Directors' Report & Financial Statements

30 June 2014

DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entity for the financial year ended 30 June 2014.

Directors

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

Graham Billinghurst
John Kaminsky
Ramona Enconniere
Thomas Burrowes

Mr John Gillett was appointed a director subsequent to the end of the financial year on 16 July 2014 and continues in office at the date of this report.

Principal Activities

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

Review of Operations

The Company continued to make steady progress in the last year, with work focused exclusively in the $30km^2$ area at Fifield NSW, which includes the Sorpresa gold (Au) and silver (Ag) project area and the regional prospects located within 6km radius of Sorpresa.

A countercyclical strategy was adopted, to perform more field work in the tougher global market conditions, therefore allowing visible news flow and operational results to continue to build, despite the difficult market trading environment.

The Sorpresa Gold and Silver project area continued to expand with additional drill intersections achieved. The Company is now seeking to establish a resource on the known areas of mineralization whilst continuing to search for growth in the mineralization potential in adjacent areas.

Important outcomes in the reporting period included:

- Significant growth in the mineralization at Roadside location, within Sorpresa, which remains open
- Expansion of the Sorpresa system potential at BGE
- Examining new data for extensions and repeat lodes at Sorpresa, to the east and south
- Additional geophysical data sets including a new detailed magnetic survey were integrated, providing new insights
- A high quality prospect portfolio of 25 targets were generated and ranked within the 6km radius of Sorpresa
- The advancement of 5 regional prospects representing high order gold anomalies, with sizable surface expression
    - Yoes Lookout, Eclipse Trend, Roseneath, Golden Green Group and Carlisle
    - These represent a drill ready and robust prospect pipeline

The Company believes that the "wider project area" of $30km^2$ has multi-million ounce gold equivalent potential and the current process of seeking the establishment of a resource at Sorpresa, coupled with further discovery growth, will see the Company move further down this path over the next 1~2 years.

The role of discovery exploration is considered very important and the Company will continue to examine the larger mineralizing picture at Fifield in parallel with the work at Sorpresa as a core strategy.

Metal zoning remains an observed feature of the regional Fifield geology. This is well highlighted in the Eclipse and Yoes Lookout areas more recently. Major advances continue to be made by the Company in understanding the mineralization setting and its promising potential at Fifield, however, still recognising that the company remains on a learning curve on this highly complex geological system.

The price of gold traded in a band of approximately USD1,200/oz to USD1,400/oz during the period. More recently, gold and silver were again trading at the lower end, at below USD$1250/oz and USD19/oz respectively. In the Company's view, the commodity outlook represents limited downside risk for gold and silver at these prices, particularly with the global financial environment which remains somewhat uncertain.

Mr John Gillett became an additional Non-Executive Director to the Board of the Company in July. Mr Gillett's considerable engineering, project and resources experience across a wide array of jurisdictions provides additional skills to the Board at this time of growth for the Company.

The Board of Directors is grateful to all the personnel, partners, contractors and stakeholders contributing to the advancement of the Company projects in the period.

Financial Position

The net assets of the consolidated entity have increased from $11,050,241 at 30 June 2013 to $12,077,162 at 30 June 2014. The Company continued to ensure that overhead costs during the financial year were carefully monitored.

The Company was successful in raising further capital (approx. $3.285m) with a placement and an SPP in September 2013. The Board sincerely acknowledges new and existing shareholders who participated in these finance rounds.

Additionally, the Company was able to attract support for its application for AusIndustry R&D Funding, which provided approximately $1.163m in further funds. The Company has been awarded a grant from the NSW Department of Resources and Industry, for New Frontiers Co-operative Drilling funds, which will provide a contribution of approx. $175,000 towards new drilling programs in the next 12 months, applied to the greater Sorpresa area.

The Exploration Sector financial markets have undergone a major correction in the last 18 months, with declines in both liquidity and value for most listed companies. The Company's share price recovered from its low points in April and June 2014, with improved market sentiment and increased news flow from operations gaining recognition. Other seasonal factors such as the financial year end tax realisations leading to June 30, impacted to provide weaker trading conditions also.

Despite this, the Company's shares have performed above the market sector indices for the last 4 years, and outperformed many peers, in difficult trading conditions. Whilst risk capital appears to be returning to markets, as demonstrated with recent price upswings, markets remain fragile, and it is not yet clear if the turning point now observed will reflect modest continued improvements or a sustained sideways movement based on further conservative sentiment.

Future Developments, Prospects and Business Strategies

The Company remains committed to the emerging potential of the gold and silver mineralization observed within the Fifield district, including beyond the immediate confines of the known gold and silver mineralization at the Sorpresa project.

The regional potential at Fifield has been further enhanced in the last 12 months. The key prospects, currently 25 or more, reside within an approx. 6km radius of Sorpresa, and are viewed as highly prospective for gold, with base metal and platinum potential also recognised. In addition, the extensional growth potential immediately adjacent to the known Sorpresa mineralization exists to the East, South and a new area potentially to the West.

The Company continues to methodically prospect these many areas as quickly and as effectively as possible, providing quality target development leading to deeper drilling, as appropriate, and building satellite project inventory at Fifield, wherever possible. The Carlisle area is an excellent example of the growing regional potential, and whilst at an early stage, has produced an excellent gold anomalous area, with up to 23g/t gold in rock chips.

The known gold and silver mineralized positions at Sorpresa are now undergoing examination for a resource establishment, which the Company envisages will be part of a dynamic process.

Although under consideration for a lengthy period of time, the Platina Lead structure still represents a potentially attractive lower order commercial platinum target (with associated gold). Permitting is in place for an initial technical and commercial assessment. Potential partners were being sought during the current period. It is likely that the Company would gain insights into the mineralized platinum bedrock system operating and the Sorpresa style gold system, during any assessment of the Platina Lead.

Operating Results

The loss of the consolidated entity amounted to $2,216,830 (2013: $655,477).

Dividends

No dividends were paid during the financial year, nor are any recommended at 30 June 2014.

No Significant Changes in State of Affairs

The Sorpresa Gold and Silver discovery at Fifield provides the core focus for the Company going forward. The Platinum potential remains important.

After Balance Date Events

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.

Environmental Issues

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. There have been no environmental breaches during the 2014 financial year.

Information on Directors

John Kaminsky **Executive Chairman and Director** ***Bachelor of Applied Science (Chemistry) (RMIT), MBA (Melbourne Business School)***	
Experience And Expertise	John was 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.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	Chairman of the board. Member of the Audit and Remuneration Review Committee (alternate to G Billinghurst).

Graham Billinghurst **Non-Executive Director and Secretary**	
Experience And Expertise	Graham was 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 Review Committee.

Ramona Enconniere **Non-Executive Director** ***Bachelor of Commerce (University of Melbourne), MBA (Melbourne Business School)***	
Experience And Expertise	Ramona was 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 Remuneration Review Committee. Member of the Audit Committee.

Thomas Burrowes **Non-Executive Director** ***Bachelor of Economics (Hons), MBA (Melbourne Business School)***	
Experience And Expertise	Thomas was appointed Director of Rimfire Pacific Mining NL in December 2010. He has accrued extensive operational and management experience at Board level within junior Australian resource companies over the past 25 years. After an initial career in funds management he has held executive directorship positions in 7 resource companies. He makes a valuable contribution with his depth of resource industry experience, public company involvement, exploration knowledge, financial market understanding, new project awareness and a wide range of industry contacts
Other Current Directorships	None.
Former Directorships in Last 3 Years	Stellar Resources Limited 2004 – May 2014 (Non-Executive Director).
Special Responsibilities	Chair of the Audit Committee.

John Gillett **Non-Executive Director** ***Bachelor of Engineering Civil (Hons), Diploma of Business Management, FIE Aust, MICE (UK), CEng, MAICD***	
Experience And Expertise	John was appointed Director of Rimfire Pacific Mining NL in July 2014. He is a professional civil engineer with business experience in the resources industry, infrastructure and services to government over a 40 year period. He has gained company director, management, business development and project experience in large corporate and multinational businesses. He has lived and worked in Australia, USA, UK and Indonesia. John's areas of expertise include strategic and business planning for new businesses, feasibility studies, environmental impact studies, approvals, design and project/construction management for mining, water, transport and building projects. In addition, he brings sound commercial judgement, risk management skills, experience in regulatory compliance and government relationships to the board.
Other Current Directorships	None.
Former Directorships in Last 3 Years	None.
Special Responsibilities	None.

Meetings of Directors

During the financial year, meetings of Directors were held as detailed below.
Attendances by each Director during the year were:

	Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
John Kaminsky	4	4	2	2	1	1
Graham Billinghurst	4	4	-	-	1	1
Ramona Enconniere	4	4	2	1	1	1
Thomas Burrowes	4	4	2	2	-	-

Shares held beneficially:

John Kaminsky	21,015,503
Graham Billinghurst	-
Ramona Enconniere	1,668,333
Thomas Burrowes	1,009,302
John Gillett	-

Shares in which there is a relevant interest:

John Kaminsky	5,322,666
Graham Billinghurst	16,548,837
Ramona Enconniere	7,498,837
Thomas Burrowes	-
John Gillett	581,000

Options

No options were issued during the current financial year (2013: Nil).

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the key management personnel 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:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration for the year ended 30 June 2014
- Service agreements
- Share-based compensation
- Additional information

Principles used to determine the nature and amount of remuneration

The remuneration policy of Rimfire Pacific Mining NL has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific longer term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Rimfire Pacific Mining NL established a Remuneration 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 goal congruence between Directors, executives and shareholders.

This policy is now under review, particularly with the growing needs of the Company, to create a better alignment to industry practices for remuneration. The Remuneration Review Committee has been looking at suitable benchmarking to apply to the Company's Board and executive management, and has an initial determination that the Company has remunerated in the lowest quartile of the industry, whilst the Company has performed in the top quartile, using various measures of assessment.

The Government's negative policy operating in the last few financial periods concerning share and option incentives has been a major impediment to establishing reasonable remuneration structures for the higher risk industries, which include exploration. The lack of flexibility in remuneration structure is an area for policy review in the Company's opinion.

The Board's historic policy used for determining the nature and amount of remuneration for Board members and senior executives in this reporting period of the consolidated entity is detailed below. The remuneration policy, setting the terms and conditions for executive directors and other senior executives, was approved by the Board. The executives are entitled to receive a mix, as determined by the Committee, of base salary (which is based on factors such as capability, effectiveness, work tasks, responsibilities, length of service and experience), superannuation, fringe benefits and securities, subject to any necessary shareholder or regulatory approvals.

The Board reviews executive and non-executive packages by reference to the consolidated entity's performance, executive and non-executive Director performance and comparable information from industry sectors including other listed companies in the resources sector. This review is still underway at the time of this report.

With respect to executive appraisal, key aspects of performance criteria have included the maintenance of an adequate level of operating capital, maximising the economic cycle and managing expenditure to efficient levels, particularly in difficult global conditions. Developing and retaining exploration personnel expertise, therefore enabling the best possible examination and enhancement of the Company's exploration portfolio is considered important, and this is done whilst operating to high standards of governance, including work place safety.

Managing investor relations and Company communication with all stakeholders, including shareholders, analysts, capital providers, landholders and government departments is considered a key benchmark. Ensuring an environmentally sensitive approach to exploration programs is maintained is a measured outcome, thus minimising any potential liabilities to the Company.

All of these factors are considered to impact directly on the performance of the Company and are therefore an important component in the remuneration assessment. These factors are more easily assessed within the review process, than more volatile measures, such as day to day exploration results, commodity price fluctuation and global market sentiment. Overall technical advancement in the exploration potential of the project areas is considered in the remuneration assessment process.

Macro measures as a backdrop to performance review are also relevant, but are not a sole determining factor. Such measures would include key growth indicators of share price, volume of trade, number and stability of shareholders and market capitalisation of the Company. The Company believes the performance review process adopted using these measures ensures a strong alignment between Board and executive performance and that of the underlying performance of the Company for a Company of this type. The Committee is further tuning performance criteria as the Company enters the next reporting period, setting explicit measures of performance.

As a junior exploration company other key performance criteria for the Directors and executives relate to their ability to bring ideas, business skills, experience, appropriate networks, capital raising initiatives, promotional strategies, expenditure plans and pursue exploration programs through selection of appropriate technical specialists whilst exercising prudent judgement that can create significant shareholder value. This must all be conducted within modest financial resources, so efficiency and effectiveness are key performance measures by which the executives and Directors need to be assessed. The capacity for multi-skilling amongst executives and the Board is a key attribute.

Key objectives are set by the Board for the Executive Chairman of the Company, and the Board refers to these guidelines and modifies the content according to the specific needs of the Company and its strategies going forward. Performance and objectives for the Executive Chairman have yet to have the review completed for the current reporting period and hence his remuneration awaits review. The Executive Chairman is currently on a roll-over of his previous arrangements with the Company, but this is also under review. There has been no increase in remuneration arrangements from the previous two reporting periods.

Subject to the performance of the Company and a review of the performance and incentives offered to Directors and executives of the Company, an entitlement to participate in share and option arrangements, subject to shareholder approval may also apply. This is designed to align the performance of the Company with the performance of the Board and Executives. Legislative changes, however, caused the Company to seek further advice, with the possible establishment of a performance rights scheme.

All remuneration paid to executives and Directors are valued at cost to the Company and mostly expensed with a small amount capitalised into exploration costs. The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities.

The Remuneration Review Committee determines payments to the non-executive Directors and attempts to review their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought if required. The maximum aggregate amount of fees that can be paid to non-executive Directors is not linked directly to the consolidated entity performance, however, the Board is conscious of its responsibilities and is mindful of the performance of the Company, so has acted accordingly, in formulating remuneration and incentive levels. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Details of Remuneration for the Year Ended 30 June 2014

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 2014 ($120,000 in 2013) 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 $90,000 in total ($90,000 in 2013). This rate is below the industry norm.

2014	**Primary**		**Post Employment**	**Equity Compensation**	**Total**
Name of Director	**Salary, Fees & Commissions**	**Cash Bonus**	**Superannuation Contributions**	**Shares & Options**	
	$	$	$	$	**$**
Non-Executive Directors					
G Billinghurst	30,000	Nil	Nil	Nil	30,000
R Enconniere	30,000	Nil	Nil	Nil	30,000
T Burrowes	27,460	Nil	2,540	Nil	30,000
Executive Director					
J Kaminsky	238,532	Nil	22,064	Nil	260,596
	325,992	Nil	24,604	Nil	350,596

2013	Primary		Post Employment	Equity Compensation	Total
Name of Director	Salary, Fees & Commissions	Cash Bonus	Superannuation Contributions	Shares & Options	
	$	$	$	$	$
Non-Executive Directors					
G Billinghurst	30,000	Nil	Nil	Nil	30,000
R Enconniere	30,000	Nil	Nil	Nil	30,000
T Burrowes	27,523	Nil	2,477	Nil	30,000
Executive Director					
J Kaminsky	238,532	Nil	21,468	Nil	260,000
	326,055	Nil	23,945	Nil	350,000

Performance Income as a Proportion of Total Remuneration

No performance based bonuses were paid during the year ended 30 June 2014 (2013: nil).

Service Agreements

The Executive Chairman, Mr J Kaminsky, had an arrangement with the Company to provide services, and this was put in place with effect on 1 January 2012. Currently the contract basic conditions have rolled over, and a formal review is to be undertaken shortly.

The Non-Executive Directors have been appointed on an ongoing basis and the company does not have any retirement benefit obligations upon their cessation as a director.

Share Based Compensation of Directors & Executives

No shares or options were granted to Directors or Executives, exercised, expired or held during the years ended 30 June 2014 or 30 June 2013.

Additional Disclosures Relating to Key Management Personnel

Shareholdings

Number of Shares held by Key Management Personnel

2014 Parent Entity Directors	Balance 01/07/13	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/6/14
G Billinghurst	16,200,000	-	-	348,837	16,548,837
R Enconniere	8,818,333	-	-	348,837	9,167,170
T Burrowes	800,000	-	-	209,302	1,009,302
J Kaminsky	25,979,332	-	-	358,837	26,338,169
Total	51,797,665	-	-	1,265,813	53,063,478

* Net change other refers to shares purchased during the financial year.

2013 Parent Entity Directors	Balance 01/07/12	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30/6/13
G Billinghurst	15,700,000	-	-	500,000	16,200,000
R Enconniere	7,593,333	-	-	1,225,000	8,818,333
T Burrowes	500,000	-	-	300,000	800,000
J Kaminsky	25,279,332	-	-	700,000	25,979,332
Total	49,072,665	-	-	2,725,000	51,797,665

* Net change other refers to shares purchased during the financial year.

No options are held by Directors (2013: nil).

Executives

There were no executives other than the Executive Chairman at balance date.

[End of audited Remuneration Report]

Indemnifying Officers

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.

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

Mr John Kaminsky
Ms Ramona Enconniere
Mr John Gillett
Mr Graham Billinghurst
Mr Thomas Burrowes

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.

Auditor's Independence Declaration

The auditor independence declaration required under Section 307C of the Corporations Act 2001 forms part of this Directors' Report and is included on page 11.

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.

Director John Kaminsky

Dated this 30th day of September 2014

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DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF RIMFIRE PACIFIC MINING NL

As lead auditor of Rimfire Pacific Mining NL for the year ended 30 June 2014, 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.

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

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 30 September 2014

Corporate Governance Statement

Introduction

The Directors of Rimfire Pacific Mining NL recognise the need for high standards of corporate governance and are focused on fulfilling their responsibilities individually and as a Board to all of the Company stakeholders. The Board supports the guidelines on the "Principles of Good Corporate Governance and Best Practice Recommendations" ("Principles") established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business, the stage of its development and the cost of strict and detailed compliance with all of the recommendations the Company has adopted some modified systems, procedures and practices which it considers allow it to reasonably meet the principles of good corporate governance.

The Company's practices aim for consistency with the guidelines and recommendations. The Company considers that it has adopted practices that are appropriate to the Company's circumstance in this regard. At the end of this Corporate Governance Statement a table is included detailing the recommendations with which the Company does not strictly comply, including reasons for departure from any stated Principles.

The following sections outline the Company practices in complying with the Principles.

Principle 1: Laying Solid Foundations for Management and Oversight

The role of the Board is to lead and oversee the management and direction of the Company.

After appropriate consultation with executive management, the Board:

1. Defines and sets its business objectives. It subsequently monitors performance and achievements of the Company's objectives and that of senior management;

2. Oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management, remuneration practices and insurance needs of the Company;

3. Monitors and approves financial performance and budgets; and

4. Reports to shareholders.

As part of the execution of their duties, Directors are involved in various subcommittees related to focused aspects of the Company. The Directors are able and encouraged to seek external professional advice as may be required, depending on circumstance.

In addition, Directors have a duty to disclose and appropriately report matters that affect their independence and conform to the Company's trading policy governing dealings in the Company's securities, including any related financial instruments.

The Board has delegated all day to day management of the Company to the executive management, subject to any specific expertise requested by management of the Board, on a case by case basis.

During the period, a review of executive performance was undertaken by the Remuneration Committee in accordance with the Company's stated review process and benchmarking.

Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a Director of the Company. One third of the Directors retire annually and are free to seek re-election by shareholders.

Principle 2: Structuring the Board to Add Value

Composition of the Board

The ASX Corporate Governance Council recommends that composition of the Board be determined so as to provide a Company with a broad base of industry, business, technical, administrative and corporate skill and experience considered necessary to represent shareholders and fulfill the business objectives of a Company.

The recommendations of best practice are that a majority of the Directors and in particular the chairperson should be independent. An independent Director is one who:

1. Does not hold an executive position;

2. Is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;

3. Has not within the last 3 years been employed in an executive capacity by the Company or another group member or been a Director after ceasing to hold such employment;

4. Is not a principal of a professional adviser to the Company or another group member;

5. Is not a significant supplier or customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer;

6. Has no significant contractual relationship with the Company or any other group member other than as a Director of the Company; and

7. Is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Directors ability to act in the best interests of the Company.

It is considered that a majority of independent Directors is the optimal composition to add value to the Company. This is due to the size and nature of the Company's business and the risk profile of the Company. Corporate Governance practices are in place to support competent and objective operation of the Board and to provide investor assurance in relation to Board decision making.

As a junior exploration company, the key performance criteria for the Directors and executives relate to their ability to bring ideas, general business skills, experience, appropriate networks, risk assessment skills, capital raising initiatives, promotional strategies, expenditure plans and to pursue exploration programs through appropriately selected technical specialists whilst exercising prudent judgment that can create significant shareholder value. This must all be conducted within modest financial resources, so efficiency and effectiveness are key performance measures by which the Directors are assessed.

The Board regularly discusses and reviews its performance. The chairperson also discusses with each Director their requirements, performances and aspects of involvement in the Company. The Non-Executive Directors discuss and evaluate the role fulfilled by management individually and together. This is reviewed against the discussed and agreed objectives of the Company and the effectiveness in carrying out those objectives.

Nomination of Other Board Members

Due to the small size of the Company, no Nomination Committee exists currently, this function is adopted by the Board of Directors, which at least annually, reviews its composition to determine if additional core strengths are required to be added to the Board in light of the nature of the Company businesses and its objectives. The selection process takes into consideration the skills and experience of proposed Directors with an attempt to gain sufficient diversity amongst Directors to add value to the Company.

Independent Advice

Each of the Directors is entitled to seek independent advice at Company expense to assist them to carry out their responsibilities.

Principle 3: Promotion of Ethical and Responsible Decision-Making

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Directors, staff and insiders are required to make disclosure of any share trading. A formal Trading Policy was released to the ASX at the end of 2010. The cornerstone of the Company policy in relation to share trading is that officers, employees and contractors are prohibited from trading whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material effect on the price or value of the Company securities. An officer must discuss the proposal to acquire or sell shares with the Chairman prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in securities by Directors must be notified to the Company and Chairman who makes disclosure to ASX within the required reporting time-table guidelines.

An extract of the Trading Policy is provided as follows:

A Representative in possession of price sensitive information which is not generally available to the market must not deal in the Company's securities at any time, either directly, or indirectly.

In addition, each Representative is permitted to trade in the Company's securities throughout the year **except** during designated closed periods. The closed periods are between the end of the March, June, September and December quarters and the release of the Company's next quarterly report to the ASX, so long as the Company is required by the Listing Rules to lodge quarterly reports.

Certain trading activity is not subject to the policy such as transfers to super funds where the transferor maintains the beneficial ownership of the securities. **The full list of acceptable trading activity is listed in the full policy document as released in December 2010 to the ASX.** There are exceptional circumstances where trading can occur outside the policy in cases of specific hardship. These details are outlined in detail in the full policy document.

The Company does not have a formal diversity policy, given the size of the Company at this point in time. However, the Company applies the common sense principle that the person of the right experience, skills and aptitude for a particular vocational need will be chosen for a vacancy within the Company. This has resulted in diversity in the work place as "a natural outcome", rather than a formulated approach.

Board Composition by Gender			
Executive Directors		Non-Executive Directors	
Male	Female	Male	Female
1	Nil	2	1

Senior Executive Composition by Gender	
Male	Female
1	Nil

Principle 4: Safe Guarding Integrity in Financial Reporting

An Audit Committee operates within the Company.

The committee consists of the following:

T Burrowes (Chair)	Non- Executive Director
R Enconniere	Non- Executive Director
J Kaminsky	Executive Director

The main responsibilities of the Audit Committee are to:

1. Review the annual financial statements with the Executive Chairman and the external auditors and make appropriate recommendations to the Board;
2. Review all regular financial reports to be made to the public prior to their release and make appropriate recommendations to the Board;
3. Monitor compliance with statutory and Australian requirements for financial reporting;
4. Review reports from management and external auditors on any significant proposed regulatory, accounting or reporting issues, to assess the potential impact on the Company's financial reporting process.

The Executive Chairman is required to state in writing that the Company's Financial Reports present a true and fair view in all material respects of the Company's financial condition and operational results in accordance with relevant accounting standards.

The committee is also charged with the responsibilities of recommending to the Board the appointment, removal and remuneration of the external auditors and reviewing the terms of their engagement and the scope and quality of the audit.

An analysis of fees paid to the external auditors, including a breakdown of fees of non- audit services, is provided in the notes to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board.

Each Board member has access to the external auditors and the auditor has access to each Board member.

Principle 5: Making Timely and Balanced Disclosure

The Executive Chairman has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX Listing Rules and overseeing and co-coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All material information concerning the Company, including its financial situation, performance and ownership are posted on the Company web site to ensure all investors have equal and timely access.

Principle 6: Respecting the Rights of Shareholders

The Board recognises its responsibility to ensure that its shareholders are informed of all major developments affecting the Company.

All shareholders who nominate to do so receive a copy of the Company's annual report. The annual, half yearly and quarterly reports are prepared in accordance with the ASX Listing Rules and are posted on the Company's web site. Regular updates on operations are made via ASX releases, including access to any audiocast or video materials.

Information on the Company is posted on the Company's website. This amongst other information includes all text in relation to any notices on meetings to be held by the Company. When analysts are briefed on aspects of the Company's operation, the material used in the presentation is released to the ASX and posted on the Company's website.

The Company has maintained its website during the past year, inclusive of the last 3 years of all ASX release materials, which also incorporates financial information in this time. The website includes the option for shareholders to contact the Company for clarification and receive direct updates of Company matters.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 7: Recognising and Managing Risk

A key element of the Board's role is the assessment of risk and the subsequent management of risk. Key risk areas for the Company include, amongst other things, exploration success and subsequent commercialisation risk, financial markets and economic cycle risk, commodity risk and key personnel risk. These are reviewed on a continuous basis and then specifically reviewed again at each Board meeting.

The issue with respect to risk in exploration is one of balancing the potential rewards with the cost of conducting adequate exploration programs. The Company employs a number of strategies to mitigate its risks including considering the farming out of exploration prospects, acquiring more information in order to better define targets within exploration prospects and maximising the use of lower cost exploration techniques. The Company utilises industry standard drafting techniques and software to map, log and assess its prospects for ongoing exploration suitability. Peer review of prospects, by both internal and third party consultants, is used when considered necessary, to consider exploration assumptions at various times.

The Company would be subject to commodity and currency price fluctuation through the sale of commodities denominated in $US. The Company monitors certain commodity and currency movements and possible methods available to manage any such movements in price risk. However, the Company has no consistent current commercial production at this time, except potential by product from bulk sampling programs, so the Board does not consider price risk to be a significant factor at this time. Interest rate risk is assessed according to reporting guidelines.

The Board is responsible for approval of the acquisition and disposal of exploration and development interests. The Board is also responsible for overseeing identification and development of strategies to mitigate price risk, including hedging and also asset protection and potential liabilities via insurance.

The Company has in place internal control processes, and undertakes such modifications as are necessary to ensure reasonable levels of control are maintained.

Monitoring the performance of the Company's financial status and matching this adequately to the current business and economic cycles are key areas for Board risk assessment. Authorisation of equity raisings, entering into debt facilities and major capital expenditure or commitments require Board approval. All routine operating expenditures are the responsibility of management in accordance with programmes and budgets approved by the Board.

The Company currently has personnel of less than 10, which does not include an internal audit function. In relation to its responsibilities the Board's consideration includes the following:

1. Review of internal controls and recommendations for enhancements
2. Monitoring of compliance with the Corporations Act 2001, Australian Securities Exchange, Australian Taxation Office and Australian Securities and Investments Commission requirements
3. Improving the quality of the management and accounting information
4. Follow-up and rectification by management of deficiencies or breakdown in controls or procedures.

The board receives annually, the assurance from the Executive Chairman by signed declaration.

Principle 8: Remunerate Fairly and Responsibly

A Remuneration Committee operates within the Company.

The committee currently consists of the following:

- R Enconniere (Chair)
- G Billinghurst
- J Kaminsky (and alternate G Billinghurst)

The Remuneration Review Committee makes recommendations to the Board on remuneration packages and other terms of employment. Reviews are conducted annually, or earlier if required, by the committee having regard to performance and relevant comparative information. As well as a base salary, remuneration packages may include superannuation, termination entitlements, fringe benefits, incentives, bonus and securities.

Remuneration packages should be set at levels that are intended to attract and retain high calibre staff and align the interest of the executives with those of the Company shareholders. Remuneration of Non-Executive Directors is treated separately and determined by the Board within the maximum amount approved by the shareholders from time to time. Currently, the annual pool established for maximum payments to Non- Executive Directors, in their capacity as Directors is $200,000 (2013: $120,000) in aggregate.

There are no retirement benefits afforded to Non- Executive Directors beyond statutory superannuation entitlements that may have accrued. Further information on Directors' and Executives' remuneration is set out in the Directors' Report and Remuneration Report.

Table of Departures and Explanations (from the recommendations of the ASX Corporate Governance Council)

Recommendation Reference (Principle Number reference)	**Departure from Recommendation**	**Explanation for Departure**
2.2 & 2.3	The Chairman is an Executive Director and has a substantial associated shareholding in the Company and therefore does not meet the test of independence.	The Board believes that the Chairman is able to act competently and diligently in the best interests of the Company.
2.4	No separate Nomination Committee currently exists.	As a small Company, it is considered more practical for the Board as a whole to take on the responsibility for new Director nomination ideas.
2.5 and 2.6	There has been no formal disclosure of the process for performance evaluation of the Board, committees, individual Directors and key Executives. There is no separate section on the Company website currently devoted to Corporate Governance.	Given the size of the Company and the involvement of all four Directors a policy has not been required to date. The Directors continually monitor and discuss performance.
3.1	No formal code of conduct has been established as to practices necessary to maintain confidence in the Company integrity or as to reporting and investigating unethical practices. Similarly, There has been no disclosure of the code of conduct to deal with compliance for legal or other obligations to legitimate stakeholders.	It is not considered that a code of conduct or reporting guide is yet necessary. The business practices adopted by the Board recognise that proper compliance with legal and other obligations is mandatory for all Directors and the Company as a whole.

3.2 and 3.3	No formal policy exists for work place personnel diversity, which includes gender diversity.	It is not considered that a formal diversity policy is required, given the small size of the Company and its work force. The principles are followed to the extent that the appropriate skill, experience, aptitude and competence are the key criteria for personnel selection. The practices adopted by the Board recognise that proper compliance with legal and other obligations is mandatory for the Company as a whole.
4.2	The structure of the Audit Committee comprises 3 Directors, both Executive and Non- Executive Directors, but has a majority of Non-Executive Directors.	Given the size of the Company, it is appropriate in the Board's opinion to include the Executive Chairman within the Audit Committee. A Non-Executive Director is the Chairperson of the Audit Committee.
4.3	The Audit Committee does not have a formal charter.	Given the size of the Company, the entire Board works intimately with the Executive management and Audit Committee. The Board feels that adequate procedures are in place and that a formal audit charter is not necessary at this time.
5.1	Limited written policy and procedure exists to ensure that compliance with ASX Listing Rules disclosure requirements are met at senior management level.	There is only one senior Executive of the Company and the Board does not consider that a written policy is at this time required. It will be reviewed as the activities of the Company increase.
6.1	The Company has no formally designed or disclosed communication strategy with shareholders, beyond ensuring continuous disclosure is met. The ASX announcement platform is the main basis for communication with shareholders.	The Board is conscious of the need to continually keep shareholders and markets advised. The procedures adopted within the Company, although not written, are weighted towards informing shareholders and markets.
7.1 and 7.2	There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the Board concerning those matters. However, risk assessment discussion is an integral part of management and the Board's activities on a regular basis.	Given the nature and size of the Company, its business interests and the involvement of all Directors who all have business management skills, it is not considered necessary to establish this practice at this time. Each member of the Board is in regular contact with senior exploration management, to assist the understanding of this key business risk.
7.3	The Company receives a statement of compliance under Section 295A concerning the integrity of the financial statements from the Executive Chairman, but the Company has no Chief Financial Officer given the size of the Company.	The Company complies with the spirit of the guidelines in this regard, but given the small size of the Company, it is not envisaged an internal financial officer would be appointed in the immediate future. The Company and Board work with the Company's external auditors and accountants to ensure a suitable compliance statement is authorised.

Schedule of Mining Tenements

Project Area	Units	Reference	Date Granted	Expiry Date	Registered Holder	State	Mineral Focus
Fifield	15	EL6241	17-May-04	16-May-15	100% Rimfire	NSW	Platinum/ Gold/Base Metal
Fifield	40	EL5534	23-Oct-98	22-Oct-15	100% Rimfire	NSW	Platinum/ Gold/Base Metal
Fifield	4	EL5565	24-Mar-99	23-Mar-15	100% Rimfire	NSW	Platinum
Fifield	35	EL7058	1-Feb-08	01-Feb-17	100% Rimfire	NSW	Platinum/ Gold/Base Metal
Fifield	1.9ha	MC305 [a]	18-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Fifield	2ha	MC 306 [a]	18-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Fifield	7	EL7959 [a]	16-Aug-12	16-Aug-14	100% Rimfire	NSW	Gold/Base Metal
Broken Hill	54	EL5958 [b]	24-Jun-02	23-Jun-15	100% Rimfire	NSW	Base Metals

Notes:

a - Renewal applications have been lodged

b - Rimfire retains a 10% free carried interest. Perilya is the operator, holding a 90% interest.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014	2013
		$	$
Revenue from continuing operations	2	202,571	93,000
Expenses:			
Employee benefits expense		(265,728)	(229,096)
Non-executive directors' fees		(90,000)	(90,000)
Professional costs		(164,025)	(68,575)
Occupancy costs		(33,159)	(33,568)
Travel costs		(13,113)	(34,878)
Marketing expense		(65,679)	(29,764)
Depreciation		(46,513)	(35,215)
Insurance		(30,296)	(24,698)
Share registry and listing expenses		(49,226)	(51,314)
Impairment write off of exploration costs		(1,613,784)	(103,212)
Other expenses		(47,878)	(48,157)
Loss before income tax	3	(2,216,830)	(655,477)
Income tax benefit	4	-	-
Loss after income tax		(2,216,830)	(655,477)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,216,830)	(655,477)
Loss per share for the year attributable to the members of Rimfire Pacific Mining NL			
Basic loss per share (cents per share)	6	(0.33)	(0.11)
Diluted loss per share (cents per share)	6	(0.33)	(0.11)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	2,355,073	909,465
Trade and other receivables	8	84,080	109,656
Other current assets	11	23,915	18,825
TOTAL CURRENT ASSETS		2,463,068	1,037,946
NON-CURRENT ASSETS			
Trade and other receivables	8	150,000	150,000
Property, plant and equipment	10	558,921	568,300
Exploration & evaluation costs	12	9,543,362	9,555,471
TOTAL NON-CURRENT ASSETS		10,252,283	10,273,771
TOTAL ASSETS		12,715,351	11,311,717
CURRENT LIABILITIES			
Trade and other payables	13	615,314	247,124
Provisions	14	22,875	14,352
TOTAL CURRENT LIABILITIES		638,189	261,476
TOTAL LIABILITIES		638,189	261,476
NET ASSETS		12,077,162	11,050,241
EQUITY			
Contributed equity	15	25,104,814	21,861,063
Accumulated losses		(13,027,652)	(10,810,822)
TOTAL EQUITY		12,077,162	11,050,241

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Entity

	Contributed Equity $	Accumulated Losses $	Total $
Balance at 1 July 2013	**21,861,063**	**(10,810,822)**	**11,050,241**
Shares issued during the year	3,320,784	-	3,320,784
Transaction costs related to share issues	(77,033)	-	(77,033)
Total comprehensive loss for the period	-	(2,216,830)	(2,216,830)
Balance at 30 June 2014	**25,104,814**	**(13,027,652)**	**12,077,162**
Balance at 1 July 2012	**19,393,041**	**(10,155,345)**	**9,237,696**
Shares issued during the year	2,540,500	-	2,540,500
Transaction costs related to share issues	(72,478)	-	(72,478)
Total comprehensive loss for the period	-	(655,477)	(655,477)
Balance at 30 June 2013	**21,861,063**	**(10,810,822)**	**11,050,241**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(438,049)	(518,207)
Interest received		61,498	100,485
Income tax offset received		135,974	-
Net cash (used) in operating activities	22a	(240,577)	(417,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(58,176)	(73,218)
Payment for exploration and evaluation costs		(2,494,064)	(2,469,058)
Tax offsets received for investing activities		1,027,769	-
Proceeds from sale of property, plant and equipment		3,154	-
Net cash used in investing activities		(1,521,317)	(2,542,276)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,284,535	2,540,500
Transaction costs associated with share issues		(77,033)	(72,478)
Net cash provided by financing activities		3,207,502	2,468,022
Net increase/(decrease) in cash held		1,445,608	(491,976)
Cash at beginning of the year		909,465	1,401,441
Cash at end of the year	7	2,355,073	909,465

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 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 future successful exploration and development of mining tenements including the saleability of mined resources.

The following key assumption has been made concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

It is assumed that the mining tenements currently being explored by the consolidated entity will be successfully developed with minerals being produced and commercially sold on the market at some future point, as yet unspecified. The production of saleable minerals is assumed to be at least sufficient to recover the costs of exploration and development. Should this assumption prove incorrect then material adjustments may have to be made for impairment losses in respect of capitalised exploration costs.

b. **Going Concern**

The consolidated entity incurred an operating loss of $2,216,830 and had cash outflows from operating activities of $240,577 for the year ended 30 June 2014. The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

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

- As at 30 June 2014, the consolidated entity had cash and cash equivalent of $2,355,073.

- Directors have a number of external funding alternatives available such as a farm-out of exploration commitments or raising additional equity funds. The Company has a history of successfully undertaking capital raisings during the last 10 years.

- The Board also has the ability to defer or reduce operating activities and exploration expenditure if necessary, whilst meeting minimum tenement expenditure commitments.

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

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

c. **Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rimfire Pacific Mining NL as at 30 June 2014 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

d. **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.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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.

e. **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 measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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	19%

f. **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.

g. **Exploration Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. 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.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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.

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 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 have 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 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.

Financial liabilities

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

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment loss has arisen. Impairment losses are recognised in the Statement of Profit and Loss and Comprehensive Income.

n. **Revenue 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).

o. **Government Grants**

Government grants relating to assets such as capitalised exploration expenditure are recognised in the 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.

p. **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.

q. **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.

r. **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.

s. **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.

t. **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.

u. **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 2013 have been adopted by the consolidated entity.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
The consolidated entity has applied Interpretation 20 and its consequential amendments from 1 July 2013. The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

v. **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2014. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

Part A of this Standard applies to annual reporting periods ending on or after 20 December 2013. Part B of this Standard applies to annual reporting periods beginning on or after 1 January 2014. Part C of this Standard applies to annual reporting periods beginning on or after 1 January 2015. Part A of this Standard makes various editorial corrections to Australian Accounting Standards. It updates references to the Framework in a manner that is consistent with the amendments made by the International Accounting Standards Board (IASB) in its corresponding pronouncements. Part B of this Standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031. Part C of this Standard amends AASB 9 Financial Instruments to add Chapter 6 Hedge accounting and makes consequential amendments to AASB 9and numerous other Standards. Part C also amends AASB 9 to permit requirements relating to the "own credit risk" of financial liabilities measured at fair value to be applied without applying the other requirements of AASB 9 at the same time. Furthermore, Part C of this Standard amends the mandatory effective date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2017 instead of 1 January 2015. The adoption of these amendments will not have a material impact on the consolidated entity.

Note 2 Revenue

	Consolidated Entity	
	2014	2013
	$	$
Other income		
Interest	66,597	93,000
Research and development tax offset income *	135,974	-
Total Revenue	202,571	93,000

* An additional $1,027,769 received in 2014 (2013 $nil) as part of the R&D tax offset has been applied against the Exploration Expenditure asset disclosed in Note 12.

Note 3 Loss for the Financial Year

	Consolidated Entity	
	2014	2013
	$	$
The net loss for the financial year has been arrived at after charging the following:		
Expenses		
Professional costs for R & D tax offset claim	93,099	-
Rental expense	22,683	22,681
Superannuation contribution expense	13,015	25,389
Superannuation contributions capitalised	92,405	59,915
Loss on disposal of property, plant and equipment	4,337	1,637

Note 4 Income Tax Expense

	Consolidated Entity	
	2014	2013
	$	$
a. The prima facie tax/(benefit) on loss before tax is reconciled to the income tax as follows:		
Prima facie tax/(benefit) on loss before tax at 30% (2013: 30%)	(665,049)	(196,642)
Add:		
Tax effect of:		
- non-allowable items	10,875	-
- net current year tax losses not recognised, temporary differences and deductible exploration expenditure.	722,951	220,005
	68,777	23,363
Less:		
Tax effect of:		
- Research and Development tax offset income	(40,793)	-
- capitalised share placement costs	(27,984)	(23,363)
Income tax benefit/(expense) attributable to loss	-	-
The deferred tax asset arising from tax losses has not been recognised as an asset because recovery is not probable:		
Tax losses carried forward	5,599,474	5,419,328
Temporary differences – exploration costs	(2,863,008)	(2,866,641)
Temporary differences – other	93,526	26,725
Net Deferred tax asset not recognised	2,829,992	2,579,412
Balance of franking account at year end	-	-

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account because Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable.

Future benefits attributable to temporary differences have not been brought to account as the Directors do not believe it is appropriate to regard the realisation of such benefits as 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 2014.

Note 5 Auditor's Remuneration

	Consolidated Entity	
	2014	**2013**
	$	**$**
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	36,990	33,705
	36,990	33,705

Note 6 Earnings per Share

		Consolidated Entity	
		2014	**2013**
		$	**$**
a.	**Reconciliation of Earnings to Loss**		
	Loss used in the calculation of basic EPS	(2,216,830)	(655,477)
	Loss used in the calculation of dilutive EPS	(2,216,830)	(655,477)
b.	Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	672,291,376	592,030,981
	Potential ordinary shares	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	672,291,376	592,030,981
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	-	47,372,093
	Basic loss per share (cents per share)	(0.33)	(0.11)
	Diluted loss per share (cents per share)	(0.33)	(0.11)

Note 7 Cash and Cash Equivalents

		Consolidated Entity	
		2014	**2013**
	Note	**$**	**$**
Cash at bank and on hand		100,820	109,465
Short term deposits		2,254,253	800,000
		2,355,073	909,465

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank	100,820	109,465
Term deposits with maturity of 3 months or less	2,254,253	800,000
	2,355,073	909,465

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

Note 8 Trade and Other Receivables

	Consolidated Entity	
	2014	2013
OTHER RECEIVABLES	$	$
CURRENT		
Security deposits	13,549	13,549
Interest receivable	7,542	2,446
Other receivables	62,989	93,661
	84,080	109,656
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.

Note 9 Controlled Entity

	Country of Incorporation	Percentage Owned (%) 2014	2013
Parent Entity			
Rimfire Pacific Mining NL			
Subsidiary of Rimfire Pacific Mining NL			
Axis Mining NL	Australia	100	100

Note 10 Property, Plant and Equipment

	Consolidated Entity	
	2014	2013
	$	$
LAND		
Freehold land		
At cost	226,834	226,834
Total Land	226,834	226,834
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	452,253	411,159
Accumulated depreciation	(172,924)	(133,840)
	279,329	277,319
Motor Vehicle		
At cost	62,200	64,237
Accumulated depreciation	(27,232)	(19,300)
	34,968	44,937
Office Furniture		
At cost	52,369	71,554
Accumulated depreciation	(34,733)	(54,972)
	17,636	16,582

Note 10 Property, Plant and Equipment (Cont'd)

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
Leasehold Improvements		
At cost	419	3,101
Accumulated depreciation	(265)	(473)
	154	2,628
Total Plant and Equipment	332,087	341,466
Total Property, Plant and Equipment	558,921	568,300

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.

2014	Freehold Land $	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Leasehold Improvements $	Total $
Consolidated Entity:						
Balance at the beginning of year	226,834	44,937	277,319	16,582	2,628	568,300
Additions	-	3,600	42,204	12,372	-	58,176
Disposals	-	(5,568)	(702)	(1,221)	-	(7,491)
Transfers	-	-	4,863	(2,417)	(2,446)	-
Depreciation expense	-	(8,001)	(30,804)	(7,681)	(27)	(46,513)
Depreciation capitalised	-	-	(13,551)	-	-	(13,551)
Carrying amount at the end of year	226,834	34,968	279,329	17,635	155	558,921

2013	Freehold Land $	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Leasehold Improvements $	Total $
Consolidated Entity:						
Balance at the beginning of year	226,834	33,183	268,112	18,871	214	547,214
Additions	-	19,727	46,692	4,118	2,681	73,218
Disposals	-	(1,636)	-	-	-	(1,636)
Depreciation expense	-	(6,337)	(22,204)	(6,407)	(267)	(35,215)
Depreciation capitalised	-	-	(15,281)	-	-	(15,281)
Carrying amount at the end of year	226,834	44,937	277,319	16,582	2,628	568,300

Note 11 Other Assets

	Consolidated Entity	
	2014	2013
	$	$
CURRENT		
Prepaid expenses (insurance, rent, body corporate)	23,915	18,825

Note 12 Exploration & Evaluation Costs Carried Forward

	Consolidated Entity	
	2014	2013
	$	$
NON-CURRENT		
Exploration Expenditure		
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases	9,543,362	9,555,471
Opening balance	9,555,471	7,279,388
Additional expenditure	2,629,444	2,379,295
Research and development tax offset	(1,027,769)	-
Impairment write off	(1,613,784)	(103,212)
Closing balance	9,543,362	9,555,471

Ultimate recoupment of these costs is dependent on successful development and commercial exploration or alternatively sale of the respective areas of interest.

Exploration expenditure written off during the year relate to mining tenements EL6106 and EL6144. The company elected to concentrate exploration activity on more prospective areas of interest and consequently these tenements were not renewed.

Note 13 Trade and Other Payables

	Consolidated Entity	
	2014	2013
	$	$
CURRENT		
Trade creditors	394,461	171,963
Sundry creditors and accrued expenses	220,853	75,161
	615,314	247,124

Note 14 Provisions

	Consolidated Entity	
	2014	2013
	$	$
CURRENT		
Employee benefits	22,875	14,352

Note 15 Contributed Equity

	Consolidated Entity	
	2014	**2013**
	$	**$**
687,757,495 (2013: 610,529,976) fully paid ordinary shares	25,104,814	21,861,063
	25,104,814	21,861,063

a. **Ordinary shares**

At the beginning of the reporting period	21,861,063	19,393,041
Shares issued during the year		
— 28 August 2013	2,037,000	-
— 27 September 2013	1,247,535	-
— 14 May 2014	36,249	
— Shares issued in the previous year	-	2,540,500
Transaction costs relating to share issues	(77,033)	(72,478)
At reporting date	25,104,814	21,861,063

	2014	**2013**
	No.	**No.**
At the beginning of reporting period	610,529,976	525,846,643
Shares issued during year		
— 28 August 2013	47,372,093	-
— 27 September 2013	29,012,426	-
— 14 May 2014	843,000	
— Issued in the previous year	-	84,683,333
At reporting date	687,757,495	610,529,976

b. **Share-based payments**

On 14 May 2014, 843,000 shares were issued to DJG & Associates for consultancy services at an issue price of $0.043 per share and a total transactional value of $36,249.

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 Board may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. The Board has no current plans to adjust the capital structure. There are no plans to distribute dividends in the next financial year.

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

d. **Options**

No options were issued or exercised during the current financial year.

Note 16 Parent Entity Information

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

	2014	2013
	$	$
Current assets	2,462,841	1,037,719
Total assets	12,715,124	11,311,490
Current liabilities	636,689	259,976
Total liabilities	636,689	259,976
Issued capital	25,104,814	21,861,063
Accumulated losses	(13,026,379)	(10,809,549)
Total equity	12,078,435	11,051,514
Loss of the parent entity	(2,216,830)	(655,477)
Comprehensive loss of the parent entity	(2,216,830)	(655,477)

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	
	2014	2013
	$	$
a. Operating Lease Commitments		
Office & Other Premises		
Payable		
— not later than 1 year	22,682	17,011
— later than 1 year but not later than 5 years	17,011	-
	39,693	17,011

The office premises lease is a non-cancellable lease with a two-year term, with rent payable monthly in advance, and commenced on 1st April 2014. The lease agreement has a fixed yearly payment value of $22,682 per annum plus GST. The lease allows for sub-letting of all lease areas.

b. Capital Expenditure Commitments

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

	Consolidated Entity	
	2014	2013
Payable	$	$
— not later than 1 year	225,500	335,500
— later than 1 year but not later than 5 years	450,000	671,000
	675,500	1,006,500

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 Related Party Details

	2014 $	2013 $
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 the wife of Mr J Kaminsky was paid in respect of administrative services.	21,174	43,011

Note 21 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.

Note 22 Cash Flow Information

	Consolidated Entity	
	2014	2013
	$	$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(2,216,830)	(655,477)
Non-cash flows in loss		
Depreciation	46,513	35,215
Impairment write off on exploration costs	1,613,784	103,212
Loss on disposal of PPE	4,337	1,637
Changes in assets and liabilities relating to operations		
(Increase)/decrease in prepayments	(5,090)	(6,892)
(Increase)/decrease in other receivables	194,944	106,474
Increase/(decrease) in trade creditors and accruals	113,242	(9,118)
Increase/(decrease) in provisions	8,523	7,227
Cash flows used in operations	(240,577)	(417,722)

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 2014 $**	**Carrying value 2013 $**
Cash & cash equivalents	7	N/A	2,355,073	909,465
Trade and other receivables	8	Trade and other receivables at amortised cost	234,080	259,656
Financial liabilities				
Trade and other payables	13	Financial liabilities measured at amortised cost	615,314	247,124

<u>Note 23</u> 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 Maturing Within One Year $		Non-interest Bearing $		Total $	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Financial Assets								
Cash	99,869	108,515	2,254,253	800,000	950	950	2,355,073	909,465
Receivables	150,000	150,000	-	-	84,080	109,656	234,080	259,656
Other Financial Assets	-	-	-	-	-	-	-	-
Total Financial Assets	249,869	258,515	2,254,253	800,000	85,030	110,606	2,589,153	1,169,121
Financial Liabilities								
Trade and sundry creditors	-	-	-	-	615,314	247,124	615,314	247,124
Total Financial Liabilities	-	-	-	-	615,314	247,124	615,314	247,124
Net Financial Assets	249,869	258,515	2,254,253	800,000	(530,284)	(136,518)	1,973,839	921,997

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.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash: The carrying amount approximates fair value.

Trade and other receivables: The carrying amount approximates fair value.

Term Deposits: The carrying amount approximates fair value.

Trade and other payables: The carrying amount approximates fair value.

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 2014, 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	
	2014 $	2013 $
Change in loss after tax		
- Increase in interest rate by 2%	4,997	5,170
- Decrease in interest rate by 2%	(4,997)	(5,170)
Change in equity		
- Increase in interest rate by 2%	4,997	5,170
- Decrease in interest rate by 2%	(4,997)	(5,170)

The above changes are based on the effect of an interest rate change in relation to funds held in deposit with financial institutions

Note 24 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

DIRECTORS' DECLARATION

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 2014 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

Director John Kaminsky

Dated this 30th September 2014

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Melbourne VIC 3000
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INDEPENDENT AUDITOR'S REPORT

To the members of Rimfire Pacific Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Rimfire Pacific Mining NL, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Rimfire Pacific Mining NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Rimfire Pacific Mining NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Rimfire Pacific Mining NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

David Garvey

David Garvey
Partner

Melbourne, 30 September 2014

rimfire

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