



RIMFIRE PACIFIC MINING NL

**ANNUAL
REPORT
2017**



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Corporate Governance Statement

The Company's 2017 Corporate Governance Statement has been released to ASX on 29 September 2017 and is available on the Company's website www.rimfire.com.au.

Dear Fellow Shareholders,



The last financial year has seen our Company make significant progress whereby Rimfire has entered into an earn-in joint venture with New Gold Inc.

NEW GOLD PARTNERSHIP DETAILS

In October 2016, the Company entered into an earn-in joint venture series of agreements, with Canadian gold, silver and copper producer, New Gold Inc. (TSX/NYSE: NGD). New Gold Inc. is a CAD\$2 billion market capitalised company, with operational experience in five mines, including in NSW (The Peak Mines at Cobar).

New Gold Inc. have invested A\$0.5 million in our Company and committed to a minimum spend of A\$2 million within March 2018 with no early withdrawal rights and no residual interest in the project. Should New Gold Inc. elect to spend further funds they can earn up to 51% of the project by spending up to an additional \$5 million within three years, or up to a 70% interest if an aggregate of \$12 million is spent in 5 years. In addition, should the Sorpresa Gold and Silver Resource ultimately be mined and processed New Gold Inc. will pay additional monies up to A\$5 million.

In recognition of Rimfire's technical and discovery expertise Rimfire will have direct control over 15% of the first \$7 million funded by New Gold Inc. and the Rimfire technical team will be intimately involved in the project service delivery at Fifield.

New Gold Inc's initial work focused on broad scale data acquisition including a detailed airborne magnetic and radiometric survey, aircore and auger drilling soil geochemistry. Rimfire and New Gold Inc. jointly undertook first pass reverse circulation and diamond drilling on selected target areas whilst continuing structural interpretation and ground mapping programs pursued across large portions of our tenement package.

It is anticipated that further drill programs will be implemented late in 2017 and early 2018. Some of these drill programs may be sole funded by Rimfire although the funds expended will count towards our contribution for any future Joint Venture should one be established with New Gold Inc.

The 2018 Financial Year should provide significant news flow as we drill a number of new greenfield targets identified by the partners and follow up drilling on previously identified areas that we are now seeing results from, including the new Transit gold area 4km to the east of the Sorpresa gold and silver resource. The Transit area delivered four gold intersections from four holes, including 44m @ 0.63 g/t Au from 36m including 20m @ 1.11 g/t Au (Hole Fi0808 reported to [ASX 19 September 2017](#))

Gold, silver and copper will continue to be the major discovery focus for the Company, however, the potential for a greater diversity of metal outcomes exists at Fifield. In particular, Clean TeQ's (ASX code: CLQ) Syerston Deposit (nickel, cobalt, scandium and platinum) within the Tout Intrusive Complex, is adjacent to the tenement boundaries between the two companies. Rimfire has noted that geological similarities exist in its tenement adjacent to Clean TeQ, and whilst at an early stage of assessment, Rimfire will pursue this opportunity with fieldwork programs being undertaken to define drill targets.

CORPORATE ACTIVITIES

Congruent to the Company's strategic vision, the appointments of Andrew Greville as Non-Executive Director and Greg Keane as CFO adds significant mining expertise and depth of experience to the Board and management team.

During the year the company raised A\$3.5 million from existing and new shareholders through placements and a share purchase plan. The Board and management are very grateful to the ongoing support from shareholders. R&D funding of A\$0.5 million was also granted during the year with the Company's cash and short-term deposit balance to A\$2.6 million as at 30 June 2017.

Finally, I'd like to thank management, our staff, contractors, stakeholders and my fellow Directors for their contributions and work during the year. In particular, I would like to acknowledge and sincerely thank Graham Billingham, our longest serving Non-Executive Director, retiring at the forthcoming AGM, for his guidance and wise counsel to the Board during the last 18 years!



Ian McCubbing
Chairman of the Board
Dated: 20th October 2017

FIFIELD PROJECT AREA EXPLORATION



Rimfire Pacific Mining is currently focussed on exploration for gold (Au), silver (Ag) and base metals (Cu) on its Fifield Project Area located at Fifield, in Central Western NSW. The Company’s goal is to continue discovery growth and establish a potential minable resource(s) within the currently held project areas.

The continued success of the Company’s exploration methodology has been buoyed by the commencement of an earn-in agreement with New Gold Inc. (TSX/NYSE: NGD). This partnership is a recognition of the outstanding work completed to date by Rimfire and the prospectivity of the tenement portfolio to host a mineralising system of suitable scale and class to meet the requirements of New Gold Inc.

With historic operations at The Peak Mines, Cobar NSW, and its New Afton Gold-Copper Mine in Canada, New Gold Inc. is familiar with both the Lachlan Transverse Zone (LTZ), and the style of mineralisation potential at Fifield. The discovery aspiration for the Fifield area is to achieve an aggregate discovery outcome greater than 4 million ounces of gold equivalent metal, being capable of supporting a mine life in excess of 10 years, and within the lower third of industry costs of production.

The Company is still adding new discovery opportunities at Fifield, typically with subtle surface expressions for the mineralisation. The wide array of work programs conducted in 2017 have successfully extended the discovery knowledge, assisting the integrated understanding of the district around Sorpresa and has led to better interpretation of the geology and mineralisation thereby creating additional discovery opportunities.

The area around the Sorpresa gold and silver resource (JORC 2012) remains highly encouraging, with excellent discovery potential.

In addition to a continued emphasis on the prospective “7km x 2km wide Sorpresa Corridor” which includes the Fortuna gold prospect in the north, discovery efforts have also focused on regional prospecting to gain a greater understanding of the wider mineral system dynamics across the tenement package.

The Company owns 223 hectares of freehold land in Fifield, which covers much of the historic alluvial platinum/gold workings in the district. With the addition of EL8542 and EL8543 during the period the registered tenements and licences now cover an area of approximately 669km².

The Company also maintains a 10% interest (Perilya 90%) in the Broken Hill area, which includes potential for cobalt and base metal mineralisation.

Exploration Summary and Highlights

The Company conducted ongoing drill delineation of gold and silver mineralisation along strike and at depth at the Sorpresa gold and silver mineralised zone within the high-grade lenses at Boundary Gate and Roadside areas.

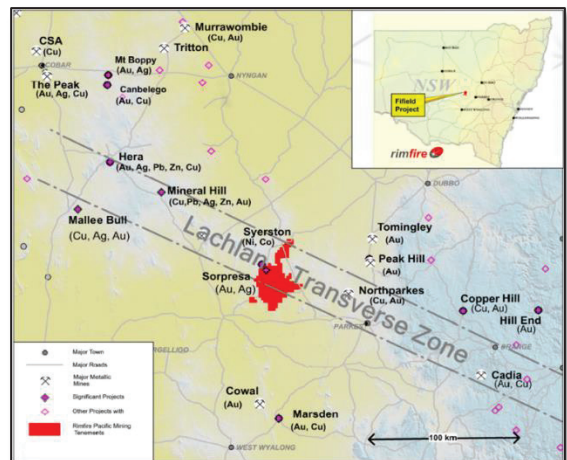
Drilling results were again positive with previously undetected high-grade gold mineralisation intersected at Boundary Gate (Fi 0626 with 26m @ 1.89g/t Au from 6m incl. 14m @ 3.16g/t Au from 8m which incl. 1m @ 24.9g/t Au from 12m).

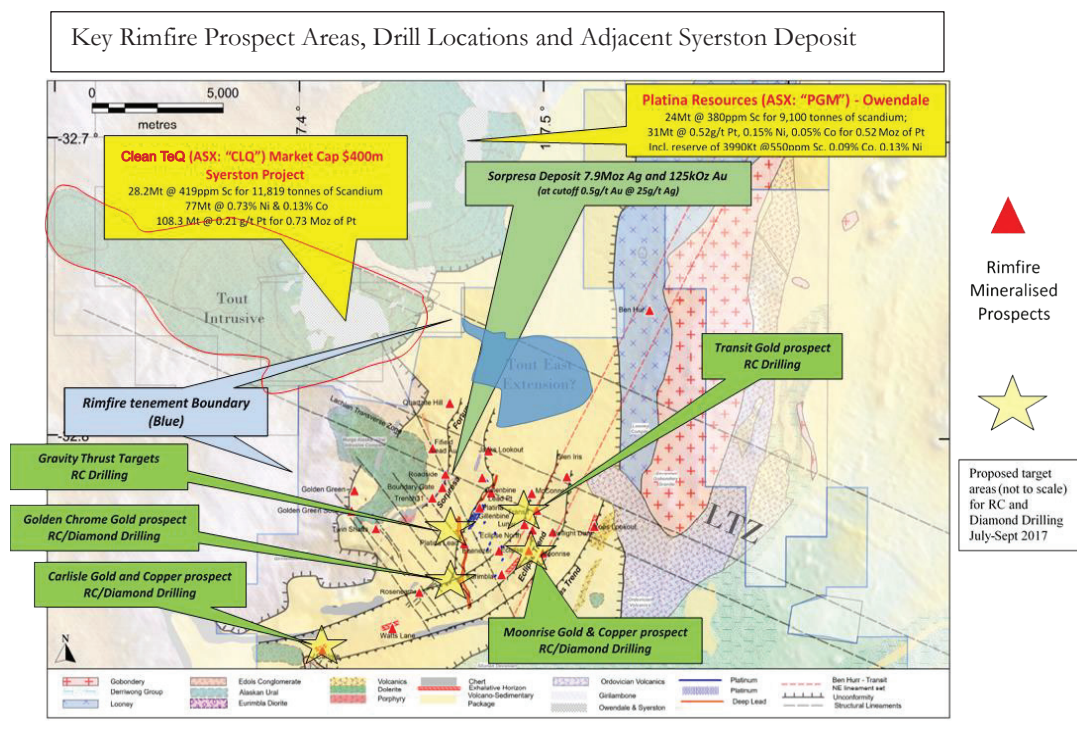
The regional exploration activity was conducted concurrently with the work at Sorpresa, principally within a 12km radius. Regional targets have emerged through extensive surface mapping and aircore/auger drilling, which was supplemented with creek, pebble, rock chip and soil sampling.

Acquisition of high quality airborne geophysical datasets during this period also strongly supported discovery insights on a regional scale. Sorpresa is seen to represent a small part of a larger mineralised system in the district which can potentially host significant additional discoveries to complement the known Sorpresa resource.

Work programs have remained cost effective during 2017, however, an upward trend is currently being observed in key contractor costs such as drilling, with this expected to continue in the next period. The partnership with New Gold Inc. has provided funding which has greatly offset Rimfire’s outgoing exploration expenditures at this point in time. This complements the previous strategy to maximise use of low contractor rates in the industry downturn years.

The Company had a positive year both in developing a better understanding of the gold distribution in the Sorpresa Resource and the pursuit of discovery growth in its regional activities, with a ramp up in regional exploration activities boosted by the earn-in agreement and a strong foundation in acquisition of the new discovery data sets.





Summary of Programs Completed During the Period

A range of programs were implemented within 2017, taking advantage of lower industry costs (earlier in the year) and the opportunities presented to the Company via the strategic partnership with New Gold Inc. Programs included:

- ✓ Extensive RC drilling at Sorpresa, both the Roadside and Boundary Gate Areas, to define higher grade zones
- ✓ First pass drilling at the emerging Fortuna gold prospect
- ✓ A detailed aeromagnetic and radiometric survey covering the entire tenement package
- ✓ Regional aircore and auger drilling to build on the geological understanding of the district
- ✓ An intensive regolith characterisation and mapping study, including structural interpretations
- ✓ A spectral study of existing rock chip and RC samples
- ✓ Detailed mapping, creek, soil, rock chip and lag pebble sampling was completed
- ✓ Commencement of RC and Diamond Core (DD) drilling to examine five initial areas

Sorpresa RC Drill Program – Assessing High Grade Lenses

Currently, the Sorpresa Deposit comprises 6.4Mt for 7.9Moz of silver and 125kOz of gold (at 0.5g/t Au & 25g/t Ag cut-off) as an Inferred and Indicated Mineral Resource, equating to approximately 250,000oz gold equivalent.

The Company believes that potential upside exists at Sorpresa by defining additional resources in under explored areas along strike to the south and north and at depth, down dip to the east and also in gap areas between mineralised areas. New areas to the north (such as Fortuna) and to the South (such as Golden Chrome) are currently being investigated.

The Company has focused RC drilling efforts on the Boundary Gate gold zone in the central area of the Sorpresa mineralisation and the Roadside silver/gold area at the north end. This drilling has defined the grade, distribution and continuity of mineralisation within the shoots as well as working towards a measured resource status.

Some excellent results were achieved, which included high gold results not previously seen in the Boundary Gate area.

Significant intercepts up to 28 meters were returned at both drill locations (see highlights Table 1 below). This latest information will be examined and incorporated into an updated model of the high-grade lenses at Sorpresa at an appropriate time.

Best intercepts include:

- Fi0633 with 16m @ 1.92g/t Au & 251 g/t Ag from 58m and
- Fi0637 with 17m @ 1.24g/t Au & 172 g/t Ag from 62m.

The existing Sorpresa resource envelope represents less than 10% of the known Sorpresa style geology (assessed as 18km² and open), which is predominantly under shallow alluvium cover (1~8m), suggesting the potential for considerable discovery upside.

Table 1: Sorpresa Gold and Silver (Roadside and Boundary Gate) “Top 5 holes” reported Jan~Mar 2017

Hole (location)	Main Intersection(s)	Including Intersection(s)
Fi 0633 (Roadside)	3m @ 0.45g/t Au from 42m <u>AND</u> 16m @ 1.92g/t Au & 251 g/t Ag from 58m <u>AND</u> 4m @ 0.27g/t Au from 74m	1m @ 0.92g/t Au & 2240 g/t Ag from 59m 1m @ 9.04g/t Au & 284 g/t Ag from 65m 1m @ 3.65g/t Au & 480 g/t Ag from 66m 1m @ 4.44g/t Au & 124 g/t Ag from 71m
Fi 0637 (Roadside)	17m @ 1.24g/t Au & 172 g/t Ag from 62m	2m @ 1.87g/t Au & 335 g/t Ag from 66m 1m @ 0.9g/t Au & 723 g/t Ag from 68m 2m @ 0.91g/t Au & 375 g/t Ag from 76m
Fi 0640 (Roadside)	10m @ 0.12g/t Au & 22 g/t Ag from 48m <u>AND</u> 12m @ 2.39g/t Au & 129 g/t Ag from 58m <u>AND</u> 14m @ 0.27g/t Au & 12 g/t Ag from 70m	2m @ 4.42g/t Au & 482 g/t Ag from 60m 1m @ 8.94g/t Au & 141 g/t Ag from 62m 1m @ 5.08g/t Au & 33 g/t Ag from 66m 1m @ 1.25g/t Au & 14 g/t Ag from 78m
Fi 0626 (Boundary Gate)	26m @ 1.89g/t Au from 6m	14m @ 3.16g/t Au from 8m Which incl. 1m @ 24.9g/t Au from 12m Which Incl. 1m @ 8.13g/t Au from 17m
Fi 0631 (Roadside)	13m @ 2.34g/t Au & 93 g/t Ag from 47m <u>AND</u> 2m @ 1.37g/t Au from 74m	1m @ 2.19g/t Au & 117 g/t Ag from 52m 1m @ 21.6g/t Au & 307 g/t Ag from 54m

Structurally, the mineralisation at Sorpresa is predominately confined to a variably east dipping, gently folded, variably plunging mineralised plane. This plane shows remarkable continuity down dip and along strike, however, the grade within the plane is somewhat variable, yet has a capacity to deliver exceptional bonanza grades of gold and silver.

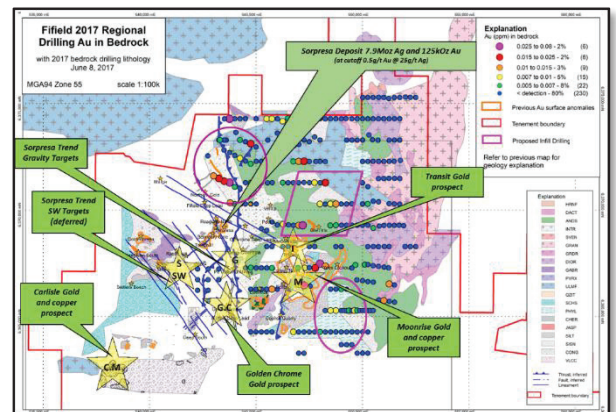
As an exploration target, the mineralised plane coupled with the porphyry sill ‘marker horizon’ and greater detailed understanding of the stratigraphy, has enabled targeted broad step out drilling. Less than 10% of the known Sorpresa geology (18km²) has been drill tested to date.

Fifield Regional Activities

The Company strategy continues to focus on building its regional discovery inventory over the next 12 months. Priorities continue to emerge from a combination of ongoing geochemical sampling (creeks, soils, lags and aircore/auger bedrock geochemistry), as extensions to current anomalous trends, or new additions, as well as promising geophysical targets.

The Sorpresa resource is a possible peripheral mineralisation event to a much larger mineralising system operating at Fifield. With this in mind, the Company is pursuing key concepts to seek the best areas containing the strongest mineralisation potential within the copper-gold footprint currently identified. Activities in the period included:

- ✓ Detailed geological mapping was conducted in the Eclipse Trend - Yoes areas (4km²), to assist interpretation and targeting for the copper-gold signature now established, as well as an intensive regolith study
- ✓ Regional aircore and auger traverses to gain a greater understanding of the underlying geology, often obscured by alluvial cover
- ✓ An extensive tenement wide airborne magnetic and radiometric geophysical survey
- ✓ Further refinement of the geological model concepts has occurred and additional targets have also been identified, based on geochemistry, mapped geology and recently acquired geophysics



Regional Aircore and Auger Program

The first phase of a tenement wide aircore/auger drill program was completed with a total of 288 holes drilled over the central third of the Fifield tenement area. The results from this first phase were encouraging, identifying new areas of anomalous gold geochemistry for follow up exploration.

In addition to the geochemical data gathered the regional drill program has provided a greater insight into the geology of the tenement package, especially in areas that are under alluvial cover. Given the



successful outcomes of this first phase of aircore/auger drilling a second phase is currently being planned to occur during late 2017/ early 2018.

Fortuna Gold Prospect

First pass stratigraphic drilling was completed at the Fortuna Gold Prospect to build on the surface geochemical sampling and mapping completed during the previous year. Fortuna represents a large surface gold anomaly, with the very limited exposed geology showing veined gossanous silicified carbonaceous sediments similar to those observed at Sorpresa. Fortuna is thought to represent a possible northern extension of the favourable stratigraphy within the “Sorpresa Corridor”.

Work completed included:

- ✓ 5 stratigraphic holes were drilled demonstrating a similar stratigraphy to nearby Sorpresa, confirming northern extension of favourable stratigraphy and also showing an encouraging alteration assemblage was observed.
- ✓ Regional aircore/auger drilling to expand on the already identified anomalous zone

This drilling has allowed a greater understanding of the Fortuna Prospect and of the greater “Sorpresa Corridor”, which will allow further discovery targeting to be refined going forward.

Transit Gold Prospect

This year saw the Transit Gold Prospect emerge as an exciting area for discovery, with a coherent gold anomaly identified by a combination of soil and auger sampling. A shallow epithermal system is also indicated by textures noted during rock chip sampling, suggesting Transit may be part of a much bigger mineralising system.

Work conducted included:

- ✓ Additional infill soil sampling with soil geochemistry highlighting a 750m x 500m gold anomaly (>9ppb Au), including a central higher order 300m x 300m zone (>17ppb Au)
- ✓ Bedrock auger drilling highlighted exciting gold results (up to 2.3g/t Au) over a 200m long NE striking trend
- ✓ Rock Chip sampling returned further anomalous results during the period for silver, copper, arsenic and lead (up to 7.99g/t Ag, 1260ppm Cu, 442ppm As & 1700 Pb respectively).
 - 400m zone southwest of gold anomaly indicates a shallow level epithermal system
- ✓ In September 2017 a total of 8 RC drill holes (830m) were completed in two locations, with depth ranges 40m to 220m
 - 4 holes were drilled on a surface gold anomaly defined by auger, and another 4 holes were also drilled on surface base metal and epithermal signatures 300m to the south west

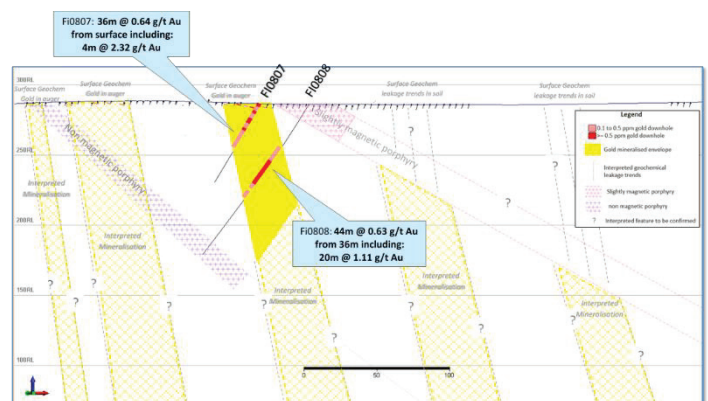


Figure 1: Rock Chip sample FIR1681 displaying lattice texture indicative of boiling.

Best assay results for gold were:

- Hole Fi0808: 44m @ 0.63g/t Au from 36m, incl. 20m @ 1.11g/t Au
- Hole Fi0807: 36m @ 0.64g/t Au from 0m, incl. 4m @ 2.32g/t Au

Interpretations of these results indicate drilling has intercepted shear hosted gold mineralisation. These multiple shears (yet to be tested) provide significant upside to the current intersections, which remain open in all directions.



Ben Hur Copper-Gold Prospect

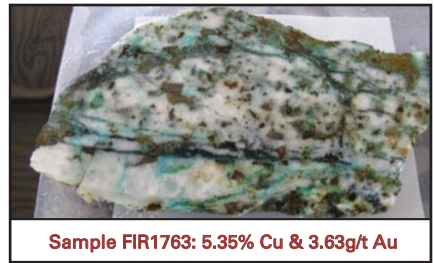
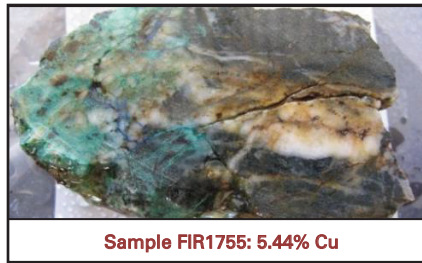
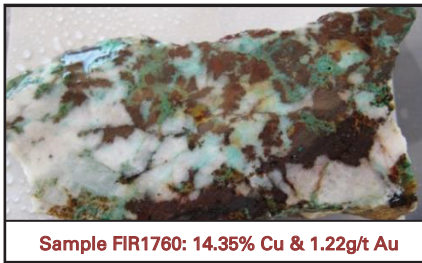
The Ben Hur Copper-Gold prospect was identified this year, with field mapping and first pass prospecting carried out. The prospect occurs as a series of historic test pits and shafts on narrow copper bearing quartz veins over a 0.65km x 0.45km area that remains open along strike.

Activities completed include:

- ✓ First pass rock chip sampling and mapping of historic workings, giving encouraging Copper and Gold results (up to 14.35% Cu, 3.63g/t Au), with gold seen (not previously identified by previous explorers)
- ✓ A detailed ground magnetic survey to highlight possible structural corridors

Identification of important NNE trending structural controls on mineralisation at Ben Hur has highlighted the importance of these trends on a regional scale, with the same structural corridors noted at the Eclipse Trend to the south. The identification of

these important mineralising corridors has resulted in the Company securing additional prospective ground to the north of the current tenement package (EL8542).



Rimfire and New Gold Joint Drilling Program

During July to October 2017, Rimfire and New Gold undertook first pass regional drilling program on five prospects, using a combination of RC and/or Diamond (DD) drilling, as appropriate to the target. Results for the Transit area were reported in the period, with difficult ground conditions and access experienced in the remaining prospect areas, particularly the diamond tails, causing delays in the balance of the holes.

- Up to 3,000m of Reverse Circulation (RC) drilling was planned, anticipated depths of 60m to 275m
- Up to 1,000m of Diamond Core drilling (DD) was planned, targeted depths ranging from 400m to 600m as diamond tails from initial RC pre-collars on three of the five proposed targets. These were designed by New Gold Inc.

The five targeted areas for drilling were:

- Golden Chrome prospect - RC/DD
- Moonrise area located along the Eclipse trend - RC/DD
- Transit area to the north of Moonrise is a newly defined surface gold anomaly within the Eclipse trend - RC only
- Carlisle target is an 800m diameter strong magnetic anomaly - RC/DD
- Gravity Thrust target is based on interpretation of gravity and magnetic contrast - RC only (restricted access)

Tenement Wide Airborne Magnetic and Radiometric Survey

A comprehensive 13,000 line kilometre airborne magnetic and radiometric survey was conducted during the March quarter, providing full coverage over the Fifield tenement position.

This survey has provided a high quality geophysical dataset that has allowed further target generation and refinement. New targets identified from this survey will be investigated in the coming year.

Soil Reliability and Regolith Study

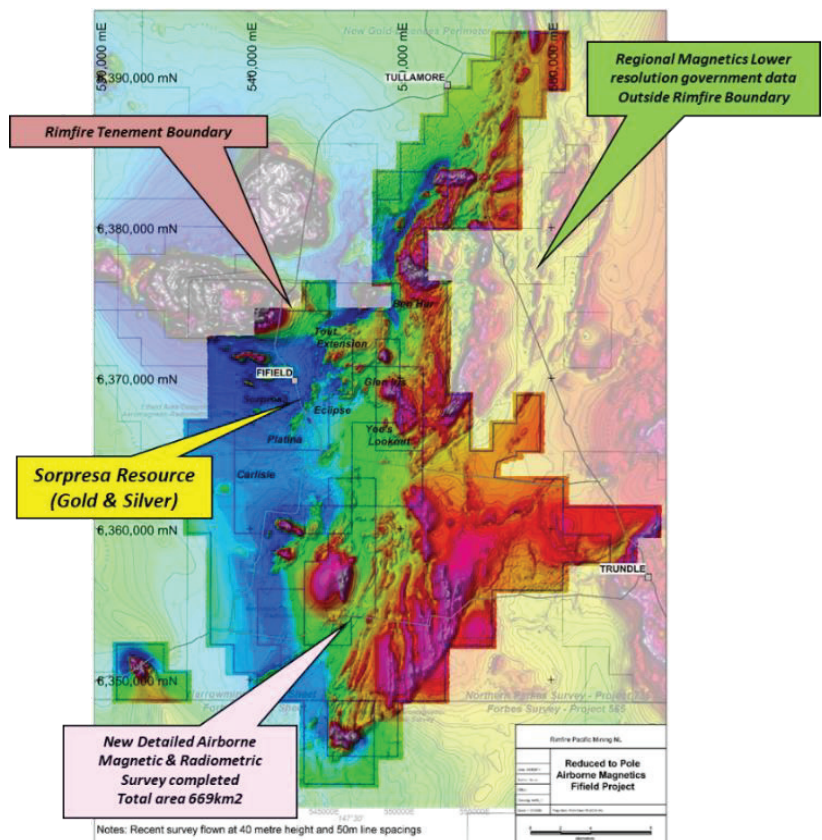
This year saw the commencement of an intensive regolith mapping program. A greater understanding of the regolith enables effective planning of further work programs to ensure that the most suitable geochemical sampling methods are employed.

This detailed study also provided an insight into possible structures that may be important from a mineralisation standpoint, which is critical in target generation.

Spectral Study

The partnership with New Gold has brought with it new exploration techniques to complement the successful programs carried out by Rimfire.

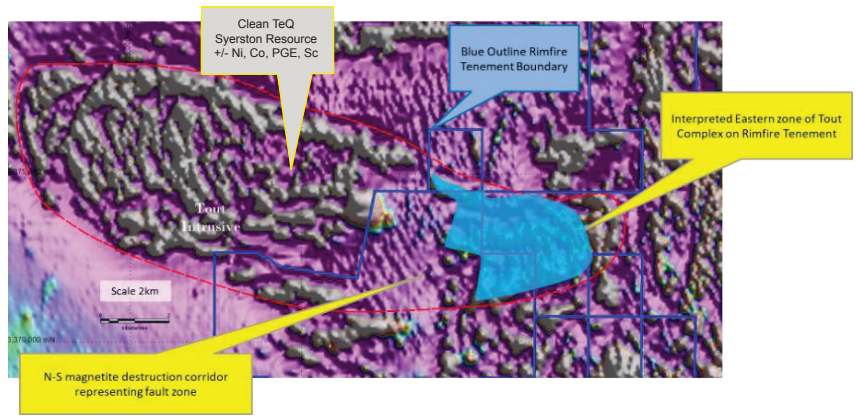
One of these new approaches completed this year was a spectral study using a Short Wave Infrared (SWIR) device, which allows identification and interpretation of alteration products that may not be visible through field observations alone. The results of this study have been encouraging, identifying subtle alteration changes which may assist in prospect development and targeting.



Regional Metal Diversity Emerging in the District

The district surrounding Sorpresa remains highly prospective for various styles of mineralisation. This includes the regional picture incorporating our northern neighbours, Clean TeQ (CLQ) and Platina Resources (PGM) which adds further diversity including Scandium, Cobalt, Nickel and Platinum metals in their respective areas.

Regional first pass aircore drilling completed over the central third of the Fifield Project has identified laterite geology 5km North of Sorpresa, with this having the potential to host similar styles of mineralisation to those seen at the nearby Clean TeQ (CLQ) and Platina Resources (PGM) projects.

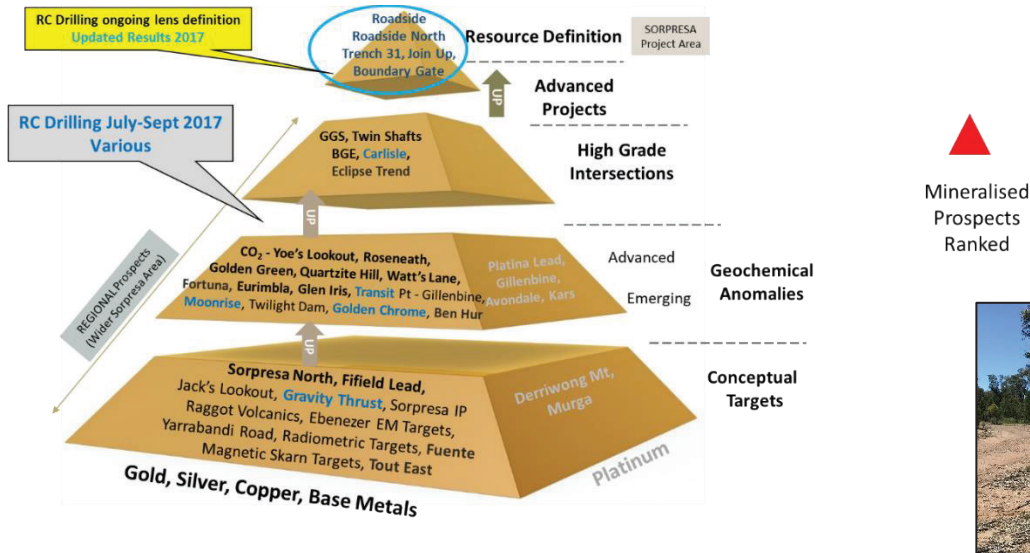


Exploration targeting within this prospective geology is underway, with the identification of the laterite profile further highlighting the prospectivity of the Fifield Project for multiple commodities.

Summary - Ranking of Mineralised Prospects

The Company advanced its Pyramid Ranked Portfolio of Mineralised Prospects to develop a process of review, rating and prioritization of its targets in order to progress and grow the pipeline for new targets, in parallel with the defined Sorpresa gold and silver resource.

The balance of prospects, together with ongoing drill testing, forms a strong pipeline of emerging targets and additional new opportunities.



The Company will continue to strive for discovery growth within and adjacent to the Sorpresa resource, as there is still more to learn on the complexity of the mineralising system.

The regional work has now established a foundation of mineralisation based upon creek, lag pebble, rockchip, soil sampling, auger drilling and RC drilling. This continues to form the basis for the ongoing work programs in the next period. The large number and diverse nature of the regional targets forms an important element of the Company's prospect portfolio strategy helping mitigate discovery risk by reducing dependency on any one prospect or commodity.

The Company's goal is to establish and define mineable resources and accelerate the discovery process through our active partnership with New Gold Inc. "Discovery" remains an important potential value creator for the Company, so the regional work remains a critical component. The Fifield area is well supported with access to infrastructure and skills suitable for any potential mining scenario and this adds further validity to the pursuit of mineralisation in the district.

Shareholders should be encouraged by the mineralisation demonstrated on a large scale being uncovered in the surrounding Fifield district. Rimfire believes a company making opportunity exists within its tenement holdings and this is encouraged by the support of New Gold Inc. via the earn-in partnership, who shares the same vision of creating value through discovery.

Your Directors present the following report on the Company and its controlled entity for the financial year ended 30 June 2017.

Directors

The names of Directors in office during the whole of the financial year and up to the date of this report:

John Kaminsky	Managing Director and Chief Executive Officer
Graham Billingham	Non-Executive Director
Ramona Enconniere	Non-Executive Director

Ian McCubbing was appointed to the Board and as Chairman on 25 July 2016 and remains as Chairman of the Company at the date of this report.

Andrew Greville was appointed as a Non-Executive Director of the Board subsequent to the end of the financial year on 18 August 2017 and continues in office at the date of this report.

Graham Billingham will retire at the 2017 Annual General Meeting of the Company to be held later this year.

Principal Activities

The principal activities of the Consolidated entity during the financial year were the exploration and evaluation of mineral deposits.

Review of Operations

The Company's focus remains at Fifield NSW with prospects and targets in gold, silver, copper and platinum. The ground holding at Fifield was increased to 669km² with the addition of new tenements and pending applications.

The 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-Gold mine and the Cadia Valley Gold-Copper mines amongst others and represents an excellent discovery setting for the Company.

New Gold Inc. – Rimfire Pacific Mining Earn-in Joint Venture

In October 2016, the Company entered into an earn-in joint venture series of agreements, with Canadian gold, silver and copper producer, New Gold Inc. (TSX/NYSE: NGD). New Gold Inc. is a CAD\$2 billion market capitalised company, with operational experience also in NSW (The Peak Mines at Cobar).

The newly established relationship with New Gold Inc. has created a strong financial position and an exciting direction for the Company during 2017 and heading into 2018. The additional financial and technical resources will help accelerate the discovery work on the numerous prospects within the Fifield area.

The aspiration within the project area is to achieve an aggregate discovery outcome in excess of 4 million ounces of gold equivalent metal, with a mine life in excess of 10 years, and within the lower third of industry costs of production. The deal structure also allow Rimfire to pursue its concepts and field programs relatively autonomously in parallel with New Gold Inc.

The key components of the New Gold Inc. transaction are summarised as follows:

- A\$0.5 million equity investment in Rimfire shares at 2.1 cents (completed in November 2016 and on the same basis as the capital raising to existing shareholders in the period).
- A\$2 million minimum spend on the Fifield tenements by New Gold within the first year, and no early withdrawal right. Commencement for expenditure was 21 March 2017.
- New Gold Inc. may elect to spend a further A\$5 million within the first three years, to earn a 51% interest in the Fifield tenements (New Gold Inc. total expenditure at Fifield needs to be A\$7 million to earn 51%).
- Subsequent to earning an initial 51% interest in the Fifield property, New Gold Inc. may elect to spend an additional A\$5 million within the first five years, to earn an additional 19% interest (Rimfire 30%: New Gold Inc. 70%), (New Gold Inc. total expenditure at Fifield needs to be A\$12 million to earn 70%).
- Should the current Sorpresa gold and silver mineral resource ultimately be mined and processed, New Gold Inc. would pay Rimfire additional monies up to A\$5 million.

- In recognition of Rimfire's outstanding discovery prospecting capability, Rimfire will have direct spending control of 15% of the first A\$7 million funded by New Gold Inc., to continue its exploration work at Fifield contemporaneously with New Gold Inc.'s exploration activities at Fifield.
- Rimfire may also elect to spend an additional A\$3 million on the project area, and this serves as a credit in any subsequent JV established.

Operational Activities

The "proof of concept" that the Fifield district has the capacity to yield new and important discoveries in diverse mineralising systems was firmly established in December 2014, when the Company declared a JORC 2012 Compliant Inferred & Indicated Maiden Resource for Sorpresa. This comprised 6.4Mt for 7.9Moz of silver and 125kOz of gold (at 0.5g/t Au & 25g/t Ag cutoff).

The Company in partnership with New Gold Inc, placed a major focus on the assessment of its substantial portfolio of regional targets beyond Sorpresa with continued detailed regional surface mapping, prospecting assessment and concept generation. The prospect portfolio has been ranked by priority and is being systematically progressed, looking to provide additional discovery growth to the Company.

Work programs in the period were designed to fill key gaps in knowledge of the tenement area and provide a more comprehensive platform for the discovery potential in the area in the subsequent periods. A summary of the major programs in the period were as follows:

- Airborne geophysics survey,
- Regional aircore and auger drilling for geochemistry and lithology,
- Extensive detailed mapping and sampling,
- Structural interpretations
- Detailed alteration studies and
- Refinement of discovery concepts and targeting criteria

The overall geological setting demonstrates that the gold, silver and copper mineralised potential continues to show impressive scale in the wider Fifield district.

The large detailed airborne geophysical survey (magnetics and radiometrics) was completed during the year, involving 13,000 line kilometres for the entire 669km² tenement area. This has improved structural and geological understanding, leading to better target definition for subsequent testing and planning of drilling, which has now begun.

The first phase regional aircore/auger drill program was completed over the central third of the Fifield project area with:

- Gold anomalous results were seen occurring along contacts of intrusives and interpreted structural trends.
- Laterite geology was intersected 5km North of Sorpresa. Mapping, geophysics and aircore/auger drilling, implies that the encountered geology could represent an extension of the Tout Intrusive complex which hosts the neighbouring Syerston laterite deposit (Clean TeQ ASX: CLQ).
- A second campaign of regional aircore/auger drilling is under construction, given the successful outcomes of the first phase just completed.
- Infill sampling and drilling will occur on new anomalous areas identified to provide tighter target definitions.

Detailed planning for first pass Reverse Circulation (RC) and Diamond drilling of five selected targets was completed with the program commencing in July 2017, including some of the deepest holes yet drilled at Fifield. The prospect areas for drilling were:

- Golden Chrome and Gravity Thrust areas within the Sorpresa corridor
- The Moonrise and Transit areas located along the Eclipse trend and the Carlisle area

In particular, the Transit area is demonstrating some positive potential for gold mineralisation. Eight holes were drilled for a total of 830m at two locations with depth ranges of 40m to 220m (as [announced](#) on ASX on 19 September 2017). The results indicated that the drilling has intercepted shear hosted gold mineralisation, with evidence suggesting multiple shear zones operating at Transit. These multiple shears (yet to be tested) provide significant upside to the current intersections, which remain open in all directions.

The best assay results for gold included:

- Hole Fi0808: 44m @ 0.63g/t Au from 36m, incl. 20m @ 1.11g/t Au
- Hole Fi0807: 36m @ 0.64g/t Au from 0m, incl. 4m @ 2.32g/t Au
- Hole Fi0810: 30m @ 0.61g/t Au from 22m, incl. 6m @ 1.65g/t Au

The surrounding RC drilling also supports a potential porphyry relationship at depth with:

- Hole Fi0813 assayed 8m @ 0.13% Cu and 66 ppm Mo, incl. 2m @ 0.47% Cu and 131 ppm Mo
- Hole Fi0814 contained a 10 metre strongly sericite and iron carbonate altered zone, with an anomalous Lead (0.27% Pb) intercept and anomalous Zinc (0.23% Zn) was seen lower down.

These results are suggesting a larger (possible porphyry) system as the source of the shear hosted gold and potentially more centrally located copper – molybdenum results at deeper levels.

Evaluation of the higher grade gold areas within the oxide zone at the Sorpresa Resource continued during the year at the Roadside and Boundary Gate area (as [announced](#) on ASX on 11 April 2017). A program of infill Reverse Circulation (RC) drilling (total 1818m) at Sorpresa Gold and Silver resource returned some pleasing results including:

- Roadside hole Fi0633: 16m @ 1.92g/t Au & 251 g/t Ag from 58m and including 1m @ 2240 g/t Ag.
- Boundary Gate hole Fi0626: 26m @ 1.89g/t Au from 6m including 1m @ 24.9g/t Au from 12m.

The Sorpresa mineralisation system is considered open in a number of directions, with targets for growth being evaluated around the high grade lenses, infill locations, spatially related geophysics and extensional drilling opportunities.

The collaboration with New Gold Inc. further mitigates funding risk and provides technical support in pursuing the discovery outcomes in the Fifield district. The Company continues to maintain an objective for the establishment of a potential open cut mineable resource(s) within the tenement project area.

Junior Resource Sector Outlook and Financial Position

The global circumstance for the resources sector maintained a more positive outlook during the period and this flowed through to the junior resource sector, with a trend of generally improved investor participation.

The better outlook has allowed well credentialed explorers such as Rimfire, that possess higher quality geological, structural and mineralised settings, to attract more investment interest, as demonstrated by the earn-in entry of New Gold Inc.

The Company remained in healthy financial status, with a respectable cash position being maintained. The market capitalization of the Company (approx. \$20.8M at 30 June 2017) compares favourably to other junior exploration peers listed on the ASX.

Work Program Approach for Financial Year 2018

The major priorities at Fifield for the financial year 2018 will involve the following;

- Within the New Gold Inc. partnership a continued focus on the larger discovery potential at Fifield will be pursued using an improved geological, geophysical and geochemical understanding within the tenements. The extra committed expenditure will continue to assist accelerating the assessment in discovery growth potential of the ranked portfolio of targets. Drill testing in the next period will continue.
- Rimfire will 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. Targets will continue to be defined and areas will undergo initial prospecting using mapping, geochemistry, and geophysics with subsequent drill testing as required.
- The Sorpresa resource will continue an economic appraisal, including additional metallurgy test work.

Funding Initiatives

There were a number of initiatives in the period aimed at providing ongoing capital to the Company. As at 30 June 2017 the Company had \$2.568m in cash and short term deposits.

Additional working capital of \$3 million was raised at 2.1 cents per share during August to October 2016 through placements and Share Placement Plan (SPP). The strong support shown towards the Company by existing and new shareholders in the capital raising was greatly appreciated by the Company.

A placement of \$0.5m (at 2.1 cents per share) was made in November 2016 to New Gold Inc. Canada, as part of the new earn-in joint venture agreements completed on 28 October 2016.

Since entering into the earn-in agreement with New Gold Inc., the Company has been receiving re-imbursement for certain expenditures incurred as part of the earn-in agreement and the implementation of a services agreement with New Gold Inc.

An application for AusIndustry R&D expenditure resulted in an inflow of \$0.484m during the year.

Capital structure

As at 30 June 2017 the capital structure of the Company was 943,477,555 Fully Paid Ordinary Shares.

Commodity Pricing for the Period

Precious metal prices have slightly eased over the last 12 months. Prices quoted www.kitco.com, in New York based on closing Ask in USD.

	Price (Ask) 30 Jun 2016	Price (Ask) 30 Jun 2017	Year on Year Reduction %
Gold	USD\$1,331/oz	USD\$1,241/oz	7%
Silver	USD\$19.18/oz	USD\$16.61/oz	13%
Platinum	USD\$1,030/oz	USD\$924/oz	10%

Operating Results

The loss of the Consolidated entity amounted to \$924,782 in the period (2016: \$725,485).

Dividends

No dividends were paid during the financial year, nor are any recommended at 30 June 2017 (30 June 2016: Nil).

Significant Changes in State of Affairs

Execution of the Earn-In Agreement with New Gold Inc. brings additional financial and technical resources to the exploration efforts undertaken at the Company's tenements in Fifield which will help accelerate the discovery work on the multiple mineralised prospects that have been systematically identified.

After Balance Date Events

Andrew Greville was appointed as a Non-Executive Director of the Board subsequent to the end of the financial year on 18 August 2017 and continues in office at the date of this report.

Graham Billingham announced his intention to retire as Non-Executive Director of the Board at the Annual General Meeting to be held later this year.

No other matters or circumstances which have arisen since the end of the financial year have significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years.

Licence and Environmental Compliance

The Consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the Consolidated entity's environment policies are adhered to and to ensure that the Consolidated entity is aware of and is in compliance with all relevant environmental legislation.

During the year the Company's activities on exploration licences 5534, 6241 and 7058 were audited by the NSW Department of Planning and Environment and they concluded that the *"very low number and minor nature of the non-compliances and observations of concern identified during the audit is a reflection of the very well managed exploration program that has been undertaken by Rimfire staff."* They also noted that *"there is a genuine commitment by the Rimfire team to conduct operations in an environmentally and socially responsible manner."*

The NSW Department of Planning and Environment has provided written confirmation of satisfactory rehabilitation of all prior work conducted at Fifield by the Company from 2002 to the end of November 2016 for licences EL5534, EL6241, EL7058 & EL7959. This is an important milestone for the Company in its environmental compliance.

There have been no environmental breaches during the 2017 financial year.

Information on Directors

Ian McCubbing (Appointed 25 July 2016) Non-Executive Chairman <i>Bachelor of Commerce (Hons) (UWA), MBA(X) (AGSM), CA, GAICD</i>	
Experience and Expertise	<p>Appointed Director and Chairman of the Board in July 2016 and possesses a strong commercial background in the resources industry.</p> <p>He has over 30 years' experience as a Chartered Accountant with industrial and mining companies, principally in the areas of corporate finance and mergers and acquisition. He holds a Bachelor of Commerce (Honours) from UWA and Executive MBA from the AGSM, and is a graduate member of the Australian Institute of Company Directors.</p> <p>Mr McCubbing is currently a Non-Executive Director of three other ASX listed resources related companies and previously been a director and CFO of ASX 200 listed mining companies.</p>
Other Current Directorships	<p>Avenira Ltd (Non-Executive Director since 2012), Swick Mining Services Ltd (Non-Executive Director since 2010) and Sun Resources NL (Chairman since 2016).</p>
Former Directorships in Last 3 Years	<p>Kasbah Resources Ltd (Non-Executive Director from 2011 to 2016).</p>
Special Responsibilities	<p>Chairman of the Board (Appointed 25 July 2016). Member of the Audit Committee. Member of Remuneration and Nomination Committee.</p>
Interests in Shares (30 June 2017)	<p>2,574,285</p>

John Kaminsky Managing Director and Chief Executive Officer <i>Bachelor of Applied Science (Chemistry) (RMIT), MBA (Melbourne Business School)</i>	
Experience and Expertise	Appointed Director of Rimfire Pacific Mining NL and Axis Mining NL in April 2004. He brings strong strategic and international skills to the company and has more than 20 years' experience in international trade, including chemicals, plastics, metals, minerals, ores, concentrates and energy products. He assumed the role of Executive Chairman in December 2004 and became Managing Director and Chief Executive Officer on 3 rd March 2016.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	Managing Director and Chief Executive Officer.
Interests in Shares (30 June 2017)	33,408,169

Graham Billingham Non-Executive Director and Company Secretary (resigned from Company Secretary 13 April 2017)	
Experience and Expertise	Appointed Director of Rimfire Pacific Mining NL and Axis Mining NL in May 1999. He comes to the Board with an extensive background in investment banking and corporate development in the Australasian region. As an investment banker and finance director, he brings to the Board extensive corporate, financial and commercial expertise.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	Member of the Remuneration and Nominations Committee.
Interests in Shares (30 June 2017)	19,502,375

Ramona Enconniere Non-Executive Director <i>Bachelor of Commerce (University of Melbourne), MBA (Melbourne Business School)</i>	
Experience and Expertise	Appointed Director of Rimfire Pacific Mining NL in May 2005. She has professional affiliations with the Australian Society of CPA and the Australian Institute of Banking and Finance. She makes an excellent contribution to the Board through her experience gained in corporate banking and the funding of mergers and acquisitions, loan syndications, project financing, debt raising via capital markets/securitisation with Citibank, Bank of America, OCBC (Overseas-Chinese Bank Corporation) and National Australia Bank.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	Chair of the Audit Committee Member of the Remuneration and Nomination Committee
Interests in Shares (30 June 2017)	9,069,860

Andrew Greville (Appointed 18 August 2017) Non-Executive Director <i>Bachelor of Engineering (Mining), University of Queensland, Queensland Limited Mine Manager's Certificate</i>	
Experience and Expertise	Appointed Director of Rimfire Pacific Mining NL in August 2017. He is a qualified mining engineer, brings over 30 years of mining industry experience with an outstanding track record of international success in the copper industry, particularly in the fields of business development, including mergers & acquisitions, marketing and strategy, with his last position before establishing his own consulting business WEMCO, being the Executive General Manager, Business Development and Strategy, Xstrata Copper.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	None.
Interests in Shares / Interests in Options (30 June 2017)	None.

Melanie Leydin (Appointed 13 April 2017) Company Secretary <i>Bachelor of Business majoring in Accounting and Corporate Law, Swinburne University, Chartered Accountant and Registered Company Auditor</i>	
Experience and Expertise	Appointed as Company Secretary of the Company in April 2017. Melanie has 25 years' experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor.

Meetings of Directors

During the financial year, meetings of Directors were held and attendances by each Director are detailed below.

Attendances by each Director during the year were:

	Directors' Meetings		Risk and Audit Committee Meetings		Remuneration and Nomination Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Ian McCubbing	5	5	2	2	2	2
John Kaminsky	5	5	-	-	-	-
Graham Billingham	5	5	-	-	2	2
Ramona Enconniere	5	5	2	2	2	2
Melanie Leydin (Company Secretary from 13 Apr 2017)	1	1	-	-	-	-

The Remuneration Report, which has been audited, outlines the Key Management Personnel (KMP) remuneration arrangements for the Consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration for the year ended 30 June 2017
3. Employment Contracts
4. Share-based compensation of Directors and Key Management Personnel
5. Additional Disclosures relating to Key Management Personnel
6. Shareholding
7. Five Year Summary of Key Financial Data
8. Other Matters

1. Principles used to determine the nature and amount of remuneration

The Board of Rimfire Pacific Mining NL used the Remuneration and Nomination Committee to allow the Company to maintain its ability to attract and retain the best executives and Directors to run and manage the Consolidated entity, as well as create alignment between Directors, executives and shareholders.

The Company Policy, implemented via the Remuneration and Nomination Committee, is to benchmark Company remuneration against comparable businesses and ensure that remuneration is comparable to the upper quartile, but also within the financial constraints the Company may be operating within at the time of assessment.

Remuneration policy for Directors and senior executives is reviewed annually by the Board. The policy allows a mix, as determined by the Board on advice of the Remuneration and Nomination Committee. Depending on the nature of employment agreements, remuneration comprises a fixed component, (which is based on factors such as capability, effectiveness, work tasks, responsibilities, length of service and experience), superannuation, fringe benefits, short term bonus, long term incentives including and wholly or partly in securities, subject to any necessary shareholder or regulatory approvals. During the year the Company did not engage remuneration consultants to provide advice on the Company's remuneration policy.

The policy requires reviews take into account the Consolidated entity's performance, executive and Non-Executive Director performance and comparable information from industry, including other listed companies in the resources sector. Independent external advice is sought as required. There is currently no link between the policy and the Company's earnings and shareholder wealth because the Company is still in the exploration phase and is not generating revenue.

Instead, the criteria for executive and Director appraisal include:

- maintaining high standards of work place health and safety, environmental compliance and community liaison
- leading the development of strategy, and communicating this to stakeholders
- maintaining and adding to capital resources necessary to execute the Company's strategy, with minimal dilution and costs to shareholders
- technical advancement in the discovery potential of the project areas
- managing operations and expenditure to efficient levels and within budgets,
- preserving financial and business integrity and managing risk under difficult industry conditions
- recruiting, managing and training personnel to ensure access to high levels of skill in the industry
- managing investor relations and Company communication
- ability to multi-skill and cover as much of the Company's skill needs from in-house resources

The Board is aware of the need to maintain competitive remuneration to reward performance which benefits shareholders and advances the Company. To this end a review of the short term bonus and long term incentive programs to motivate and reward those people who create shareholder value and make the greatest contribution to the Company was undertaken during the year and a proposed STI / LTI scheme will be introduced for Shareholder approval at the AGM to be held later this year.

The Managing Director and Chief Executive Officer has agreed and signed a new employment contract which came into force from 1 July 2017. In 2017, there was no increase in the Managing Director and Chief Executive Officer remuneration from the previous four reporting periods. There has been no change to the remuneration of Non-Executive Directors in the last three periods. To align Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company.

The remuneration policy review undertaken in 2017 will be revisited as required to ensure it continues to meet the needs of the Company, creates better alignment to industry practices for remuneration and to accommodate changes to law. The Company has reviewed the application of laws in relation to the use of employee share schemes and performance rights. At the 2016 AGM the Company received 99.42% of 'for' votes in relation to its remuneration report for the year ended 30 June 2016.

2. Details of Remuneration for the Year Ended 30 June 2017

The remuneration for each Director of the Consolidated entity and other Key Management Personnel during the year was as follows:

Benefits to senior executives and the Non-Executive Directors consisted exclusively of cash benefits in the period. A Non-Executive Director Pool of \$200,000 was available in 2017 (\$200,000 in 2016) and represents the maximum aggregate payments to Non-Executive Directors, in their capacities as Directors, that can be paid in any one year without requiring additional shareholder approval. The actual Non-Executive Director pool utilised in the 12 month period was \$105,833 in total (\$120,000 in 2016). This rate is below the industry norm.

2017 Name of Director	Primary		Post Employment	Equity Compensation	Total
	Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares & Options	
	\$	\$	\$	\$	\$
Non-Executive Directors					
G Billingham	30,000	Nil	Nil	Nil	30,000
R Enconniere	30,000	Nil	Nil	Nil	30,000
I McCubbing	41,857	Nil	3,976	Nil	45,833
Executive Director					
J Kaminsky	238,532	Nil	22,661	Nil	261,193
	<u>340,389</u>	<u>Nil</u>	<u>26,637</u>	<u>Nil</u>	<u>367,026</u>

2016 Name of Director	Primary		Post Employment	Equity Compensation	Total
	Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares & Options	
	\$	\$	\$	\$	\$
Non-Executive Directors					
J Gillett	15,480	Nil	14,520	Nil	30,000
G Billingham	30,000	Nil	Nil	Nil	30,000
R Enconniere	30,000	Nil	Nil	Nil	30,000
T Burrowes	27,397	Nil	2,603	Nil	30,000
Executive Director					
J Kaminsky	238,532	Nil	22,661	Nil	261,193
	<u>341,409</u>	<u>Nil</u>	<u>39,784</u>	<u>Nil</u>	<u>381,193</u>

Performance Income as a Proportion of Total Remuneration

No performance based remuneration was paid during the year ended 30 June 2017 (2016: nil).

Transaction between related Parties

Transaction between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated. In the current financial year a related party (Jill Kaminsky) of Mr John Kaminsky was paid in respect of administrative services \$14,288 (\$12,535 in 2016). Payment for these services were on normal commercial terms.

3. Employment Contracts

The Managing Director and Chief Executive Officer, Mr J Kaminsky, had an arrangement with the Company to provide services, and this was put in place with effect on 1 January 2012. The contract conditions have continued, and a 12 month rolling extension exists, from 1 December each calendar year. Effective from the 1 of July 2017 the company concluded negotiations of a new Executive Services Agreement. Under the terms of the new Agreement the termination provisions are 6 months notice by the company and 3 months notice by the employee.

The Non-Executive Directors have been appointed on an ongoing basis and Directors have no retirement benefit allowances (neither current nor accrued), and the Company has no obligations to Directors upon their cessation from office.

4. Share Based Compensation of Directors & Executives

No shares or options were granted to Directors or Executives, exercised, expired or held during the year ended 30 June 2017.

5. Additional Disclosures Relating to Key Management Personnel

None.

6. Shareholding

Number of Shares held by Key Management Personnel in which they have a relevant interest.

	Balance 01/07/16	Received as Remuneration	Shares Acquired	Net Change Other*	Balance 30/6/17
2017					
J Kaminsky	33,338,169	-	70,000	-	33,408,169
G Billingham	19,432,375	-	70,000	-	19,502,375
R Enconniere	7,795,575	-	1,274,285	-	9,069,860
I McCubbing	-	-	1,274,285	1,300,000	2,574,285
Total	60,566,119	-	2,688,570	1,300,000	64,554,689

* Participation in SPP September 2016

	Balance 01/07/15	Received as Remuneration	Shares Acquired	Net Change Other**	Balance 30/6/16
2016					
J Kaminsky	29,838,169	-	3,500,000	-	33,338,169
G Billingham	18,990,356	-	442,019	-	19,432,375
R Enconniere	11,917,170	-	803,405	(4,925,000)	7,795,575
J Gillet (retired 30 June 2016)	4,252,834	-	1,665,000	-	5,917,834
T Burrows (retired 30 June 2016)	1,177,519	-	400,000	-	1,577,519
Total	66,176,048	-	6,810,424	(4,925,000)	68,061,472

** Net Change for R. Enconniere incorporates a reduction of 4,925,000 shares that had previously been included in error.

Options

Number of Options held by Key Management Personnel

	Balance 01/07/16	Options Acquired	Options Expired	Net Change Other	Balance 30/06/17	Total Vested 30/06/17
2017						
J Kaminsky	3,500,000		(3,500,000)	-	-	-
G Billinghamurst	442,019		(442,019)	-	-	-
R Enconniere	803,045		(803,045)	-	-	-
Total	4,745,064		(4,745,064)	-	-	-

	Balance 01/07/15	Options Acquired*	Options Expired	Net Change Other	Balance 30/06/16	Total Vested 30/06/16
2016						
J Kaminsky	3,500,000	3,500,000	(3,500,000)	-	3,500,000	3,500,000
G Billinghamurst	2,441,519	442,019	(2,441,519)	-	442,019	442,019
R Enconniere	2,750,000	803,045	(2,750,000)	-	803,045	803,045
J Gillet (retired 30 Jun 2016)	2,421,834	3,100,000	(2,421,834)	-	3,100,000	3,100,000
T Burrows (retired 30 Jun 2016)	168,217	400,000	(168,217)	-	400,000	400,000
Total	11,281,570	8,245,064	(11,281,570)	-	8,245,064	8,245,064

* Options acquired as part of Rights Issue.

Executives

There were no executives other than the Managing Director and Chief Executive Officer, Mr John Kaminsky, at balance date.

7. Five Year Summary of Key Financial Data

The earnings of the company for the five years to 30 June 2017 are summarised below:

	2017 \$	2016 \$	2015 \$	2014 \$	2013 \$
Revenue and other income	43,327	178,027	228,939	202,571	93,000
Net profit/(loss) before tax	(924,782)	(725,485)	(720,794)	(2,216,830)	(655,477)
Net profit/(loss) after tax	(924,782)	(725,485)	(720,794)	(2,216,830)	(655,477)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2017	2016	2015	2014	2013
Share price beg. financial year (\$)	0.019	0.020	0.020	0.045	0.035
Share price end financial year end (\$)	0.022	0.015	0.020	0.020	0.045
Basic loss per share (cents per share)	(0.10)	(0.09)	(0.10)	(0.33)	(0.11)

End of audited remuneration report

8. Other Matters

Shares issued under option

During the year 147,497 options were exercised at \$0.035 (3.5 cents) per option on 19 March 2017.

Unissued shares under option

At the date of this report there were 1,950,000 unissued shares under option at an issue price of \$0.0295 (2.95 cents) per option, with 487,500 options to vest on 25 September 2018, and 1,462,500 options to vest on 25 September 2019 exercisable before 25 September 2020.

Indemnifying Officers

The Company maintains a Directors and Officers insurance policy. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

The Company has not otherwise during or since the financial year, indemnified or agreed to indemnify an Officer or auditor of the Company or any related body corporate against a liability incurred as such an Officer or auditor.

Directors covered by the Directors & Officers Liability Insurance Policy at the time of this report are:

Mr Ian McCubbing
Mr Graham Billingham

Mr John Kaminsky
Ms Ramona Enconniere
Mr Andrew Greville

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.


The auditor independence declaration required under Section 307C of the *Corporations Act 2001* forms part of this Directors' Report and is included on page 23.

Non-Audit Services

There were no non-audit services provided by BDO East Coast Partnership during the financial year.

Signed in accordance with a resolution of the Board of Directors.

Chairman

A handwritten signature in black ink, appearing to read "Ian McCubbing".

Ian McCubbing

Dated this

29th day of September 2017

No.	Tenements	Location	Units	Interest	Date Granted	Expiry Date	Mineral Focus
1.	EL5534	NSW, Fifeild	40	100%	23-Oct-98	22-Oct-17	Platinum/Gold /Base Metals
2.	EL5565	NSW, Fifeild	4	100%	24-Mar-99	23-Mar-19	Platinum
3.	EL6241	NSW, Fifeild	15	100%	17-May-04	16-May-18	Platinum/Gold/Base Metals
4.	EL7058	NSW, Fifeild	35	100%	1-Feb-08	01-Feb-20	Platinum/Gold/Base Metals
5.	M(C)L305	NSW, Fifeild	1.9ha	100%	18-Nov-04	17-Nov-19	Gold/Platinum/Silver
6.	M(C)L306	NSW, Fifeild	2.0ha	100%	18-Nov-04	17-Nov-19	Gold/Platinum/Silver
7.	EL7959**	NSW, Fifeild	7	100%	16-Aug-12	16-Aug-17	Gold/Base Metals
8.	EL8401	NSW, Fifeild	100	100%	22-Oct-15	22-Oct-18	Gold/Base Metals
9.	EL8543	NSW, Fifeild	1	100%	27-Mar-17	27-Mar-20	Gold/Base Metals
10.	EL8542	NSW, Fifeild	32	100%	27-Mar-17	27-Mar-23	Gold/Base Metals
11.	EL5958	NSW, Broken Hill	27	*	24-Jun-02	23-Jun-17	Base Metals

Note:

The Fifeild tenements are subject to the earn-in agreement with New Gold Inc.

* Rimfire retains a 10% free carried interest. Perilya is the operator, holding a 90% interest. Renewal of this licence has been submitted which is under application.

** Licence renewal has been applied for a 3 year extension to 16 August 2020.

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. Mr 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'. Mr Plumridge has previously consented to the inclusion of the matters based on the information in the form and context in which it appears.

Historic information and previously published material that is referenced in this report:

The information provided is extracted from the reports available on the Company Website at hyperlink: at www.rimfire.com.au, **ASX Announcements**. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

In addition, the Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements which operated under the 2004 JORC reporting requirements. Mr Colin Plumridge as a Competent Person consented to the inclusion in the original reports in the form and context in which each appeared.

Table 4: Sorpresa Mineral Resource estimate reported under JORC 2012.

Resource	Cut off	Category	Mt	Grade		Contained Metal	
				(g/t) Au	(g/t) Ag	Koz Au	Moz Ag
Gold	0.5 g/t Au	Indicated	2.0	1.14	27	73	1.7
		Inferred	1.0	0.9	12	29	0.4
		Total	3.0	1.06	22	103	2.1
Silver	25 g/t Ag	Indicated	2.1	0.21	62	14	4.2
		Inferred	1.2	0.19	40	7	1.6
		Total	3.4	0.20	54	22	5.8
Combined	0.5 g/t Au & 25 g/t Ag	Indicated	4.1	0.67	45	88	5.9
		Inferred	2.2	0.51	27	37	2.0
		Total	6.4	0.61	38	125	7.9

Notes:

1. Sorpresa Mineral Resource reported to JORC 2012 standards, at 0.50 g/t Au and 25g/t Ag cut-off
2. The figures in this table are rounded to reflect the precision of the estimates and include rounding errors.



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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF RIMFIRE PACIFIC MINING NL

As lead auditor of Rimfire Pacific Mining NL for the year ended 30 June 2017, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 29 September 2017

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Statement of Comprehensive Income for the year ended 30 June 2017

	Note	Consolidated Entity	
		2017	2016
		\$	\$
Income from continuing operations	2	43,327	178,027
Expenses:			
Employee benefits expense		(355,629)	(294,329)
Non-Executive Directors' fees		(105,834)	(120,000)
Professional costs		(138,630)	(135,755)
Occupancy costs		(34,403)	(33,102)
Travel costs		(6,915)	(26,060)
Marketing expense		(138,401)	(84,561)
Depreciation		(33,959)	(39,153)
Insurance		(25,626)	(27,585)
Share registry and listing expenses		(54,320)	(52,156)
Write off of exploration costs		-	-
Loss on disposal of plant and equipment		(663)	(5,687)
Other administration expenses		(73,729)	(85,124)
Loss before income tax	3	(924,782)	(725,485)
Income tax benefit	4	-	-
Loss after income tax		(924,782)	(725,485)
Other comprehensive income		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(924,782)	(725,485)
Loss per share for the year attributable to the members of Rimfire Pacific Mining NL			
Basic loss per share (cents per share)	6	(0.10)	(0.09)
Diluted loss per share (cents per share)	6	(0.10)	(0.09)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position for the year ended 30 June 2017



	Note	Consolidated Entity	
		2017	2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	902,283	770,680
Other financial assets	7	1,666,057	-
Trade and other receivables	8	51,689	58,972
Other current assets	10	21,183	17,436
TOTAL CURRENT ASSETS		2,641,212	847,088
NON-CURRENT ASSETS			
Trade and other receivables	8	150,000	150,000
Property, plant and equipment	9	471,303	505,186
Exploration & evaluation costs	11	11,744,970	11,434,071
TOTAL NON-CURRENT ASSETS		12,366,273	12,089,257
TOTAL ASSETS		15,007,485	12,936,345
CURRENT LIABILITIES			
Trade and other payables	12	304,395	274,271
Provisions	13	33,120	12,242
TOTAL CURRENT LIABILITIES		337,515	286,513
NON-CURRENT LIABILITIES			
Provisions	13	8,251	-
TOTAL LIABILITIES		345,766	286,513
NET ASSETS		14,661,719	12,649,832
EQUITY			
Contributed equity	14	30,060,432	27,123,763
Accumulated losses		(15,398,713)	(14,473,931)
TOTAL EQUITY		14,661,719	12,649,832

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Changes in Equity for the year ended 30 June 2017

	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	27,123,763	(14,473,931)	12,649,832
Shares issued during the year	3,043,242	-	3,043,242
Transaction costs related to share issues	(106,573)	-	(106,573)
Total comprehensive loss for the period	-	(924,782)	(924,782)
Balance at 30 June 2017	30,060,432	(15,938,713)	14,661,719
Balance at 1 July 2015	26,131,450	(13,748,446)	12,383,004
Shares issued during the year	1,093,843	-	1,093,843
Transaction costs related to share issues	(101,530)	-	(101,530)
Total comprehensive loss for the period	-	(725,485)	(725,485)
Balance at 30 June 2016	27,123,763	(14,473,931)	12,649,832

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

for the year ended 30 June 2017



	Note	Consolidated Entity	
		2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(792,228)	(781,951)
Interest received		39,505	31,914
Income tax offset received		-	147,024
Net cash used in operating activities	22a	<u>(752,723)</u>	<u>(603,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(10,752)	(31,425)
Payment for exploration and evaluation costs		(1,412,196)	(1,928,561)
Reimbursements of explorations expenditure		632,499	-
Proceeds from NSW government grant		-	144,252
Tax offsets received for investing activities		484,163	898,217
Proceeds from sale of property, plant and equipment		-	1,000
Net cash used in investing activities		<u>(306,286)</u>	<u>(916,517)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,933,242	1,048,843
Transaction costs associated with share issues		<u>(76,573)</u>	<u>(56,529)</u>
Net cash provided by financing activities		<u>2,856,669</u>	<u>992,314</u>
Net increase/(decrease) in cash held		1,797,660	(527,216)
Cash at beginning of the year		<u>770,680</u>	<u>1,297,896</u>
Cash at end of the year	7	<u>2,568,340</u>	<u>770,680</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Note 1 Notes to the Consolidated Financial Statements

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Rimfire Pacific Mining NL is a profit orientated entity for the purpose of the financial report.

The financial report covers the economic entity of Rimfire Pacific Mining NL and its controlled entity. Rimfire Pacific Mining NL is a listed public company, incorporated and domiciled in Australia.

The principal activities of the Consolidated entity during the financial year were the exploration and development of economic mineral deposits.

The financial report of Rimfire Pacific Mining NL and its controlled entity, complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report was authorised for issue by Directors on the date of signing the Directors' Declaration.

The financial report is presented in Australian dollars, has been prepared on an accruals basis and is based on historical costs.

Accounting Policies

a. Significant Judgements and Key Assumptions

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern the information regarding capitalised exploration expenditure for mining tenements. In particular, the judgement that there is insufficient information available to make a reasonable assessment of the existence or otherwise of economically recoverable reserves.

b. Principles of Consolidation

The Consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rimfire Pacific Mining NL as at 30 June 2017 and the results of all subsidiaries for the year then ended. Rimfire Pacific Mining NL and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity'.

Subsidiaries are all those entities over which the Consolidated entity has control. The Consolidated entity controls an entity when the Consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully Consolidated from the date on which control is transferred to the Consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on the taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Accounting Policies (Cont'd)

c. Income Tax (Cont'd)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Rimfire Pacific Mining NL and its wholly-owned Australian subsidiary have not formed an income tax Consolidated group under the tax consolidation regime.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis, being the amounts which have been paid for the asset.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of plant and equipment over its expected useful life commencing from the time the asset is ready for use.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

Depreciation

The depreciable amount of property, plant and equipment, but excluding freehold land, is depreciated using a reducing balance method commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	15%
Plant and equipment	7.5%-30%
Office furniture	10%-40%
Motor Vehicles	20%

e. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f. Exploration Evaluation and Development Expenditure

Exploration and Evaluation Expenditure incurred is capitalised at cost and include acquisition of rights to explore, studies, exploratory drilling, sampling and associated activities. Costs are accumulated in respect of each identifiable area of interest. General and administrative expenditures are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities particular area of interest.

These costs are only carried forward where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Accounting Policies (Cont'd)

Exploration Evaluation and Development Expenditure (Cont'd)

- f. When production commences, the accumulated costs for the relevant area of interest are reclassified to development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

The carrying amount of the capitalised expenditure is also recognised after deducting any Government Grants received in relation to the capitalised exploration expenditure.

The carrying amount of the capitalised expenditure is also recognised after deducting any reimbursable costs from New Gold Inc. under the earn in Agreement received in relation to the capitalised exploration.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

g. **Restoration, Rehabilitation, and Environmental Costs**

The Company has provided an environmental bond to the NSW Department of Planning and Environment in the form of a bank guarantee, included in trade and other receivables (\$150,000). The ultimate recoupment of this environmental bond is dependent on the completion, to the satisfaction of the Department of rehabilitation of the relevant site. The environmental bond reflects the estimated cost to rehabilitate planned exploration activity over the tenements. The Company policy is to continuously rehabilitate areas that have been affected by exploration activity when the activity has been completed.

h. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of cash-generating unit to which the asset belongs.

i. **Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year including entitlements arising from wages and salaries and annual leave, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year has been measured at the present value of the estimated future cash outflows to be made for those benefits. Contributions are made by the Consolidated entity to employee superannuation funds and are charged as expenses when incurred.

j. **Cash and cash equivalents**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and deposits with banks or financial institutions net of bank overdrafts.

k. **Trade and Other Receivables**

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

l. **Trade and Other Payables**

Trade payables and other payables are recognised when the Consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Payments are normally settled on 30 day terms.

m. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Accounting Policies (Cont'd)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level 1 input that is significant to the entire fair value measurement, being:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3. The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Consolidated Statement of Profit and Loss and Comprehensive Income.

n. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit and Loss and Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. Income Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

p. Government Grants

Government grants relating to assets such as capitalised exploration expenditure are recognised in the Consolidated Statement of Financial Position by deducting the grant in arriving at the carrying amount of the asset. Government grants relating to expenses are recognised in the profit and loss as other income.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Accounting Policies (Cont'd)

r. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Rimfire Pacific Mining NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. Segment Reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. Rimfire Pacific Mining NL does not have any separately reportable segments.

t. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u. Equity Settled Compensation

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or contractors in exchange for the rendering of services. Equity-settled share-based compensation benefits have been provided to contractors in the current financial year.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated entity receives the services that entitle the employees or contractors to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

v. New, revised or amending Accounting Standards and Interpretations adopted

All new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Rimfire Pacific Mining NL and its subsidiary's operations and effective for annual reporting periods beginning on 1 July 2016 have been adopted by the Consolidated entity.

The standards that are relevant and applicable for the first time for the year ended 30 June 2017 are:

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure*

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated entity.

Note 2 Income

	Consolidated Entity	
	2017	2016
	\$	\$
Other income		
Interest	42,827	31,003
Sundry income	500	-
Research and development tax offset income *	-	147,024
Total Revenue	43,327	178,027

* Additional funds of \$484,163 received during the year (2016: \$898,217) as part of the R&D tax offset has been applied against the Exploration Expenditure asset disclosed in Note 11.

Note 3 Loss for the Financial Year

Consolidated Entity

	2017	2016
	\$	\$

The net loss for the financial year has been arrived at after charging the following:

Expenses

Professional costs for R & D tax offset claim	25,000	26,930
Rental expense	23,353	22,682
Superannuation contribution expense	45,987	32,647
Superannuation contributions capitalised	39,256	60,155
Depreciation	33,960	39,154

Note 4 Income Tax Expense

Consolidated Entity

	2017	2016
	\$	\$

- a. The prima facie tax expense/(benefit) on loss before tax is reconciled to the income tax as follows:

Prima facie tax expense/(benefit) on loss before tax at 30% (2016: 30%)	(277,434)	(217,646)
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Add:

Tax effect of:

- non-allowable items	8,401	13,500
- net current year tax losses not recognised, temporary differences and deductible exploration expenditure.	300,825	265,660
	31,972	61,514

Less:

Tax effect of:

- Research and Development tax offset income	-	(44,107)
- capitalised share placement costs	(31,972)	(17,407)
	-	-

Income tax benefit/(expense) attributable to loss

Deferred tax assets arising from tax losses that have not been recognised:

Tax losses carried forward	5,551,556	5,857,026
Temporary differences – exploration costs	(3,523,491)	(3,430,221)
Temporary differences – other	64,944	51,670
	2,093,009	2,478,475

Net Deferred tax asset not recognised

Balance of franking account at year end

	-	-
--	---	---

Potential deferred tax assets attributable to tax losses carried forward and temporary differences have not been brought to account because Directors do not believe realisation of the deferred tax assets is probable. These benefits will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realized;
- (b) the company continue to comply with the conditions for deductibility imposed by law, and
- (c) no changes in tax legislation adversely affect the company in realizing the benefit from the deductibility for the loss.

Rimfire Pacific Mining NL and its wholly owned entity have not opted to enter the tax consolidation regime as at 30 June 2017.

Note 5 Auditor's Remuneration

	Consolidated Entity	
	2017	2016
	\$	\$
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	39,200	38,542
	<u>39,200</u>	<u>38,542</u>

Note 6 Earnings per Share

	Consolidated Entity	
	2017	2016
	\$	\$
a. Reconciliation of Earnings to Loss		
Loss used in the calculation of basic EPS	(924,782)	(725,485)
Loss used in the calculation of dilutive EPS	(924,782)	(725,485)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	917,111,859	775,010,489
Potential ordinary shares	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	917,111,859	775,010,489
c. Classification of securities		
Share options are anti-dilutive and securities have not been classed as potential ordinary shares and are not included in the determination of dilutive EPS.	-	-
d. Ordinary shares issued between reporting date and time of completion of the financial report	-	-
Basic loss per share (cents per share)	(0.10)	(0.09)
Diluted loss per share (cents per share)	(0.10)	(0.09)

Note 7 **Cash and Cash Equivalents**

	Consolidated Entity	
	2017	2016
	\$	\$
Cash at bank and on hand	902,283	770,680
Short term deposits	1,666,057	-
	2,568,340	770,680

Reconciliation of Cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash at bank	902,283	270,680
Term deposits with maturity of 3 months or less	-	500,000
Other financial assets	1,666,057	-
	2,568,340	770,680

Refer to Note 23 for the risk exposure analysis for cash and cash equivalents.

Note 8 **Trade and Other Receivables**

	Consolidated Entity	
	2017	2016
	\$	\$
OTHER RECEIVABLES		
CURRENT		
Security deposits	13,049	13,049
Interest receivable	5,950	2,128
Other receivables	32,690	43,795
	51,689	58,972
NON-CURRENT		
Security deposits	150,000	150,000

Refer to Note 23 for the risk exposure analysis for receivables. At the reporting date, no receivables were past due or impaired.

Security deposits of \$150,000 are held in support of a bank guarantee issued in favour of the NSW Department of Planning and Environment.

Note 9 Property, Plant and Equipment

	Consolidated Entity	
	2017	2016
	\$	\$
LAND		
Freehold land		
At cost	226,834	226,834
Total Land	226,834	226,834
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	461,499	459,459
Accumulated depreciation	(270,566)	(240,450)
	190,933	219,009
Motor Vehicle		
At cost	55,949	55,949
Accumulated depreciation	(29,217)	(23,048)
	26,732	32,901
Office Furniture		
At cost	100,441	89,915
Accumulated depreciation	(73,731)	(63,585)
	26,710	26,330
Leasehold Improvements		
At cost	419	419
Accumulated depreciation	(325)	(307)
	94	112
Total Plant and Equipment	244,469	278,352
Total Property, Plant and Equipment	471,303	505,186

a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Freehold Land	Motor Vehicles	Plant and Equipment	Office Furniture	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
2017						
Consolidated Entity:						
Balance at the beginning of year	226,834	32,901	219,010	26,330	112	505,187
Additions	-	-	5,188	10,526	-	15,714
Disposals	-	-	(663)	-	-	(663)
Depreciation expense	-	(6,169)	(17,626)	(10,146)	(18)	(33,959)
Depreciation capitalised	-	-	(14,976)	-	-	(14,976)
Carrying amount at the end of year	226,834	26,732	190,933	26,710	94	471,303
2016						
Consolidated Entity:						
Balance at the beginning of year	226,834	23,948	256,731	35,358	131	543,002
Additions	-	18,218	3,657	4,772	-	26,647
Disposals	-	(4,429)	(2,145)	(113)	-	(6,687)
Depreciation expense	-	(4,836)	(20,611)	(13,687)	(19)	(39,153)
Depreciation capitalised	-	-	(18,623)	-	-	(18,623)
Carrying amount at the end of year	226,834	32,901	219,009	26,330	112	505,186

Notes to the Financial Statements for the year ended 30 June 2017



Note 10 Other Assets

	Consolidated Entity	
	2017	2016
	\$	\$
CURRENT		
Prepaid expenses (insurance, rent, body corporate)	21,183	17,436

Note 11 Exploration & Evaluation Costs

	Consolidated Entity	
	2017	2016
	\$	\$
NON-CURRENT		
Exploration Expenditure		
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases	11,744,970	11,434,071
Opening balance	11,434,071	10,705,929
Additional expenditure	1,427,561	1,770,611
Reimbursed exploration expenditure	(632,499)	-
Research and development tax offset	(484,163)	(898,217)
NSW Cooperative Drilling Grant	-	(144,252)
Closing balance	11,744,970	11,434,071

No exploration expenditure was written off during 2017 (2016: Nil).

Note 12 Trade and Other Payables

	Consolidated Entity	
	2017	2016
	\$	\$
CURRENT		
Trade creditors	125,371	192,515
Sundry creditors and accrued expenses	121,524	81,756
GST Collected	57,500	-
	304,395	274,271

Note 13 Provisions

	Consolidated Entity	
	2017	2016
	\$	\$
CURRENT		
Employee benefits	33,120	12,242
NON-CURRENT		
Employee benefits	8,251	-

Note 14	Contributed Equity	2017	2016
		\$	\$
	943,477,555 (2016: 798,659,607) fully paid ordinary shares	30,060,432	27,123,763
		<u>30,060,432</u>	<u>27,123,763</u>
a.	Ordinary shares		
	Contributed equity		
	At the beginning of the reporting period	27,123,763	26,131,450
	Shares issued during the year		
	- 19 August 2016	1,624,250	-
	- 1 September 2016	883,829	-
	- 2 November 2016	500,000	-
	- 5 December 2016	30,000	-
	- 19 May 2017	5,162	-
	- Shares issued in the previous year	-	1,093,842
	Transaction costs relating to share issues	(106,572)	(101,529)
	At reporting date	<u>30,060,432</u>	<u>27,123,763</u>
		2017	2016
		No.	No.
	Shares outstanding		
	At the beginning of reporting period	798,659,607	744,001,176
	Shares issued during year		
	- 19 August 2016	77,345,238	-
	- 1 September 2016	42,087,117	-
	- 2 November 2016	23,809,525	-
	- 5 December 2016	1,428,571	-
	- 19 May 2017	147,497	-
	- Issued in the previous year	-	54,658,431
	At reporting date	<u>943,477,555</u>	<u>798,659,607</u>

b. Share-based payments

On 18 February 2016, 1,250,000 shares were issued for underwriting costs (\$25,000) at an issue price of \$0.02 per share and on 15 March 2016, 1,000,000 shares were issued for capital raising costs (\$20,000) at an issue price of \$0.02 per share with a total transactional value of \$45,000.

c. Capital Management

Management controls the capital of the Consolidated entity in order to ensure that the Company remains a going concern as a primary objective and is able to deliver suitable exploration, as the circumstances allow. This is done, to the best of Management's ability in the prevailing business and economic circumstances. The Consolidated entity's debt and capital includes ordinary share capital, listed options and financial liabilities.

The Consolidated entity is not subject to any externally imposed capital requirements.

d. Options

Options to subscribe for ordinary shares in the Company have been granted as follows:

2017	Exercise Price	Balance 01/07/16	Options Issued	Options Exercised/Cancelled/Expired	Balance 30/6/17
On or before 14 December 2016	\$0.020	54,643,681	-	(54,643,681)	-
On or before 15 May 2017	\$0.035	-	52,385,951	(52,385,95)	-
		<u>54,643,681</u>	<u>52,385,951</u>	<u>(107,029,632)</u>	<u>-</u>

Notes to the Financial Statements for the year ended 30 June 2017



In association with the Share Rights Issue, 52,385,951 free options were issued during the year with an exercise price of 3.5 cents and an expiry date of 15 May 2017 (2016: 54,643,681 at 2.0 cents with expiry date 14 December 2016).

On 14 December 2016, 22,480 options were exercised at the exercise price of \$0.05 (2016: nil). On the same date, 54,621,201 options expired.

During the year 147,497 options were exercised at \$0.035 (3.5 cents) per option on 19 March 2017.

Note 15	Controlled Entity	Country of Incorporation	Percentage Owned (%)	
			2017	2016
Parent Entity				
	Rimfire Pacific Mining NL			
Subsidiary of Rimfire Pacific Mining NL				
	Axis Mining NL	Australia	100	100

Note 16 Parent Entity Information

Set out below is the supplementary information about the parent entity.

	2017	2016
	\$	\$
Current assets	2,640,985	846,861
Total assets	15,007,258	12,936,118
Current liabilities	336,015	285,013
Total liabilities	344,266	285,013
Issued capital	30,060,432	27,123,763
Accumulated losses	(15,397,440)	(14,472,658)
Total equity	14,662,992	12,651,105
Loss of the parent entity	(924,782)	(725,485)
Comprehensive loss of the parent entity	(924,782)	(725,485)

Parent Entity Commitments:

All capital and operating commitments of the group have been entered into by the Parent Entity. Refer to note 17 for these commitments. The accounting policies of the parent entity are consistent with those of the Consolidated entity, as disclosed in note 1.

Note 17 Capital and Leasing Commitments

	Consolidated Entity	
	2017	2016
	\$	\$
a. Operating Lease Commitments		
<u>Office & Other Premises</u>		
Payable		
- not later than 1 year	18,000	17,011
- later than 1 year but not later than 5 years	-	-
	<u>18,000</u>	<u>17,011</u>

b. **Capital Expenditure Commitments**

The Consolidated entity is committed to capital expenditure on its various mining tenements and leases as follows:

	Consolidated Entity	
	2017	2016
	\$	\$
Payable		
- not later than 1 year	345,000	305,000
- later than 1 year but not later than 5 years	707,000	519,000
	<u>1,052,000</u>	<u>824,000</u>

Note 18 Contingent Liabilities and Contingent Assets

The Directors are not aware of any matters or circumstances which have arisen during or since the financial year which may significantly affect the operations of the Consolidated entity, the results of those operations or state of affairs of the Consolidated entity in future years.

Note 19 Segment Reporting

Business and Geographical Segments

The Consolidated entity operates predominantly in one business and geographic segment, being mineral exploration and prospecting within Australia.

Segment information is presented using a “management approach”, i.e. Segment information is provided on the same basis as information used for internal reporting purposes by the board of directors. At regular intervals, the board is provided management information at a group level for the group’s cash position, the carrying values of exploration permits and a group cash flow forecast for the next 12 months of operation. On this basis, no segment information is included in these financial statements.

Note 20 Key Management Personnel Disclosures

a) **Details of Directors and Key Management Personnel**

Directors

The follows persons were Directors of Rimfire Pacific Mining NL during the financial year:

Ian McCubbing (Chairman)
 John Kaminsky (Managing Director and CEO)
 Graham Billingham (Non-Executive Director)
 Ramona Enconniere (Non-Executive Director)

Note 20 Key Management Personnel Disclosures (Cont'd)

b. Key management personnel compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2017. The totals of remuneration paid to Key Management Personnel of the company during the year are as follows:

	2017	2016
	\$	\$
Short-term employee benefits	340,389	341,409
Post-employment benefits	26,637	39,784
	367,026	381,193

*Refer to page 10 for full break down of Key Management Personnel compensation

Note 21 Related Party Details

	2017	2016
	\$	\$

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 director related parties:

(i) In the current financial year a related party (Jill Kaminsky) of Mr John Kaminsky was paid in respect of administrative services. Payment for these services were on normal commercial terms.	14,288	12,535
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Note 22 Cash Flow Information

	Consolidated Entity	
	2017	2016
	\$	\$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(924,782)	(725,485)
Non-cash flows in loss		
Depreciation	33,960	39,154
Loss on disposal of PPE	663	5,687
Changes in assets and liabilities relating to operations		
Increase in other current assets	(3,747)	(929)
Decrease in other receivables	90,952	133,624
Increase/(decrease) in trade creditors and accruals	21,102	(50,863)
Increase/(decrease) in provisions	29,129	(4,201)
Cash flows used in operations	(752,723)	(603,013)

b. Cash not available for use
There was no cash as at the end of the year which was unavailable for use.

c. Non-cash Financing and Investing Activities
There were no non-cash financing and investing activities carried out during the year.

Note 23 Financial Risk Management

a. Financial Risk Management Objectives and Policies

The Consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated entity. The Consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other risks.

Risk management is carried out by senior executives under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Interest rate risk

The Consolidated entity's main interest rate risk arises from its holdings of cash and cash equivalents on deposit. Deposits held at variable rates expose the Consolidated entity to interest rate risk. Deposits held at fixed rates expose the Consolidated entity to fair value risk. The Consolidated entity's exposure to interest rate risk is set out in Note 23(b).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated entity. The Consolidated entity exposure to credit risk is limited to security deposits provided to landlords and other third parties. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Categorisation of financial instruments

Financial assets	Note	Category	Carrying value 2017 \$	Carrying value 2016 \$
Cash & cash equivalents	7	Cash and other financial assets	2,568,340	770,680
Trade and other receivables	8	Trade and other receivables at amortised cost	201,689	208,972
Financial liabilities				
Trade and other payables	12	Financial liabilities measured at amortised cost	304,395	274,271

Note 23 Financial Risk Management (Cont'd)

b. Interest Rate Risk

The Consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Fixed Interest Rate				Non-interest Bearing		Total	
	2017	2016	Maturing Within One Year		2017	2016	2017	2016	2017	2016
	\$		\$		\$		\$		\$	
Financial Assets										
Cash	901,583	269,980	-	500,000	700	700	902,283	770,680		
Receivables	150,000	150,000	-	-	51,689	58,972	201,689	208,972		
Other Financial Assets			1,666,057	-	-	-	1,666,057	-		
Total Financial Assets	1,051,583	419,980	1,666,057	500,000	52,389	59,672	2,770,029	979,652		
Financial Liabilities										
Trade and sundry creditors	-	-	-	-	304,394	274,271	304,394	274,271		
Total Financial Liabilities	-	-	-	-	304,394	274,271	304,394	274,271		
Net inflow/(outflow) on financial assets	1,051,583	419,980	1,666,057	500,000	(252,005)	(214,599)	2,465,635	705,381		

Note 23 Financial Risk Management (Cont'd)

c. Net Fair Values

The carrying amounts of financial assets and liabilities approximate the net fair value unless otherwise stated.

d. Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2017, the effect on loss after tax and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2017	2016
	\$	\$
Change in loss after tax		
- Increase in interest rate by 0.5%	5,258	2,100
- Decrease in interest rate by 0.5%	(5,258)	(2,100)
Change in equity		
- Increase in interest rate by 0.5%	5,258	2,100
- Decrease in interest rate by 0.5%	(5,258)	(2,100)

The above changes are based on the effect of an interest rate change in relation to funds held in deposit with financial institutions. A change in 0.5% of the interest rate is deemed reasonable by management due to the current financial environment of low interest rates.

Note 24 Events Occurring after the Reporting Period

There are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years.

Unissued shares under option

At the date of this report there were 1,950,000 unissued shares under option at an issue price of \$0.0295 (2.95 cents) per option, with 487,500 options to vest on 25 September 2018, and 1,462,500 options to vest on 25 September 2019 exercisable before 25 September 2020.

Note 25

Company Details

The registered office and principal place of business of the Company is:

Rimfire Pacific Mining NL
"Exchange Tower"
Suite 411, 530 Little Collins Street
Melbourne VIC 3000

In the directors' opinion:

1. the attached financial statements and notes and the Remuneration Report thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
2. the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
3. the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
4. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
5. The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors

Chairman



Ian McCubbing

Dated this

29th day of September 2017



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Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Rimfire Pacific Mining NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rimfire Pacific Mining NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 11 in the financial report.</p> <p>The Group carries exploration and evaluation costs totalling \$11,744,970 in accordance with the Group's accounting policy for exploration, evaluation and development expenditure as disclosed in note 1(f).</p> <p>The carrying value of exploration and evaluation costs is a key audit matter due to its significance to total assets, and the level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources with regards to any indicators of impairment that may be present.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation costs by obtaining confirmation of a sample of the Group's tenement holdings • Agreeing a sample of the additions to capitalised exploration and evaluation costs during the year to supporting documentation, and agreeing that the amounts were capitalised correctly • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cashflow budget for the level of budgeted spend on exploration projects • Assessing the ability to finance any planned future exploration and evaluation activity • Assessing and evaluating management's assessment of the carrying value of exploration and evaluation assets

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report



Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Rimfire Pacific Mining NL, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

James Mooney
Partner

Melbourne, 29 September 2017

1. The shareholder information set out below was applicable as at 22 September 2017.

(a) Distribution of Shareholders by Class

Category (Size of Holding)	Total Holders	Fully Paid Ordinary Shares	% of Issued Capital
1 – 1,000	172	51,478	0.01
1,001 – 5,000	154	517,394	0.05
5,001 – 10,000	171	1,457,112	0.15
10,001 – 100,000	789	34,185,514	3.62
100,001 over	676	907,266,057	96.16
Total	1,962	943,477,555	100.00

(b) The number of holders with shareholdings in less than marketable parcels was 737 as at 22 September 2017.

(c) The number of holders of each class of equity security as at 22 September 2017 was:

Class of Security	Number
Fully Paid Ordinary Shares	1,962

(d) Voting Rights

Every Member is entitled to be present at a meeting and may vote.

On a show of hands, every Member has one vote.

On a poll every Member has:

- one vote for each fully paid share; and
- voting rights pro-rata to the amount paid up on each partly paid share held by the Member.

(e) 20 Largest Shareholders - Ordinary Capital as at 22 September 2017

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Mr Peng Wang	29,285,714	3.10
2. Mr John Adrian Kaminsky	28,085,503	2.98
3. TJS Investments (Aust) Pty Ltd <TJS Investments A/C>	28,069,931	2.98
4. Mr Choong Guang Koh	26,500,000	2.81
5. HSBC Custody Nominees (Australia) Limited	24,326,301	2.58
6. New Gold Fife Pty Ltd	23,809,524	2.52
7. Pershing Australia Nominees Pty Ltd <Phillip Securities (HK) A/C>	22,596,881	2.40
8. Cooe Investments Pty Ltd	17,368,604	1.84
9. Ralston Corporation Pty Ltd <Ralston Super Fund A/C>	15,000,379	1.59
10. Warcoll Holdings Pty Ltd	14,502,375	1.54
11. Helen Ma Pty Ltd <Stevema Super Fund A/C>	13,276,831	1.41
12. Kookoo Nominees Pty Ltd <Ant & Koo Nicholson S/F A/C>	13,200,000	1.40
13. Mr Kerry Peter Jelbart + Dr Stephen Bruce Jelbart <Jelbart Super Fund A/C>	12,600,000	1.34
14. Mr Ronald Roy Foote + Mrs Renate Foote	12,333,333	1.31
15. Mr Marc David Harding	11,862,310	1.26
16. Dr Gary Robert Lillicrap	11,675,505	1.24
17. Dr Gary Robert Lillicrap + Mr Damian Gary Lillicrap + Mrs Imelda Anne Lillicrap <Lillicrap Super Fund A/C>	11,088,837	1.18
18. Assesslaw Pty Ltd <Isabella S/F A/C>	10,404,438	1.10
19. B David Nominees Pty Ltd <Never Satisfied S/F A/C>	10,000,000	1.06
20. GF Wilson Pty Ltd <Gordon Wilson Superfund A/C>	9,645,000	1.02
	<u>345,631,466</u>	<u>36.63</u>

2. **The name of the Company Secretary is Melanie Leydin.**

3. **The address and telephone number of the registered office and principal administrative office is:**
Suite 411, 530 Little Collins Street
Melbourne VIC 3000
Telephone: 03 9620 5866
Facsimile : 03 9620 5822
Website : www.rimfire.com.au

4. **The register of securities is held at the following address:**
Computershare Registry Services
117 Victoria Street
West End QLD 4001
Telephone: 1300 787 272
Facsimile : 07 3237 2152

5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Vendor Securities**
There are no restricted securities on issue as at 29 September 2017.

7. **Unissued shares under option**
As at 29 September 2017 there were 1,950,000 unissued shares under option at an issue price of \$0.0295 (2.95 cents) per option, with 487,500 options to vest on 25 September 2018, and 1,462,500 options to vest on 25 September 2019 exercisable before 25 September 2020.

Directors:	Ian McCubbing (Chairman) John Kaminsky (Managing Director & CEO) Graham Billingham Ramona Enconniere Andrew Greville
Company Secretary:	Melanie Leydin
Registered Office:	Suite 411, 530 Little Collins Street Melbourne VIC 3000
Auditors:	BDO East Coast Partnership Level 14, 140 William Street Melbourne VIC 3000
Lawyers of the Company:	McNab Lawyers Level 3, 139 Collins Street Melbourne VIC 3000 Carton Solicitors Suite 211, 19 Milton Parade Malvern VIC 3144
Share Registry:	Computershare Investor Services Pty Ltd 117 Victoria Street West End QLD 4001 Tel: 1300 787 272
Bankers:	Westpac Banking Corporation 114 William Street Melbourne VIC 3000 Macquarie Bank Limited 300 Queen Street Brisbane QLD 4000
Stock Exchange Listing:	Australian Securities Exchange Home Exchange – Melbourne ASX Code: RIM
Email Address:	rimfire@rimfire.com.au
Website Address:	www.rimfire.com.au



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