the half year ended 31 December 2014) as part of the R&D tax offset has been applied against the Exploration Expenditure asset.

## 3. EXPLORATION AND EVALUATION COSTS

	<b>Half-Year Ended 31 Dec 15</b>	<b>Year Ended 30 June 2015</b>
	\$	\$
Opening Balance	10,705,929	9,543,362
Additional expenditure	1,092,488	2,190,665
Research and development tax offset	(898,217)	(1,028,098)
NSW Cooperative Drilling Grant	(144,252)	-
Closing Balance	<u>10,755,948</u>	<u>10,705,929</u>

## 4. CONTRIBUTED EQUITY

	Half-Year Ended 31 Dec 15	Half-Year Ended 31 Dec 14	Half-Year Ended 31 Dec 15	Half-Year Ended 31 Dec 14
	Number of Securities No.		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	796,169,607	742,401,176	27,188,963	26,155,233
<b>Ordinary shares on issue at beginning of period</b>	744,001,176	687,757,495	26,131,450	25,104,814
<u>Movements during the period:</u>				
<b>Shares issued:</b>				
In the previous period	-	54,643,681	-	1,092,874
7 December 2015	52,145,951	-	1,042,918	-
14 December 2015	22,480	-	1,124	-
Transaction costs relating to issues	-	-	(96,529)	(42,455)
<b>Shares on issue at end of period</b>	<b>796,169,607</b>	<b>742,401,176</b>	<b>27,078,963</b>	<b>26,155,233</b>

Listed Options

On 7 December 2015, in accordance with the terms of the non-renounceable share rights issue, 52,145,951 listed options were issued with an exercise price of 3.5 cents and an expiry date of 15 May 2017.

## 5. SEGMENT REVENUES AND RESULTS

The consolidated entity operated predominantly in one industry being mining, exploration and prospecting, and one geographical area, being Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and determining the allocation of resources. There is no aggregation of operating segments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the annual report.

## 6. 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 2015 which may significantly affect the operations of the consolidated entity, the results of that operation or the state of affairs of the consolidated entity.



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**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 2015 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 other mandatory professional reporting requirements; 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



**JOHN GILLETT  
CHAIRMAN**

Dated in Melbourne this 7<sup>th</sup> day of March 2016.



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## 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, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 internal 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 half-year 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 2015 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Rimfire Pacific Mining NL, would be in the same terms if given to the directors as at the time of this auditor's review report.



**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 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 2015 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*

**Emphasis of matter**

Without modifying our conclusion, we draw attention to Note 1(b) in the financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'S. Scalzo'. Above the signature is a stylized 'BDO' logo in black ink.

**Simon Scalzo**  
**Partner**

Melbourne, 7 March 2016