Dear Shareholder,

I take great pleasure in providing to you the Annual Report for Rimfire Pacific Mining NL for the financial year ended 30 June 2005, my first report as Chairman of your Company. The report provides details of our activities, accomplishments, changes, focus, direction and financial performance of the Company for the period.

The Company has made considerable progress during the year. Improved administration, a lower cost structure, appointment of two additional non executive Directors, enhanced technical exploration capacity with the appointment of a new Exploration Manager, and our much deeper working knowledge of our key Fifield NSW Platinum project have the Company much better placed for future success.

A recent capital raising (closing 27th September 2005), in the form of a 1 for 3 Rights Issue to shareholders which was over subscribed, was successfully completed, raising approximately $800,000. This funding allows the Company to proceed with confidence to its next stage of operations. I would like to sincerely thank all shareholders who have shown their genuine support to the Company, both through this recent offer, and over prior years. The Company has a real commitment to deliver on its potential, and we encourage shareholders to follow our progress closely.

The exploration effort during the last year has been highly motivated and focussed, delivered by our skilled and experienced field geologist, Colin Plumridge, whose tireless efforts for the Company has been nothing short of outstanding in elevating the Fifield Platinum Project to be a significant potential discovery of a primary Platinum resource for the Company.

In addition to the strong exploration effort conducted within the Company, the robust commodity price outlook, particularly for Pt, where prices have been consistently above USD850 per ounce during the last year, has led the Company to continue to pursue its Platinum projects as a priority.

Fifield NSW Platinum project

A detailed prospecting strategy has been implemented and is ongoing for the search of the location of the Primary source of course grain Platinum (Pt) and Gold (Au). Key target zones have been identified based on an integrated understanding of the Platinum and Gold grain morphology, shear zones, dykes and district geology. This newly refined model of the mineralised system represents a significant insight in the Company's view.

A belief that a proximal source of Pt and Au exists within the target zones now identified, probably in the form of broad expanses of high grade veinlets, is the immediate focus of a planned trenching and RC drill program in the fourth quarter of 2005.

Commissioning and operation of the Company's trial plant to help determine physical and economic parameters for the recovery of the alluvial component of the project was undertaken during the year. Other achievements included the identification of a debris flow zone indicating the alluvials have a more uniform mineralised system, than previously noted and the first successful refining and sale of Platinum and Gold by the Company occurred as a result of the trials conducted at Fifield.

However, whilst the Company is greatly encouraged by the alluvial component of the project, the Company emphasis in the immediate future will be to follow the direction of the primary source of Pt proximal to the alluvials.

Bingara Diamond project

The Company is aware that the historic results achieved for its Bingara Diamond Project are significant and that some shareholders would be disappointed by the lack of progress in recent times on this project.

An important technical paper, accepted for publication in the near future, on the garnet/diamond/exploration results at Bingara titled 'Eclogitic and ultrahigh-pressure-crustal garnets, and their relationship to Phanerozoic subduction diamonds, Bingara area, New England Fold Belt, Eastern Australia' is to be published in a forthcoming issue of "Economic Geology". This is a significant recognition of the Subduction model and the exploration effort of the Company.

Accordingly, the Company has the intention to apply resources to this project to further enhance its appeal and prospectivity during the next calendar year.

Corporate and Administrative Improvements

It has been an objective to improve the efficiency and expertise within the Company to deliver more value for shareholders.

The composition of the Board has been changed with the addition of two new non executive Directors, **Mrs Ramona Enconniere** and **Mr Andrew Knox**, both Directors having strong commercial credentials.

Mr Colin Plumridge, as already mentioned, has made an outstanding contribution to the Company's exploration program and the operations at Fifield. The recent appointment of Colin as the Exploration Manager of the Company will allow his wider expertise to be applied to the Company's entire portfolio of projects, benefiting from his wealth of experience in practical exploration programs.

The cash out goings and the cost structure of the Company have been greatly improved and this has allowed a greater proportion of available funds to be applied to the exploration programs. Non executive Directors currently do not draw on the cash reserves of the Company.

Results of Operations

For the year ended 30th June 2005 the company incurred a loss of $435,938 from ordinary activities compared with $568,133 for the prior year. As at 30th June 2005 the company's current assets were $120,952 compared with $175,285 for the prior year, and closing cash position for 30th June 2005 was $59,216 compared with ($15,229) for the prior period.

I would like to thank all those people associated with the Company during the past year who have shown their considerable goodwill towards the Company with their untiring efforts and expertise, including my fellow Directors, staff, consultants and associates.

I look forward to the coming year with great enthusiasm and I believe your Company will continue its improved performance over the ensuing 12 months.

Yours sincerely,

John Kaminsky
Chairman
Dated 18th October 2005

rimfire

The Fifield Platinum Project has dominated the exploration efforts of the Company during the last 12 month period.

Mr Colin Plumridge, has been working on the Fifield Project since January 2005, and was recently appointed Exploration Manager to the Company. Colin has more than 35 years experience as a successful field orientated prospecting geologist. His work has enabled the Company to set clear exploration goals and significantly improve the project potential of its project areas.

The work program implemented by Colin has made progress in evaluating both the alluvial component of the Platinum Project and the "hard rock source origin" of the coarse grain Platinum material found in the alluvial system. The Company has accordingly decided to place its major focus in its exploration at Fifield on determining the primary source of the coarse grain platinum that has been observed and mined historically within the Platina-Gillenbine deep lead systems.

The system geology at Platina-Gillenbine has been totally re-examined through a comprehensive program of mapping, trenching, auger drilling, sampling, ground magnetics and review of reprocessed high resolution airborne magnetic data. The combination of this data review and extended exploration activity leads the Company to believe that there is a reasonable basis for a significant discovery of a primary platinum deposit, within this newly interpreted geological system.

A work program is being planned to pursue the shear zone-dyke model developed at Fifield, with trenching and an RC drill program major features of the work to be undertaken within the second half of calendar 2005.

The core project objective in the next stage of work is **"To determine the possibility of an open cut grade bedrock Pt, Au mineralisation in the new shear zone-dyke model. The proof of this model would be a highly significant outcome.**

RC drilling will test both the mineralised rock below the identified soil workings of Pt, Au and the alluvium covered rock at the top end of the Platina Lead."

Following a lengthy application and permitting period the grant of two mineral claims for trial alluvial mining was received by the Company, in late 2004. Trial mining was commenced on the Company's freehold property, and was combined with a detailed auger drill, trenching and mapping program to give great encouragement to the grades, extent and character of the Platinum and Gold concentrate captured within the alluvial system. A near surface "debris flow" layer of evenly distributed platinum was identified, providing further evidence of a proximal source of primary platinum, and enhancing prospective Pt and Au grade determination of an alluvial resource.

Basic cost parameters for the alluvial operations and its material were further investigated. The particle size distribution and refining demands of the Pt and Au concentrate were characterised, leading the Company to believe that the material will process in a gravity separation system, and produce a good yield of Platinum and Gold, should a decision be made by the Company to proceed further with this component of the project.

The Bingara Diamond Project had commenced an application for a bulk sampling initiative and this is currently under consideration by the new Exploration Manager. A strategy to test the high sodium garnet indicator mineral trail identified at the Tom & Jerry Prospect is a priority and is being reviewed. The Company is looking to have a defining exploration outcome for its Diamond properties.

<u>Fifield Platinum Project</u>

EL5534
EL5565
EL6144.
EL6241
MC 305
MC 306

The Fifield Platinum Project is comprised of four tenements covering known alluvial and hardrock platinum mineralisation at Fifield in central western NSW. The company is conducting exploration for a source of the coarse grained alluvial platinum mined in the Fifield area.

Detailed Overview of Recent Operations at Fifield Platinum Project

Recently interpreted results of extensive field exploration have allowed a significant growth in the Company's knowledge at Fifield and have been instrumental in defining high priority target areas in the search for the bedrock source of primary Platinum (Pt) and Gold (Au). These targets include newly identified shear zones at Fifield that fracture and chemically alter basic-ultrabasic dykes. This is the Company's emerging conceptual mineralisation model (see diagram page 7, "Platina Prospect Simplified Geology") within the shear zones – dykes that suggest broad expanses of high grade Pt and Au veinlets in the system.

The Company has planned an RC drill program to test the mineralised rocks below the locations where the soil has been historically mined by others for Pt and Au.

Summary of key exploration activities and highlights included;

- **A system Geology model and mineralising system model developed for the origin of the primary platinum at Platina - Gillenbine**
- Confirmation of a proximal Pt source on the basis of grain morphology examination
- Auger drill programme conducted in excess of 100 holes drilled to date, 13 trenches completed and mapped.
- Detailed mapping has been completed over an area of 2000m x 500m for topography, old workings and geology
- Rock petrology, bedrock samples and soil samples taken and analysed
- Interpretation of newly identified Pt bearing **"debris flow"** zone
- Further confirmation of a proximal Pt source on the basis of the additional grain morphology in samples taken from costeans, the historic Platina Lead, adjacent soil sampling and auger drill program
- Additional Ground Magnetic Survey work completed
- **High priority drill targets of mineralised rock located below broad Pt, Au soil workings**
- Mineral Claims Nos. 305 and 306 granted on Company freehold land
- Refining of two batches of Pt concentrate recovered from the Fifield operations April refining Trial yielded 80% precious metal (Pt and Au) from the concentrate submitted and exceeds February 2005 trial result.
- Further plant trials and sampling, each confirming Pt grades above expectations compared with previous work by other explorers

Primary Origin and Proximal Source Conclusion – Grain Morphology.

Colin Plumridge conducted a study of the Pt and Au grains from the Platina alluvials, soil workings and debris flow material and has concluded, on the basis of morphological characteristics, that the grains are of a primary origin, and the source of the Pt and Au grains is proximal to the samples analysed. The Au and Pt grains are likely to be from the same mineralising system.

Exploration Activities - Primary Bedrock Source of Coarse Grain Platinum.

A detailed exploration program was conducted using a combination of auger drilling, soil sampling, trenching, mapping, additional ground magnetic survey work, geophysical correlation and integration of all the available data to develop highly prospective target areas for an RC drill program to test for the bedrock source of the coarse Pt and Au grains.

Detailed magnetic maps have been generated from the Company's proprietary data, enabling a greater definition of potential subtle structural features.

Debris Flow and Alluvial Resource Assessment
Interpretation of newly identified Pt bearing **"debris flow"** regolith at Fifield assists the Company's understanding of the origin of the primary Pt bedrock source.

The "debris flow" contains a relatively even dispersion of Pt and Au grains and this important difference makes the grade delineation more reliable than a conventional alluvial deposit. This also contributes greatly to a better economic assessment of the system. The Company believes previous explorers have not understood the capacity of such a resource to be taken to possible bankable feasibility status.

Auger drilling and trenching have shown the "debris flow" unit and the overlying ferruginous gravel to extend 140 metres west of the known reserves. The sampling of this area (trench G) gave a grade of 0.56 gm/lcm clean concentrate (combined Pt & Au). This result is very encouraging, based on the strong potential for resource extension.

Plant Operation and Refining Trial.

The grant of the **mineral claims** enabled the Company to proceed with detailed testing and proving of the *platinum alluvials* in the Fifield district, associated with the Company's freehold property.
The objectives of the trials were to confirm the grade of Pt and associated Au, rhodium and other PGM's, assess the processability of the host material, critical resource consumption (principally water), plant efficiency, concentrate refining metal recovery and confirm the Company's cost assumptions for an economic alluvial mining operation.

Rimfire commenced processing of alluvial Pt at Fifield in late 2004 with 103 grams of Pt and Au concentrate being submitted to Focus Metals Pty Ltd – precious metal refiners. In April 2005 an amount of 253gm of Pt and Au concentrate was also submitted.

In the second trial the reported yield of precious metals (Pt and Au combined) was 80% and about 65% of the total concentrate was Pt. This was a very pleasing result, achieving a higher recovery than the Company's first refining trial in February 2005 (approx. 52% Pt at that time) and confirms the Company's improved understanding of processing parameters for the concentrate.

Exploration of the alluvial resource was directed at increasing the volume and grade of the deposit and defining mining parameters to model a commercial scale operation.
While the results of the alluvial work have been very encouraging, the Company wishes to expend its immediate resources on the search for the primary source of the coarse grain Pt and Au.

Bingara Diamonds

EL6106.
EL5880.

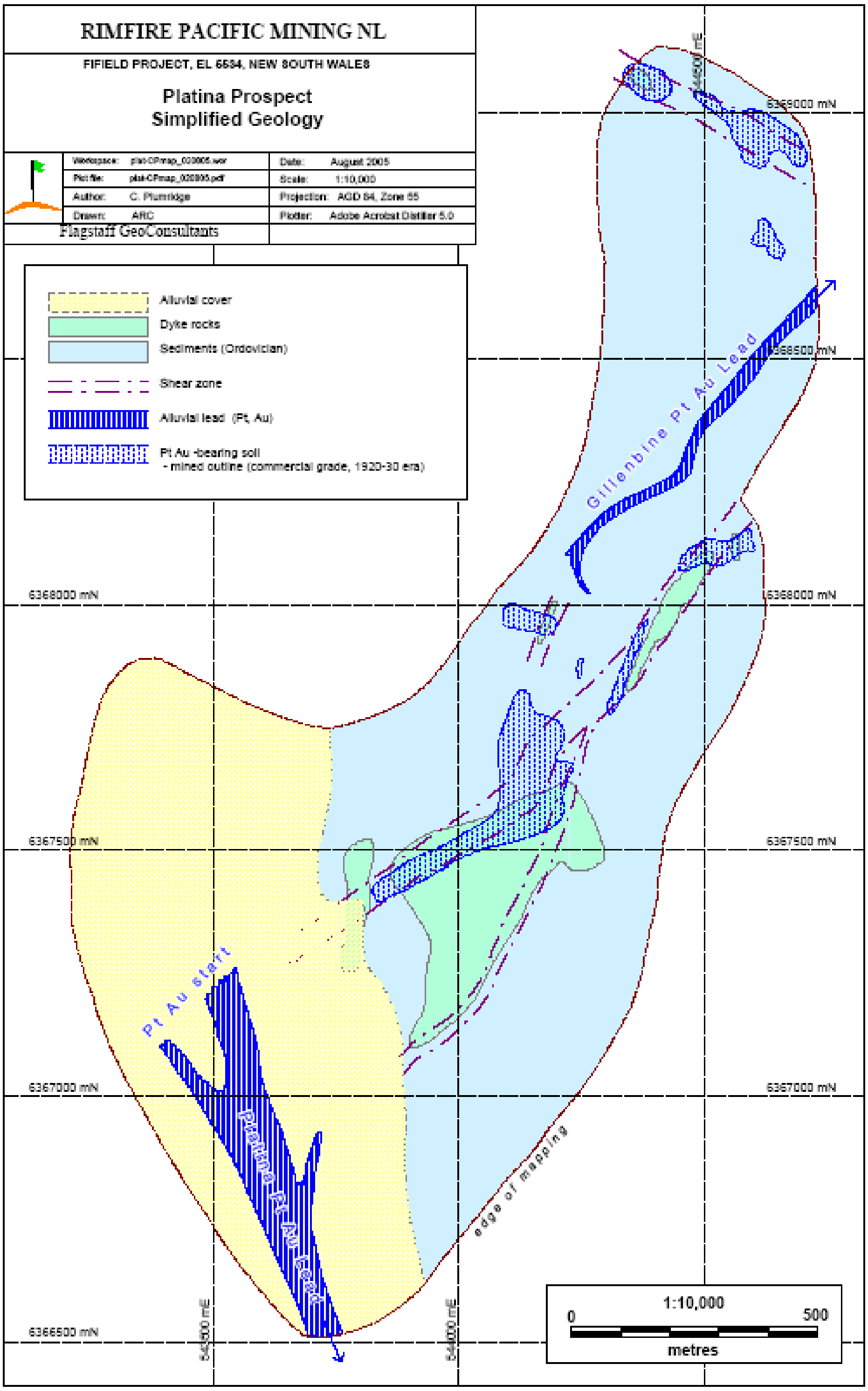
Application for renewal of the two EL's was submitted in late June. The Company believes it has maintained the integrity of the key target areas it wishes to pursue within the renewal of the tenements, but awaits assessment form the NSW Department of Mineral Resources for the renewal of the licences.

Diamond exploration has again been delayed during the year due to an emphasis on the Fifield Project. The acceptance by the North American journal, "Economic Geology", of the garnet/diamond/exploration paper titled 'Eclogitic and ultrahigh-pressure-crustal garnets, and their relationship to Phanerozoic subduction diamonds, Bingara area, New England Fold Belt, Eastern Australia' is significant recognition of the model and the exploration effort of the Company. The paper is likely to be published in the near future and features a large portion of its work on key indicator minerals from the Company's diamond exploration program.

Further exploration work by the Company work will focus on the discrete anomalies of high sodium garnets identified in sampling to date. Additional capital raised will focus on Tom & Jerry Prospect which reported more than 30 eclogitic garnets with greater than 0.07 weight percent sodium which is the criteria for diamond eclogites worldwide.

Capital is allocated for this project from funds in the Prospectus of 18th August 2005.

In accordance with the Australian Stock Exchange Listing Rules 5.10, 5.12, and 5.13, technical information contained in this report has been compiled by Colin Plumridge who is a competent person and a member of the Australian Institute of Mining and Metallurgy. He has consented in writing to the inclusion of such technical information in the form in which it appears in this report.



RIMFIRE PACIFIC MINING NL
FIFIELD PROJECT, EL 6534, NEW SOUTH WALES
Platina Prospect
Simplified Geology
Date: August 2005
Scale: 1:10,000
Author: C. Plumridge
Projection: AGD 84, Zone 55
Drawn: ARC
Plotter: Adobe Acrobat Distiller 5.0
Flagstaff GeoConsultants
Alluvial cover
Dyke rocks
Sediments (Ordovician)
Shear zone
Alluvial lead (Pt, Au)
Pt Au -bearing soil
- mined outline (commercial grade, 1920-30 era)
6369000 mN
6368500 mN
6368000 mN
6367500 mN
6367000 mN
6366500 mN
Gillenbine Pt Au Lead
Pt Au start
Platina Pt Au Lead
edge of mapping
1:10,000
0
500
metres

Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2005

Directors

The names of Directors in office at any time during or since the end of the year are:

Norbert Calabro (resigned 30/11/04)
Graham Billinghurst
Geoff Stuart
John Kaminsky
Ramona Enconniere (appointed 28/04/05)
Andrew Knox (appointed 08/07/05)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

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

Review of Operations

The Operations of the Company were substantially overhauled during the year. The decision was made to have a focussed strategy driven by a dedicated executive to be accountable and ensure efficiencies were implemented enabling the Company to deliver outcomes on its project portfolio. The appointment of new Directors and an experienced and successful exploration manager are major enhancements to the team. The Company projects were re-evaluated and re-presented with a view to re-establishment of their credentials and hence potential for their ultimate success. General administrative costs and cash outgoings were substantially reduced in the period, non executive Directors agreeing to suspend their entitlements until further notice with no accrual for past periods forgone. The Company maximised its use of the minimal funding available to it during the second half period in particular.

The Company believes the Fifield Platinum Project and the Bingara Diamond project are well worth pursuing. In particular the Company placed most of its recent exploration effort into the Platinum project. The price of platinum has been above US$850/oz for most of the period. The outstanding work of Exploration Manager, Colin Plumridge, has contributed to the elevated status of the Fifield project and its focussed objectives. Colin's work is highly regarded by the Board and although the amount of exploration expenditure during the year was modest, the Board considers the effectiveness and efficiency of the applied funds to be the best in the Company's recent history.

Financial Position

The net assets of the consolidated entity have increased by $1,729,840 from 30 June 2004 to $2,223,223 in 2005. This increase has largely resulted from the following factors:

- share issues raising $929,321; and
- increased capitalised costs of platinum and diamond exploration in the Bingara and Fifield tenements.

The company has also been able to improve its current ratio position via the reduction of corporate overheads during the year. These funds have subsequently been allocated to increasing exploratory activities.

Future Developments, Prospects and Business Strategies

The Company intends to continue to develop its core projects in Platinum and Diamonds, looking to achieve defined outcomes in its exploration efforts. The Company will continue to strive to attract the highest quality people and partners to help meet its milestones and deliver value to the Company and shareholders. The Fifield Platinum project has the potential to be a significant primary Platinum discovery in the Board's opinion.

The Company is also studying other project initiatives and will consider adding these to the existing portfolio of projects, if deemed appropriate, and provided that clear goals in exploration can be established.

Maintaining an efficient cost structure is a continuing goal of the Company with further reductions in general overhead identified within the next financial year.

Operating Results
The loss of the consolidated entity amounted to $435,938 (2004: $568,133).

Dividends

No dividends were paid during the year, nor are any recommended at 30 June 2005

Significant Changes in State of Affairs

The company has continued to focus its operations and concentrate its efforts on the Bingara-Copeton diamond opportunity in New South Wales and the platinum opportunity in the Fifield area.

During the year the "Many Peaks" properties held by the consolidated entity was sold. The sale was executed by the exercise of a call option issued in February 2005.

After Balance Date Events

The company issued a short form prospectus on 18th August 2005, as a general issue to members, due to raise approximately $800,118 in a 1 for 3 rights issue at 1.8 cents per share. The Offer is fully underwritten by the Directors of the company.

The Chairman exercised 2,000,000 options, converted to 2,000,000 fully paid ordinary shares on the 1st July 2005 as part of his remuneration entitlement.

Mr Andrew Knox was appointed as a new Non-Executive Director to the Board on 8th July 2005.

The Company had drawn down $100,000 of its available loan facility on 22nd July 2005 ($200,000 remained on the facility)

Mr Colin Plumridge was appointed as the new Exploration Manager on the 29th July 2005.

There are no other 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.

Future Developments

The particular information required by Section 299(1) (e) of the Corporations Act 2001 has been omitted from the report because the Directors believe that it would result in unreasonable prejudice to the consolidated entity.

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 2005 financial year.

Information on Directors –

John Kaminsky (Executive Chairman and Director)

B.App.Sci (RMIT , Chemistry) and MBA (Melbourne Business School)

John Kaminsky, aged 48, 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 Chairman in December 2004.

Graham Billinghurst (Non-Executive Director and Secretary)

Graham Billinghurst, aged 62, became a Director of Rimfire Pacific Mining NL and Axis Mining NL in May 1999 and 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.

Ramona Enconniere (Non-Executive Director)

Bachelor of Commerce (University of Melbourne) and MBA (Melbourne Business School)

Mrs Ramona Enconniere, aged 49, became a Director in May 2005 and has professional affiliations with the Australian Society of CPA and the Australian Institute of Banking and Finance. Ramona 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 and OCBC (Overseas-Chinese Bank Corporation).

Andrew Knox (Non-Executive Director)

Bachelor of Commerce (University of Western Australia) CA, CPA, FAICD

Andrew Knox, aged 43, was appointed Director in July 2005 and has been a Director of several Australian Public Companies which have been involved in the resource industry. He has substantial experience in the acquisition and assessment of business opportunities in the resource sector, comprising potential takeover targets, production/non-production reserves, infrastructure and general market opportunities and the related fund raising required. Andrew's depth of industry experience, public company involvement and financial market understanding will make an extremely valuable contribution to the Board.

Geoff Stuart (Non-Executive Director)

Geoffrey Stuart, aged 51, became a Director of Rimfire Pacific Mining NL and Axis Mining NL in June 2001 and has broad commercial experience.

Norbert Calabro (Director)

F.C.A. , A.S.C.P.A. , F.T.I.A.

Norbert Calabro, aged 65, was appointed chairman and Director of Rimfire Pacific Mining NL and Axis Mining NL in March 1999 and resigned as chairman and Director in November 2004. He has been a qualified accountant since 1966 and is currently registered as a chartered accountant, company auditor and liquidator. As the principal of Calabro Consulting he leads the Corporate Advisory and Litigation Support division. During his role as chairman and Director he brought to the Board extensive experience in a wide range of accountancy and allied disciplines as well as expert advice in corporate matters.

Meetings of Directors

During the financial year, 11 meetings of Directors (including annual general meeting) were held. Attendances by each Director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Norbert Calabro	5	5
Graham Billinghurst	11	9
Geoff Stuart	11	9
Ramona Enconniere	2	2
Andrew Knox	-	-
John Kaminsky	11	11

Options

There are 35,676,394 listed options on hand at 30 June 2005. 4,884,391 options that were exercisable on or before 30 September 2004 at 20 cents lapsed. The remaining 35,676,394 options are exercisable on or before 30 September 2006 and are exercisable at 8 cents.

The Directors disclose their interest in listed options, as at the date of this report:

Options held beneficially:

Options granted on 07/11/03
Exercisable on or before: 30/09/06

Graham Billinghurst	Nil
Geoff Stuart	222,000
John Kaminsky	Nil
Ramona Enconniere	Nil

Options in which there is a relevant interest:

Options granted on 07/11/03
Exercisable on or before: 30/09/06

Graham Billinghurst	850,443
Geoff Stuart	175,760
John Kaminsky	Nil
Ramona Enconniere	Nil

As at 30 June 2005 11,000,000 unlisted options were on hand.

The following unlisted options have been granted to Directors as part of their performance remuneration:

Options Granted on 03/12/03
Exercisable on or before: 30/09/06

Norbert Calabro	3,000,000
Graham Billinghurst	2,000,000
Geoff Stuart	2,000,000
	7,000,000

Options granted on 04/04/2005.
Exercisable on or before 15/07/05

John Kaminsky	2,000,000
	2,000,000

Options granted on 04/04/2005.
Exercisable on or before 15/01/06

John Kaminsky	2,000,000
	2,000,000

Options exercisable on or before 30 September 2006 are exercisable at 8 cents each.
Options exercisable on or before 15 July 2005 and 15 January 2006 are exercisable at nil cents each.
Options exercisable on or before 15 July 2005 were exercised on 1 July 2005.

No further options have been issued since the end of the financial year.

Directors' Shareholdings

The Directors disclose their interest in shares, as at the date of this report:

Shares held beneficially:

Graham Billinghurst	Nil
Geoff Stuart	592,000
John Kaminsky	3,000,000

Shares in which there is a relevant interest:

Graham Billinghurst	3,992,597
Geoff Stuart	468,693
John Kaminsky	2,346,000

This report details the nature and amount of remuneration for each Director of Rimfire Pacific Mining NL, and for the executives receiving the highest remuneration.

Remuneration Policy

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 long term incentives based on key performance areas affecting the consolidated entity's financial results. The board of Rimfire Pacific Mining NL believes the remuneration policy to be appropriate and effective, but has recently established a Remuneration Review 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.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the consolidated entity is as follows:

The remuneration policy, setting the terms and conditions for executive directors and other senior executives, was approved by the board. All executives are entitled to receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options. These benefits were suspended during the year in recognition of the Company's need to re-establish its focus and deliver stronger outcomes for the Company and better value to its shareholders. The board reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

As a junior exploration company the 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 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 Directors need to be assessed.

Key objectives were set by The Board for the Executive Chairman of the Company, and were outlined in the General meeting of Shareholders held on 4th April 2005. The Board refers to these guidelines and modifies the content according to the specific needs of the Company and its strategies going forward. The Executive Chairman has a one year appointment to Nov 30th 2005.

Directors and Executives of the Company are also entitled to participate in share and option arrangements, subject to shareholder approval.

The Executive Chairman received a superannuation guarantee contribution required by the government, which is currently 9%. No other retirement benefits are received by the company officers currently.

All remuneration paid to Directors and executives is valued at the cost to the company and expensed other than options granted as remuneration. Shares given to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive. Options are valued using the Black-Scholes methodology (as disclosed in remuneration tables) however have not been expensed under current GAAP.

The board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors are not linked directly to the performance of the consolidated entity, however, the Board is conscious of its responsibility and the performance of the Company and has acted accordingly. 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 2005

The remuneration for each Director of the consolidated entity receiving the highest remuneration during the year was as follows:

Name of Director	Primary Salary, Fees & Commissions	Cash Bonus	Post Employment Superannuation Contributions	Equity Compensation Options	Total
N. Calabro	6,250	Nil	563	Nil	6,813
G. Billinghurst	Nil	Nil	Nil	Nil	Nil
G. Stuart	Nil	Nil	Nil	Nil	Nil
R Enconniere	Nil	Nil	Nil	Nil	Nil
J Kaminsky	56,000	Nil	5,040	63,250	124,290
	62,250	Nil	5,603	63,250	131,103

All of the assumptions underlying the Binomial method of valuing options have been applied to arrive at a value of options issued to Directors during the year. Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the Binomial Model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the timing to maturity of the option.

Performance Income as a Proportion of Total Remuneration

No performance based bonuses were paid during the year ended 30 June 2005.

Options Issued as Part of Remuneration for the Year Ended 30 June 2005

Options are issued to Directors and executives as part of their remuneration. The options are issued based on the remuneration policies of the Board, which do not necessarily rely on strict performance hurdles, yet do take into consideration a range of performance criteria. The Options are issued to the majority of Directors and executives of Rimfire Pacific Mining NL and its subsidiaries to increase goal congruence between executives, Directors and shareholders.

Directors	Granted No.	Options Granted as Part of Remuneration $	Total Remuneration Represented by Options %	Options Exercised	Options Lapsed	Total
J Kaminsky	4,000,000	63,250	51	-	-	63,250

Employment Contracts of Directors and Senior Executives

The employment conditions of the executive Director, Mr J Kaminsky, are formalised in contracts of employment. Mr Kaminsky is employed under a one-year contract, which commenced on 1 December 2004 and expires on 30 November 2005.

The employment contract stipulates a one month resignation period. The company may terminate an employment without cause by providing 3 months written notice. Upon termination of the employment, the individual is entitled to payment of accrued and outstanding remuneration entitlements to which the individual is or would have become entitled to during the full contract period of employment.

Specified Executives

There were no specified executives at balance date.

Indemnifying Officers or Auditors

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:.

The company has paid insurance premiums to insure each of the following Directors against liabilities for costs and expenses incurred by them defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium paid this year is $15,011 and covered all Directors of the company.

Auditor's Independence Declaration

rimfire

The auditor independence declaration under Section 307C of the Corporations Act 2001 forms part of this Directors Report and is attached on page 9.

Non-Audit Services
There were no non-audit services provided by PKF Chartered Accountants during the year.

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

Director ***John Kaminsky***

Dated this 29th day of September 2005

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" ("The 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 meet the principles of good corporate governance.

The Company practices aim for consistency with those of "The Principles" and for correlation with the recommendations in "The Principles". The Company considers that its adopted practices are appropriate to it in these regards. At the end of this Corporate Governance Statement a table is included detailing the recommendations with which the Company does not strictly comply.

The detail that follows addresses the Company practices in complying with "The Principles".

Principle 1: Laying Solid Foundations for Management & 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:

- defines and sets its business objectives. It subsequently monitors performance and achievements of Company's objectives;
- oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management of the Company;
- monitors and approves financial performance and budgets; and
- reports to shareholders.

Principle 2: Structuring the Board to Add Value

Composition of the Board

The ASX Corporate Governance Council composition of the Board is determined so as to provide the 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 the 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:

- does not hold an executive position;
- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;

- 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;

- is not a principal of a professional adviser to the Company or another group member;

- 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;
  has no significant contractual relationship with the Company or any other group member other than as a Director of the Company; and

- 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.

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.

Nomination of Other Board Members

The Board 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 Board does not believe that at this point in the Company's development it is necessary to appoint additional Directors.

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 are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company. That is information which a reasonable person would expect to have a material affect on the price or value of the Company shares. 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 shares must be notified to the Company secretary who makes disclosure to ASX.

Principle 4: Safe Guarding Integrity in Financial Reporting

An Audit Committee has been established.

The committee consists of the following:

AM Knox (Chairman)
R Enconniere
J Kaminsky

The main responsibilities of the audit committee are to;

- review the annual financial statements with the accountants and the external auditors and make appropriate recommendations to the Board;
- review all regular financial reports to be made to the public prior to their release and make appropriate recommendations to the Board;
- monitor compliance with statutory and Australian Stock Exchange requirements for financial reporting;
- 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 to the Australian Stock 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, analyst, brokers, shareholders, the media and the public.

All material information concerning the Company, including its financial situation, performance, ownership and governance 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 receive a copy of the Company's annual report and both the annual and half yearly reports are posted on the Company's web site.

Quarterly reports are prepared in accordance with ASX listing rules. A copy is posted on the Company's web site.

Regular updates on operations are made via ASX releases.

Information on the Company is posted on the Company's website. 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 website includes a feedback section ("Contact Us") for shareholders that would allow shareholders to receive additional information and to register their email address for direct email 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

Three key risks for the Company are exploration success; commodity prices and markets.

The issue with exploration is one of balancing the potential rewards with the cost of information and the cost of the exploration program. The Company employs a number of strategies to mitigate its risks including farming out prospects which do not meet its risk appetite, and acquiring surveys in order to better define prospects. The Company utilises industry standard software to evaluate prospect economics. Another way in which the Company reduces its exploration risk is by peer review of prospects both internally and by co-venturers.

The Company is not currently subject to commodity price fluctuations. The Company does, however, constantly monitor commodity and currency price fluctuations and would implement appropriate risk management strategies available to manage any potential commodity price risk.

The Board is responsible for approval of 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.

Authorisation of equity raisings, entering into debt facilities and major capital expenditure or commitments requires 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 a minimal staff, which does not include an internal audit function. In relation to its responsibilities the Board's consideration includes the following:

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

Principle 8: Encouraging Enhanced Performance

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.

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 retires annually and is free to seek re-election by shareholders.

Principle 9: Remunerate Fairly and Responsibly

A Remuneration and Nomination Committee had been established.

The committee consists of the following:

AM Knox (Chairman)
R Enconniere
J Kaminsky

The Remuneration and Nomination Committee makes recommendations to the full Board on remuneration packages and other terms of employment or consultant services and reviews the composition of the Board having regard to the Company's present and future needs.

Remuneration and other terms of employment are reviewed annually by the committee having regard to performance and relevant comparative information. As well as a base salary, remuneration packages include superannuation, termination entitlements, securities and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain high caliber staff and align the interest of the executives with those of the Company shareholders.

Remuneration of non-executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

Further information on Directors' and executives' remuneration is set out in the Directors' Report.

Principle 10: Recognising the Legitimate Interests of Stakeholders

The Company recognises its responsibilities extend beyond shareholders to clients, customers, consumers and regulators. The Company is committed to providing detail, accuracy in that detail and meeting principles of equity and fairness in all of its dealings.

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

"Recommendation" Reference ("Principle No" Ref followed by Recommendation Re!)	**Departure (from Recommendation)**	**Explanation**
2.1	Not all of the Directors satisfy the test of independence; as some Directors have substantial shareholdings in the Company.	Given the nature and size of the Company, its business interests and the stage of development, the Board is of the view that there is a broad mix of skills required and that given their experience each of the Directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders.
2.2	The Chairman is an executive Director and has a substantial associated shareholding in the Company and does not therefore meet the test of independence.	The Board considers that the chairman is capable of acting independently and is sufficiently experienced to fulfill that role.
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.	It is not considered that a code of conduct or reporting guide is yet necessary. The principles are followed.
5.1	No written policy and procedure exists to ensure 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.

"Recommendation" Reference ("Principle No" Ref followed by Recommendation Re!)	Departure (from Recommendation)	Explanation
6.1	The Company has no formally designed or disclosed communication strategy with shareholders.	The Board is very 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.	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.
8.1	There has been no formal disclosure of the process for performance evaluation of the Board, committees, individual Directors and key executives.	Given the size of the Company and the involvement of all Directors a policy has not to date been required. The Directors continually monitor and discuss performance.
10.1	There has been no disclosure of the code of conduct to deal with compliance for legal or other obligations to legitimate stakeholders.	The business practices adopted by the Board recognise this principle but no formal code has been drawn.

Schedule of Mining Tenements

Project.	Units	Reference	Date Granted	Expiry Date	Registered Holder	State	Mineral Focus
Fifield	21	EL6241	17-May-04	16-May-06	100% Rimfire	NSW	Platinum.
Fifield.	18	EL5565	24-Mar-99	23-March-07	100% Rimfire	NSW	Platinum.
Fifield.	100	EL6144	24-Oct-03	23-Oct-05	100% Rimfire	NSW	Platinum.
Fifield	1.9ha	MC305	17-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Fifield	2ha	MC 306	17-Nov-04	17-Nov-09	100% Rimfire	NSW	Gold/Platinum/ Silver
Bingara Diamonds	148	EL6106 (note 1)	29-Jul-03	28-Jul-05	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	6	EL5880 (note 2)	31-July-01.	30-Jul-05	100% Rimfire	NSW	Diamonds.
Currabubula	9	EL5978	27-Aug -02	26-Aug-06	100% Rimfire	NSW	Zeolite.
Peel Gold	37	EL6340	4-Nov-04	4-Nov-06	100% Rimfire	NSW	Gold

<u>Notes 1 and 2 to the table</u>

The Bingara Diamond Tenements were under a renewal application and expected to be renewed as follows within the 2006 financial year.

Bingara Diamonds	69	EL6106 (note 1)	Application for renewal was placed submitted 29th June 2005	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	6	EL5880 (note 2)	Application for renewal was placed submitted 29th June 2005	100% Rimfire	NSW	Diamonds.

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated Entity 2005	Consolidated Entity 2004	Parent Entity 2005	Parent Entity 2004
		$	$	$	$
Revenues from ordinary activities	2	41,966	26,523	21,966	26,049
Borrowing Costs	3	(11,992)	-	(11,992)	-
Expenses from ordinary activities	3	(465,912)	(594,656)	(457,561)	(594,182)
Loss from ordinary activities before income tax expense	3	(435,938)	(568,133)	(447,587)	(568,133)
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after related income tax expense	19	(435,938)	(568,133)	(447,587)	(568,133)
Transaction costs arising on issue of shares	18	(59,790)	(83,909)	(59,790)	(83,909)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(59,790)	(83,909)	(59,790)	(83,909)
Total changes in equity other than those resulting from transactions with owners as owners		(495,728)	(652,042)	(507,377)	(652,042)
Basic earnings per share (cents per share)	7	(0.34)	(0.70)		
Diluted earnings per share (cents per share)	7	(0.34)	(0.70)		

AS AT 30 JUNE 2005

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT ASSETS					
Cash assets	8	59,216	86,089	59,216	86,089
Receivables	9	48,456	84,077	47,809	83,850
Other financial assets	10	-	-	-	-
Other	13	13,280	5,119	13,280	5,119
TOTAL CURRENT ASSETS		120,952	175,285	120,305	175,058
NON-CURRENT ASSETS					
Receivables	9	183,502	133,002	170,500	163,229
Property, plant and equipment	12	267,723	244,638	267,723	244,638
Exploration & evaluation costs carried forward	14	1,900,615	1,657,558	1,900,615	1,627,558
TOTAL NON-CURRENT ASSETS		2,351,840	2,035,198	2,338,838	2,035,425
TOTAL ASSETS		2,472,792	2,210,483	2,459,143	2,210,483
CURRENT LIABILITIES					
Payables	15	142,569	265,144	140,569	265,144
Interest-bearing liabilities	16	107,000	208,318	107,000	208,318
Provisions	17	-	7,181	-	7,181
TOTAL CURRENT LIABILITIES		249,569	480,643	247,569	480,643
TOTAL LIABILITIES		249,569	480,643	247,569	480,643
NET ASSETS		2,223,223	1,729,840	2,211,574	1,729,840
EQUITY					
Contributed equity	18	9,220,960	8,291,639	9,220,960	8,291,639
Retained profits	19	(6,997,737)	(6,561,799)	(7,009,386)	(6,561,799)
TOTAL EQUITY	20	2,223,223	1,729,840	2,211,574	1,729,840

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers		18,061	-	18,061	-
Payments to suppliers and employees		(327,362)	(554,184)	(318,444)	(545,898)
Interest received		7,817	8,694	7,817	8,220
Interest and finance costs paid		(16,077)	-	(16,077)	-
Income tax paid		-	(24,223)	-	(24,223)
Net cash provided by (used in) operating activities	26a	(317,561)	(569,713)	(308,643)	(561,901)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	3,729	-	3,729
Proceeds from sale of investments		-	17,829	-	17,829
Proceeds from sale of mining tenements		22,000	-	-	-
Proceeds received on behalf of subsidiary		-	-	22,000	-
Purchase of property, plant and equipment		(2,899)	(113,249)	(2,899)	(113,249)
Payment for mining tenement exploration		(317,298)	(368,604)	(317,298)	(368,604)
Purchase of other non-current assets		(66,629)	(10,247)	(66,629)	(10,000)
Payment on behalf of subsidiary		-	-	(8,918)	(8,059)
Net cash provided by (used in) investing activities		(364,826)	(470,542)	(373,744)	(478,354)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		722,938	887,141	722,938	887,141
Proceeds from loan – related party		63,250	-	63,250	-
Transaction costs associated with share issues		(29,356)	(83,909)	(29,356)	(83,909)
Proceeds from share offer		-	73,390	-	73,390
Net cash provided by (used in) financing activities		756,832	876,623	756,832	876,623
Net increase in cash held		74,445	(163,633)	74,445	(163,633)
Cash at beginning of the year		(15,229)	148,404	(15,229)	148,404
Cash at end of the year	8	59,216	(15,229)	59,216	(15,229)

Note 1 Statement of Accounting Policies

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

The financial report covers the consolidated entity of Rimfire Pacific Mining NL and controlled entities, and Rimfire Pacific Mining NL as an individual parent entity. Rimfire Pacific Mining NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

a. **Principles of Consolidation**

A controlled entity is any entity controlled by Rimfire Mining NL. Control exists where Rimfire Pacific Mining NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Rimfire Pacific Mining NL to achieve the objectives of Rimfire Pacific Mining NL. A list of controlled entities is contained in Note 11 to the financial statements.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b. **Income Tax**

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

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 consolidated 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.

c. **Property, Plant and Equipment**

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

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 not been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the consolidated entity 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:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	17%
Plant and equipment	7.5%-30%
Office Equipment	21%-50%

d. **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.

e. **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.

f. **Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, 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.

g. **Cash**

For the purpose of the statement of cash flows, cash includes:

— cash on hand and at call deposits with banks or financial institutions net of bank overdrafts.

h. **Receivables**

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. Trade receivables are normally settled on 30 day terms.

i. **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.

j. **Financial Instruments Issued by the Company**

Debt and Equity Instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction Costs on the Issue of Equity Instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

k. **Revenue**

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).

l. **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.

m **Going Concern**

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

On 10th June 2005, the board accepted a proposal offered by the Executive Chairman, Mr John Kaminsky, to provide a loan facility to the consolidated entity. The total limit of the facility available to the consolidated entity was $300,000.

The company issued a short form prospectus on 18th August 2005, as a general issue to members, due to raise approximately $800,118, in a 1 for 3 rights issue at 1.8 cents per share. The Offer is fully underwritten by the Directors of the Company and is expected to close on 27th September 2005.

The above capital raising initiatives should allow operations to continue.

n **Interest-bearing Liabilities**

Mortgage loans are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest.

o **Borrowing Costs**

Borrowing costs are expensed as incurred.

p **Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. The adoption of AIFRS will be reflected in the consolidated entity's and the parent entity's financial statements for the year ending 30 June 2006.

On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. AIFRS transitional adjustments will be made retrospectively against retained profits at 1 July 2004.

The following sets out the key areas where accounting policies are expected to change on adoption of AIFRS and the directors' best estimate of the quantitative impact of the changes to the company's and the consolidated entity's statement of financial position at the date of transition and 30 June 2005 and on the company's and consolidated entity's net result for the year ended 30 June 2005.

(i) *Impairment of Assets*

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less cost to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generate cash flows that are largely independent of the cash inflows from other assets or group of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal.

At this stage it is unlikely that AASB 136 "Impairment of Assets" will have any impact on the opening balance as at 1 July 2004 under IFRS and those for the year ended 30 June 2005.

(ii) *Income Tax*

AASB 112 "Income Tax" required all income tax balances to be calculated using the comprehensive balance sheet liability method. Deferred tax items will be calculated by comparing the difference in carrying amounts to tax bases for all assets and liabilities and multiplying this by the tax rates expected to apply to the period when the asset is realised or the liability.

Recognition of the resulting amounts is subject to some exception, but generally deferred tax balances must be calculated for each item in the statement of financial position. Deferred tax assets will only be recognised where there exists the probability that future taxable profit will be available to recognise the asset. The Directors have determined that this is not probable in relation to tax losses not brought to account.

(iii) *Property, Plant and Equipment*

\- On transition to AASB 116, the consolidated entity has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, the entity has decided to continue to measure property, plant and equipment at cost less accumulated depreciation less impairment losses. There will be no impact from the above on the financial report.

(iv) *Accounting for Extractive Industries*

AASB 6 "Exploration for and Evaluation of Mineral Resources" permits expenditure incurred during the exploration and evaluation stage to be carried forward as assets on the balance sheet until it is possible to reliably carry out impairment testing on the carrying value of the assets.

As the consolidated entity is still in the exploration and evaluation stage, it is not possible to reliably test the asset for impairment.

Consequently there will be no change to the carrying value upon implementation of IFRS. Going forward the impact of IFRS has been considered and the main issues will involve consideration of the allocation of development costs, fixed assets, inventories and amortisation policies as the entity enters the production phase.

(v) *Share-Based Payment (Options)*

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives) as disclosed in the notes to the financial statements. The consolidated entity does not recognise an expense for any share-based compensation granted as options. Under AASB 2: Share Based Payment the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the equity instrument determined at the grant date and recognised over the expected vesting period.

AASB 1 states that on initial adoption of AIFRS an entity is encouraged, but not required, to apply AASB2 Share-Based Payment to equity instruments that were granted on or before 7 November 2002. A first-time adopter is also encouraged, but not required, to apply AASB 2 to equity instruments that were granted after 7 November 2002 that vested before the later of (a) the date of transition to Australian equivalents to IFRSs and (b) 1 January 2005. This guidance has been used in determining the share based payments recognised.

For the financial year ended 30 June 2005, employee and Director costs and contributed equity are expected to increase by $63,250.

(vi) Intercompany Loan Balances

As a result of the application of the exemption under AASB 1, the Directors have elected to apply the first-time adoption exemption available to the Company to defer the date of transition of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" to 1st July 2005.

The following tables set out the expected adjustments to equity and net profit of the parent and consolidated entity for the year ended 30 June 2005.

Reconciliation of equity as presented under AGAAP to equity determined under AIFRS

	Notes	Consolidated Entity		Parent Entity	
		30 June 2005 $	1 July 2004 $	30 June 2005 $	1 July 2004 $
TOTAL EQUITY UNDER AGAAP		2,223,223	1,729,840	2,211,574	1,729,840
Adjustments to accumulated losses					
Recognition of share-based payment expense	1 p(v)	(63,250)	-	(63,250)	-
Adjustments to contributed equity					
Increase to equity as a result of the recognition of share-based payments	1 p(v)	63,250	-	63,250	-
TOTAL EQUITY UNDER AIFRS		2,223,223	1,729,840	2,211,574	1,729,840

Note 2 **Revenue**

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Operating activities				
Sales	6,317	-	6,317	-
Sub-lease rental	6,732	-	6,732	-
Interest received	6,717	8,694	6,717	8,220
Other	2,200	-	2,200	-
	21,966	8,694	21,966	8,220
Non-operating activities				
Proceeds on disposal of non-current investments (tenements)	20,000	17,829	-	17,829
	20,000	17,829	-	17,829
Total Revenue	41,966	26,523	21,966	26,049

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Note 3 Expenses from Ordinary Activities

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Expenses:				
Classification of expenses by function:				
Operating activities:				
Cost of Sales	353	-	353	-
Professional costs	117,164	177,792	117,164	177,792
Travel costs	31,403	7,969	31,403	7,969
Employee and Directors costs	108,527	142,147	108,527	142,147
Occupancy costs	97,333	86,054	92,434	81,654
Marketing costs	170	52,925	170	52,925
Overhead costs	77,608	107,656	104,156	111,582
	432,558	574,543	454,207	574,069
Non-operating activities:				
Written down value of listed shares disposed of	-	78,618	-	78,618
Written down value of non-current assets disposed of	30,000	4,253	-	4,253
Exploration, evaluation or development costs written off	3,354	5,237	3,354	5,237
Write down of non-current other financial assets to recoverable amount	-	(67,995)	-	(67,995)
	465,912	594,656	457,561	594,182

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Profit from Ordinary Activities				
Profit from ordinary activities include:				
Bad and doubtful debts				
- entities in wholly owned group	-	-	27,849	8,317
Rental expense (minimum lease payments)	79,873	71,049	75,414	66,997
Depreciation of non-current assets	9,813	9,445	9,813	9,445
Cost of Sales	353	-	353	-
(Profit) / Loss on sale of tenement	10,000	4,253	-	4,253
Borrowing Costs				
- Director’s related party	1,265	-	1,265	-
- Other than related party	10,727	-	10,727	-
	11,992	-	11,992	-

Note 4 Income Tax Expense

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
a. The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:				
Prima facie tax payable on profit from ordinary activities before tax income tax at 30% (2004:30%)				
— Consolidated entity	(130,781)	(170,440)	-	-
— Parent entity	-	-	(134,276)	(170,440)
	(130,781)	(170,440)	(134,276)	(170,440)
Add:				
Tax effect of:				
— non-deductible depreciation and amortisation	-	180	-	180
— other non-allowable items	838	1,424	838	1,385
— Unrealised gains on investments	-	(20,399)	-	(20,399)
— non-deductible loss on sale of fixed assets	-	101	-	101
	(129,943)	(189,134)	(133,438)	(189,173)
Less:				
Tax effect of:				
— capitalised share placement costs	17,937	5,647	17,937	5,647
— capital loss on sale of investments	-	(18,236)	-	(18,236)
— current year tax losses and timing differences	(147,880)	(201,723)	(151,375)	(201,762)
Income tax expense attributable to profit from ordinary activities before income tax	-	-	-	-
The future income tax benefit arising from tax losses has not been recognised as an asset because recovery is not virtually certain:				
Tax losses carried forward (gross)	7,510,396	6,865,228	6,597,336	5,913,873
Balance of franking account at year end	-	-	-	-

Potential future income tax benefits 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 future income tax benefit as virtually certain.

Future benefits attributable to timing differences have not been brought to account as the Directors do not believe it is appropriate to regard the realisation of such benefits as assured beyond any reasonable doubt. 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 realised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss.

Rimfire Pacific Mining NL and its wholly owned entities have not opted to enter the tax consolidation regime as at 30 June 2005.

Note 5 Specified Directors' and Specified Executives' Remuneration

a. Names and positions held of Parent Entity Specified Directors and Specified Executives in office at any time during the financial year are:

Parent Entity Specified Directors

John Kaminsky	Executive Chairman
Norbert Calabro (resigned 30/11/04)	Director
Graham Billinghurst	Secretary
Geoff Stuart	Director
Ramona Enconniere	Director

Specified Executives

There were no specified executives of the consolidated entity.

b. Changes after reporting date and prior to date of Directors Declaration:

Andrew Knox was appointed as Director on 8th July 2005.

c. **Parent Entity Directors' Remuneration**

2005	Primary		Post Employment	Equity Compensation	Total
	Salary & Fees $	Cash Bonus $	Superannuation Contribution $	Option $	$
Norbert Calabro (resigned 30/11/04)	6,250	-	563	-	6,813
Graham Billinghurst	-	-	-	-	-
Geoff Stuart	-	-	-	-	-
Ramona Enconniere (appointed 28/04/05)	-	-	-	-	-
John Kaminsky	56,000	-	5,040	63,250	124,290
	62,250	-	5,603	63,250	131,103

2004	Primary		Post Employment	Equity Compensation	Total
	Salary & Fees $	Cash Bonus $	Superannuation Contribution $	Options $	$
Norbert Calabro	30,000	-	2,700	7,342	40,042
Graham Billinghurst	24,000	-	2,160	4,895	31,055
Geoff Stuart	24,000	-	2,160	4,895	31,055
John Kaminsky (appointed 10/05/04)	4,000	-	360	-	4,360
	82,000	-	7,380	17,132	106,512

Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the Binomial Model. This model takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the timing to maturity of the option.

Note 5 **Specified Directors' and Specified Executives' Remuneration (Cont'd)**

c **Remuneration Options**

Options Granted as Remuneration	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date Cents	Exercise Price	First Exercise Date	Last Exercise Date
Executive Director							
Mr J Kaminsky	2,000,000	2,000,000	6/4/05	2	-	31/5/05	15/7/05
Mr J Kaminsky	-	2,000,000	6/4/05	2	-	30/11/05	15/1/06

Mr J Kaminsky was granted 4,000,000 options during the year which were convertible to fully paid ordinary shares in the company at a nil exercise price after the vesting period. The options were to vest in two phases as follows:

- 2,000,000 options vest on May 31st 2005 and must be exercised by July 15th 2005.
- 2,000,000 options vest on November 30th 2005 and must be exercised by 15th January 2006.

No options were exercised by any Director during the year.

d **Options and Rights Holdings**

Number of Options held by Specified Directors & Executives

	Balance 1.7.04	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.6.05	Total Vested 30.6.05	Total Exercisable 30.6.05	Total Unexercis-able 30.6.05
Specified Directors								
N Calabro (1)	4,224,720	-	-	(4,224,720)	-	-	-	-
G Billinghurst	2,824,679	-	-	25,764	2,850,443	2,850,443	2,850,443	-
G Stuart	2,397,760	-	-	-	2,397,760	2,397,760	2,397,760	-
J Kaminsky	-	4,000,000	-	-	4,000,000	2,000,000	2,000,000	2,000,000
Total	9,447,159	4,000,000	-	(4,198,956)	9,248,203	7,248,203	7,248,203	2,000,000

* The net change other reflected above includes those options that have been forfeited by holders as well as options issued during the year under review.

(1) Resigned as Specified Director during the year.

e. **Shareholdings**

Number of Shares held by Parent Entity Directors and Specified Executives

	Balance 1.7.04	Received as Remunera-tion	Options Exercised	Net Change Other*	Balance 30.6.05
Parent Entity Specified Directors					
N Calabro (1)	3,340,455	-	-	(3,340,455)	-
G Billinghurst	3,382,477	-	-	610,120	3,992,597
G Stuart	1,060,693	-	-	-	1,060,693
J Kaminsky	-	1,000,000	-	2,346,000	3,346,000
Total	7,783,625	1,000,000	-	(384,335)	8,399,290

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

(1) Resigned as Specified Director during the year

Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive Directors, is based on a number of factors, including length of service, particular experience of the individual concerned, the complexity of the tasks undertaken, the market rate for such skills and work requirements and overall performance of the company. The contracts for service between the company and its executive Director is as follows:

The employment conditions of the executive Director, Mr J Kaminsky, are formalised in contracts of employment. Mr Kaminsky is employed under a one-year contract, which commenced on 1 December 2004 and expires on 30 November 2005.

The employment contract stipulates a one month resignation period. The company may terminate an employment without cause by providing 3 months written notice. Upon termination of the employment, the individual is entitled to payment of accrued and outstanding remuneration entitlements to which the individual is or would have become entitled to during the full contract period of employment.

Note 6 **Auditors' Remuneration**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	18,750	12,500	18,750	12,500
— other services	-	-	-	-
	18,750	12,500	18,750	12,500

Note 7 **Earnings per Share**

	Consolidated Entity	
	2005	2004
	$	$
a. **Reconciliation of Earnings to Net Profit or Loss**		
Net profit	(409,938)	(568,133)
Earnings used in the calculation of basic EPS	(409,938)	(568,133)
Dividends on converting preference shares	-	-
Earnings used in the calculation of dilutive EPS	(409,938)	(568,133)
b. **Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS**	119,630,266	81,078,913
Diluted potential ordinary shares	931,507	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	120,561,773	81,078,913
c. **Classification of securities**		
The following securities have not been classed as potential ordinary shares and are not included in the determination of dilutive EPS:	42,676,394	47,560,785
d Ordinary shares issued between reporting date and time of completion of the financial report	2,000,000	-

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Note 8 Cash Assets

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash at bank		59,216	86,089	59,216	86,089
		59,216	86,089	59,216	86,089

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:

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash		59,216	86,089	59,216	86,089
Bank overdrafts	15	-	(101,318)	-	(101,318)
		59,216	(15,229)	59,216	(15,229)

Note 9 Receivables

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Security deposits		80	80	80	80
Sundry debtors		16,491	68,742	15,844	68,515
Bank guarantee		31,885	15,255	31,885	15,255
		48,456	84,077	47,809	83,850
NON-CURRENT					
Security deposits		183,502	133,002	170,500	120,000
Amounts receivable from:					
— wholly-owned entities		-	-	474,350	489,729
— provision for doubtful debts wholly-owned subsidiaries		-	-	(474,350)	(446,500)
		183,502	133,002	170,500	163,229

Note 10 Other Financial Assets

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Shares in listed corporations, at market value		-	-	-	-

Note 11 **Controlled Entities**

	Country of Incorporation	Percentage Owned (%) 2005	2004
Parent Entity			
Rimfire Pacific Mining NL			
Subsidiaries of Rimfire Pacific Mining NL			
Axis Mining NL	Australia	100	100

Note 12 **Property Plant and Equipment**

	Consolidated Entity		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
LAND AND BUILDINGS				
Freehold land at:				
— at cost	216,720	216,720	216,720	216,720
Total Land and Buildings	216,720	216,720	216,720	216,720
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	42,682	12,379	38,181	7,878
Accumulated depreciation	(11,497)	(8,197)	(6,996)	(3,696)
	31,185	4,183	31,185	4,183
Leasehold improvements				
At cost	7,998	7,998	7,998	7,998
Accumulated depreciation	(6,083)	(5,702)	(6,083)	(5,702)
	1,915	2,296	1,915	2,296
Office Furniture				
At cost	77,498	74,902	74,983	72,387
Accumulated depreciation	(59,595)	(53,463)	(57,080)	(50,948)
	17,903	21,439	17,903	21,439
Total Plant and Equipment	51,003	27,917	51,003	27,917
Total Property, Plant and Equipment	267,723	244,638	267,723	244,638

Note 12 Property Plant and Equipment (Cont'd)

a. **Movements in Carrying Amounts**

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

	Freehold Land $	Leasehold Improvement $	Plant and Equipment $	Office Furniture $	Total $
Consolidated Entity:					
Balance at the beginning of year	216,720	2,296	4,183	21,439	244,638
Additions	-	-	30,302	2,596	32,898
Disposals	-	-	-	-	-
Depreciation expense	-	(381)	(3,300)	(6,132)	(9,813)
Carrying amount at the end of year	216,720	1,915	31,185	17,903	267,723
Parent Entity:					
Balance at the beginning of year	216,720	2,296	4,183	21,439	244,638
Additions	-	-	30,302	2,596	32,898
Disposals	-	-	-	-	-
Depreciation expense	-	(381)	(3,300)	(6,132)	(9,813)
Carrying amount at the end of year	216,720	1,915	31,185	17,903	267,723

Note 13 Other Assets

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Prepayments		13,280	5,119	13,280	5,119

Note 14 Exploration & Evaluation Costs Carried Forward

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
NON-CURRENT				
Exploration Expenditure				
Costs carried forward in respect of areas of interest in:				
– exploration and evaluation phases	1,900,615	1,657,558	1,900,615	1,627,558
Total Exploration Expenditure	1,900,615	1,657,558	1,900,615	1,627,558

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

Note 15 **Payables**

	Notes	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Unsecured liabilities					
Trade creditors		92,185	115,789	92,185	115,789
Sundry creditors and accrued expenses		50,384	75,965	48,384	75,964
Share application account		-	73,390	-	73,391
		142,569	265,144	140,569	265,144

Note 16 **Interest Bearing Liabilities**

	Notes	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Unsecured liabilities					
Bank overdrafts		-	101,318	-	101,318
		-	101,318	-	101,318
Secured liabilities					
Mortgage loans		107,000	107,000	107,000	107,000
		107,000	107,000	107,000	107,000
		107,000	208,318	107,000	208,318

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
a The carrying amounts of non-current assets pledged as security are:				
First mortgage				
Freehold land and buildings	216,720	216,720	216,720	216,720
Total assets pledged as security	216,720	216,720	216,720	216,720

b The loan is repayable within six months from the contract extension date of the contract of sale, being 15 June 2005 and is subject to 10% interest per annum.

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Note 17 **Provisions**

	Notes	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT					
Employee benefits	16a	-	7,181	-	7,181
a. **Aggregate employee benefits liability**		-	10,514	-	10,514
		No.	No.	No.	No.
b. **Number of employees at year-end**		0	1	0	1

Note 18 **Contributed Equity**

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
131,353,172 (2004:95,018,051) fully paid ordinary shares	17a	9,172,080	8,242,759	9,172,080	8,242,759
40,560,785 (2004: 40,560,785) fully paid deferred options	17b	48,880	48,880	48,880	48,880
		9,220,960	8,291,639	9,220,960	8,291,639
a. **Ordinary shares**					
At the beginning of the reporting period		8,242,759	7,439,527	8,242,759	7,439,527
Shares issued during the year					
— 3,346,000 on 6 April 2005		90,515	-	90,515	887,141
— 227,083 on 22 December 2004		6,245	-	6,245	-
— 1,640,000 on 22 November 2004		45,100	-	45,100	-
— 12,060,000 on 16 November 2004		327,655	-	327,655	-
— 1,294,147 on 28 October 2004		35,589	-	35,589	-
— 1,106,681 on 22 October 2004		30,434	-	30,434	-
— 9,079,353 on 13 October 2004		249,682	-	249,682	-
— 1,000,000 on 17 August 2004		30,000	-	30,000	-
— 6,581,857 on 16 July 2004		173,891	-	173,891	-
— 35,676,394 on 20 November 2003		-	887,141	-	887,141
Transaction costs relating to share issues		(59,790)	(83,909)	(59,790)	(83,909)
		929,321	803,232	929,321	803,232
At reporting date		9,172,080	8,242,759	9,172,080	8,242,759

Note 18 **Contributed Equity (Cont'd)**

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
		No.	No.	No.	No.
At the beginning of reporting period		95,018,051	59,341,657	95,018,051	59,341,657
Shares issued during year					
— 6 April 2005		3,346,000	-	3,346,000	-
— 22 December 2004		227,083	-	227,083	-
— 22 November 2004		1,640,000	-	1,640,000	-
— 16 November 2004		12,060,000	-	12,060,000	-
— 28 October 2004		1,294,147	-	1,294,147	-
— 22 October 2004		1,106,681	-	1,106,681	-
— 13 October 2004		9,079,353	-	9,079,353	-
— 17 August 2004		1,000,000	-	1,000,000	-
— 16 July 2004		6,581,857	-	6,581,857	-
— 20 November 2003		-	35,676,394	-	35,676,394
At reporting date		131,353,172	95,018,051	131,353,172	95,018,051

On 6 April 2005 the company issued 1,000,000 ordinary shares at 2.6c consideration to the executive chairman in respect of work performed for the consolidated entity.

On 6 April 2005 the company issued 2,346,000 ordinary shares at 2.75c per share to an associate of the executive chairman in respect of settlement of a loan owing to the associate.

On 22 December 2004 the company issued 227,083 ordinary shares at 2.75c each to shareholders, being a payment for consulting services rendered

On 22 November 2004 the company issued 1,640,000 ordinary shares at 2.75c each to shareholders, being a sophisticated share placement scheme to raise additional working capital

On 16 November 2004 the company issued 12,060,000 ordinary shares at 2.7c each to shareholders, being a sophisticated share placement scheme to raise additional working capital

On 28 October 2004 the company issued 1,294,147 ordinary shares at 2.75c each to shareholders, being a payment for consulting fees rendered to the consolidated entity

On 22 October 2004 the company issued 1,106,681 ordinary shares at 2.75c each to shareholders, being a payment for underwriting fees

On 13 October 2004 the company issued 9,079,353 ordinary shares at 2.75c each to shareholders, being a share purchase scheme to raise additional working capital

On 17 August 2004 the company issued 1,000,000 ordinary shares at 3c each to shareholders, being a payment for mining equipment purchased.

On 16 July 2004 the company issued 6,581,857 ordinary shares at 2.6c each to shareholders, being a share purchase scheme to raise additional working capital
On 20 November 2003 the company issued 35,676,394 ordinary shares at 2.5c each to shareholders.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

		Consolidated Entity		Parent Entity	
		2005	2004	2005	2004
	Note	$	$	$	$
b. **Deferred Options**					
At beginning of the reporting period		48,880	48,880	48,880	48,880
Options Issued during the year		-	-	-	-
At reporting date		48,880	48,880	48,880	48,880
c. **Options Outstanding**		No.	No.	No.	No.
Listed					
Exercisable at 20 cents on or before 30 September 2004					
On issue at beginning of year		4,884,391	4,884,391	4,884,391	4,884,391
Expired during the year		(4,884,391)	-	(4,884,391)	-
On issue at end of year		-	4,884,391	-	4,884,391

Note 18 **Contributed Equity (Cont'd)**

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Exercisable at 8 cents on or before 30 September 2006					
On issue at beginning of year		35,676,394	-	35,676,394	-
Issued during the year		-	35,676,394	-	35,676,394
On issue at end of year		35,676,394	35,676,394	35,676,394	35,676,394
Unlisted Exercisable at 8 cents on or before 30 September 2006					
On issue at beginning of year		7,000,000	-	7,000,000	-
Issued during the year		-	7,000,000	-	7,000,000
On issue at end of year		7,000,000	7,000,000	7,000,000	7,000,000
Exercisable at nil consideration on or before 15 July 2005					
On issue at beginning of year		-	-	-	-
Issued during the year		2,000,000	-	2,000,000	-
On issue at end of year		2,000,000	-	2,000,000	-
Exercisable at nil consideration on or before 15 January 2006					
On issue at beginning of year		-	-	-	-
Issued during the year		2,000,000	-	2,000,000	-
On issue at end of year		2,000,000	-	2,000,000	-

d. **Options**

i. On 6 April 2005, options were granted to the Executive Chairman to accept ordinary shares at an exercise price for nil consideration each. Two million options were granted, exercisable on 15 July 2005 with an additional two million options were granted, exercisable on 15 January 2006.

Option holders do not carry voting rights, do not participate in proceeds from sale of surplus assets in the event of the company winding up and are not entitled to dividends.

Note 19 **Retained Profits**

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Retained profits at the beginning of the financial year		(6,561,799)	(5,993,666)	(6,561,799)	(5,993,666)
Net loss attributable to the members of the parent entity		(435,938)	(568,133)	(447,587)	(568,133)
Retained profits at the end of the financial year		(6,997,737)	(6,561,799)	(7,009,386)	(6,561,799)

Note 20 Total Equity

Total equity at beginning of year	1,729,840	1,494,741	1,729,840	1,494,741
Total changes in equity recognised in the Statement of Financial Performance	(495,728)	(652,042)	(507,377)	(652,042)
Transactions with owners as owners				
- contributions of equity	989,111	887,141	989,111	887,141
Total equity at end of year	2,223,223	1,729,840	2,211,574	1,729,840

Note 21 Capital and Leasing Commitments

	Note	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
a. **Operating Lease Commitments**					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Office Equipment					
Payable					
— not later than 1 year		1,428	2,840	1,428	2,840
— later than 1 year but not later than 5 years		4,046	10,650	4,046	10,650
— later than 5 years			-		-
		5,474	13,490	5,474	13,490

The office equipment lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The payments are not subject to CPI changes.

Office & Other Premises				
Payable				
— not later than 1 year	16,100	64,401	16,100	64,401
— later than 1 year but not later than 5 years	-	16,100	-	16,100
	16,100	80,501	16,100	80,501

The office premises lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease agreement requires the minimum lease payments shall be increased by the greater of CPI or 4% per annum. An option exists to renew the lease at the end of the three-year term for an additional term of three years. The lease allows for sub-letting of all lease areas. The lease is held in two parts, approximately of equal floor areas. Area 1 becomes renewable on 30 September 2005. Area 2 becomes renewable on 28 February 2006. Area 1 will not be required in the future.

Future minimum lease payment expected to be received for non-cancellable sublease				
— not later than 1 year	3,174	-	3,174	-
	3,174	-	3,174	-

b. **Capital Expenditure Commitments**

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

— not later than 1 year	450,000	450,000	450,000	450,000
— later than 1 year but not later than 5 years	1,100,000	1,100,000	1,100,000	1,100,000
	1,550,000	1,550,000	1,550,000	1,550,000

Note 22 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. To be confirmed on issue of the solicitors confirmation that there are no current or future legal proceedings against the company.

Note 23 Segment Reporting

Business and Geographical Segments

The consolidated entity operates predominantly in one business segment, being mineral exploration and prospecting. The consolidated entity operates predominantly in one geographical segment, being Australia.

Note 24 **Related Party Transactions**

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.				
Transactions with related parties:				
(i) Director-related Entities				
Calabro Partners, a partnership associated with N Calabro, provided accounting services to the parent entity.	-	47,849	-	47,849
Calabro Consulting Pty Ltd, a company associated with N Calabro, accrued accounting services to the parent entity.	23,867	15,000	23,867	15,000
Strategic International Ventures Pty Ltd, a company associated with J Kaminsky, provided consultancy services to the parent entity. Strategic International Ventures Pty Ltd was paid a fee of $24,000 and J Kaminsky was also issued 1,000,000 fully paid ordinary shares at 2.6c each in lieu of services performed.	50,000	-	50,000	-
(ii) Entities in the wholly owned group				
Axis Mining NL During the year the parent entity provided funds to Axis Mining NL interest free. At 30 June 2005, Axis Mining NL has amounts owing to the parent entity totalling $474,350 (2004: $489,729) interest free, payable at call. The loan has been fully provided for at 30 June 2005.	-	-	9,819	8,059
(iii) Other Related Parties				
During the year, Jillina Kaminsky, wife of J Kaminsky provided a loan to the company for $63,250. The loan was for a period of 3 months at an interest rate of 8%, which was subsequently discharged by the company on 6th April 2005 by an issue of 2,346,000 shares at 2.75c each in the company for the principal amount plus interest.	63,250	-	63,250	-
On 10 June 2005 it was agreed by a meeting of the board to accept a loan facility offered by J Kaminsky to the parent company. The amount of the facility was for a maximum of $300,000, which when drawn would be for a term of the earlier of the completion of capital raising sufficient to discharge the loan or 12 months from the date of acceptance. As at 30 June 2005, the facility remained unused.				

Note 25 **Post Balance Date Events**

The company issued a short form prospectus on 18th August 2005, as a general issue to members, due to raise approximately $800,118 in a 1 for 3 rights issue at 1.8 cents per share. The Offer is fully underwritten by the Directors of the company.

The Chairman exercised 2,000,000 options, converted to 2,000,000 fully paid ordinary shares on the 1st July 2005 as part of his remuneration entitlement.

Mr Andrew Knox was appointed as a new Non-Executive Director to the Board on 8th July 2005.

The Company had drawn down $100,000 of its available loan facility on 22nd July 2005 ($200,000 remained on the facility)

Mr Colin Plumridge was appointed as the new Exploration Manager on the 29th July 2005.

Note 26 **Cash Flow Information**

	Consolidated Entity 2005 $	Consolidated Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
a. **Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax**				
Profit from ordinary activities after income tax	(435,938)	(568,133)	(447,587)	(568,133)
Cash flows excluded from profit from ordinary activities attributable to operating activities				
Finance costs on debentures				
Non-cash flows in profit from ordinary activities				
Depreciation	9,813	9,445	9,813	9,445
Write-off of capitalised expenditure	3,354	-	3,354	-
Loss / (Gain) gain on disposal of property, plant and equipment	-	4,253	-	4,253
Loss / (Gain) on sale of other financial assets	10,000	(7,207)	-	(7,207)
Expenses paid for by issue of shares in company	69,099	-	69,099	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in sundry debtors	36,259	(36,150)	38,974	(36,655)
Movement in provision for doubtful debts	-	-	27,850	8,317
(Increase)/decrease in prepayments	(8,161)	(920)	(8,161)	(920)
(Increase)/decrease in other receivables	-	(83)	-	(83)
(Increase)/decrease in trade creditors and accruals	5,196	24,329	5,196	24,329
Increase/(decrease) in provisions	(7,181)	4,753	(7,181)	4,753
Cash flows from operations	(317,559)	(569,713)	(308,643)	(561,901)

b. Cash not available for use
Bank and Bond guarantee $31,885 is restricted for use.

c. Non-cash Financing and Investing Activities
Share Issues

1,000,000 shares at 3c per share were issued in respect of property plant and equipment purchased.

1,106,681 shares at 2.75c per share were issued in respect of underwriting fees incurred in respect of a share placement scheme.

2,346,000 shares at 2.75c per share were issued in respect of settlement of a loan owing to an associate of the Executive Chairman.

227,083 shares at 2.75c per share were issued in lieu of Director fees

1,294,147 shares at 2.75c per share were issued in lieu of consulting services provided to the consolidated entity

1,000,000 shares at 2.60c per share were issued in lieu of consulting services provided to the consolidated entity

d. Credit Standby Facilities
The group has no overdraft facility.

e. Used / Unused Facilities
Loan Facilities

-	Used	107,000	107,000	107,000	107,000
-	Unused	300,000	-	300,000	-

Note 27 Financial Instruments

a. **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 and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Fixed Interest Rate Maturing Weighted Average Effective Interest Rate		Floating Interest Rate $		Within Year $		Non-interest Bearing $		Total $	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Financial Assets	%	%								
Cash	3.23	3.00	-	-	59,216	86,089	-	-	59,216	86,089
Receivables	0.50	0.33	23,845	7,215	13,002	13,002	195,112	196,862	231,959	217,079
Investments	-	-	-	-	-	-	-	-	-	-
Total Financial Assets			23,845	7,215	72,218	99,091	195,112	196,862	291,175	303,168
Financial Liabilities										
Bank loans and overdrafts	-	2.9	-	101,318	-	-	-	-	-	101,318
Trade and sundry creditors	-	-	-	-	-	-	92,185	115,789	92,185	115,789
Mortgage	10.00	10.00	-	-	107,000	107,000	-	-	107,000	107,000
Total Financial Liabilities			-	101,318	107,000	107,000	92,185	115,789	199,185	324,108
Net Financial Assets			23,845	(94,103)	(34,782)	(7,909)	102,927	81,073	91,990	(20,940)

Note 27 **Financial Instruments (Cont'd)**

b. **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.
The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

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 liab

Recognised financial instruments
Cash: The carrying amount approximates fair value.

Receivables: The carrying amount approximates fair value.

Term Deposits: The carrying amount approximates fair value.

Listed shares: For financial instruments traded in organised financial markets, fair value is the current market bid price for the asset. The values of the shares held are reviewed by the Board at balance date. Where it is considered necessary a provision will be made to write down the carrying values of individual investments. At balance date a provision was made for shares held to adjust their value to the recoverable amount. The recoverable amount has been determined by reference to the last traded market price of the listed securities at 30 June 2004. The portfolio of shares will continue to be monitored by the Board in accordance with the company's corporate governance.

Trade Creditors: The carrying amount approximate fair value.

Note 28 **Company Details**

The registered office of the company is:

Rimfire Pacific Mining NL
13th Floor
379 Queen Street
Brisbane 4000

The principal places of business are:

Rimfire Pacific Mining NL
13th Floor
379 Queen Street
Brisbane 4000

Directors' Declaration

rimfire

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 35, are in accordance with the Corporations Act 2001:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and

   b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and consolidated entity.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declaration by the chief executive officer / chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

J A Kaminsky

Director John Kaminsky

Dated this 29th day of September 2005

Independent Audit Report to Members of Rimfire Pacific Mining NL

SCOPE

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Rimfire Pacific Mining NL (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Independent Audit Report to Members of Rimfire Pacific Mining NL

Audit opinion

In our opinion, the financial report of Rimfire Pacific Mining NL is in accordance with:

(a) The Corporations Act 2001, including:

(i) giving a true and fair view of Rimfire Pacific Mining NL and the consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

PKF

PKF
Chartered Accountants
Brisbane Partnership

CG Bellamy
Partner

Dated in Brisbane this 29th day of September, 2005

1. **The shareholder information set out below was applicable as at 26th September 2005.**

(a) **Distribution of Shareholders by Class**

Category (size of holding)	Ordinary	Listed Options	Unlisted Options
1 - 1,000	38,191	3,652	-
1,001 - 5,000	642,442	175,702	-
5,001 – 10,000	1,777,986	408,252	-
10,001 – 50,000	10,506,887	2,432,358	-
50,001 – 100,000	14,367,629	2,579,131	
100,001 & over	106,020,037	30,077,299	9,000,000
	133,353,172	35,676,394	9,000,000

(b) **The number of shareholdings held in less than marketable parcels is 648 as at 26th September 2005.**

(c) **The number of holders of each class of equity security as at 26th September 2005 was:**

Class of Security	Number
Ordinary fully paid shares	1,255
Listed options	331
Unlisted options	4

(d) **There are no substantial shareholders listed in the holding company's register as at 26th September 2005.**

(e) **Voting Rights**

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

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

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

Additional Information for Listed Public Companies

(f) 20 Largest Shareholders - Ordinary Capital as at 26th September 2005.

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Mr Ma Ting Fong	3,394,034	2.55%
2.	Armgallop Pty Ltd	3,057,800	2.29%
3.	Mr John Kaminsky	3,000,000	2.25%
4.	Ralston Corp. Pty Ltd	2,981,658	2.24%
5.	Warcoll Holdings Pty Ltd	2,918,930	2.19%
6.	Assesslaw Pty Ltd	2,450,908	1.84%
7.	Jillina Kaminsky	2,346,000	1.76%
8.	Mrs Linda Kerr	2,300,000	1.72%
9.	Mr Kerry Jelbart	2,000,000	1.5%
10.	Mr Donald Leembruggen No 2 #	1,900,667	1.43%
11.	Mr Laurie John Newman	1,877,576	1.41%
12.	Mrs Emily Purnell	1,750,000	1.31%
13.	Mr Donald Malcolm Leembruggen	1,632,119	1.22%
14.	Mr Kerry Peter Jelbart	1,550,000	1.16%
15.	Joluk Investments Pty Ltd	1,500,000	1.12%
16.	Mr David & Mrs Serene Austin	1,450,000	1.09%
17.	Diamantina Pty Ltd	1,371,736	1.03%
18.	Mr William Leonard James Parker	1,230,509	0.92%
19.	Ms Clarinda Boldwin Jelbart	1,100,000	0.82%
20.	Mr Helmut Rocker	1,057,040	0.79%
		40,868,977	30.65

20 Largest holders of Listed Options as at 26th September 2005.

	Name	Number of Listed Options Held	% Held of total Issued Listed Options
1.	Dimi Pty Ltd	1,500,000	4.20%
2.	Kerry Peter Jelbart	1,500,000	4.20%
3.	Mr Ma Ting Fong	1,272,763	3.57%
4.	Armgallop Pty Ltd	1,200,000	3.36%
5.	M & K Korkidas Pty Ltd	1,148,000	3.22%
6.	Ralston Corp. Pty Ltd	1,000,000	2.80%
7.	Suvale Nominees Pty Ltd	1,000,000	2.80%
8.	Mr Don Leembruggen	969,000	2.72%
9.	Mr Mark Robert Renshaw	900,000	2.52%
10.	Ms Juanita Hawkins	879,016	2.46%
11.	Glowcave Pty Ltd	750,000	2.10%
12.	Trading Rooms (NSW) Pty Ltd	624,000	1.75%
13.	Mr Peter Purnell	600,000	1.68%
14.	Fortis Clearing Nominees P/L	572,000	1.60%
15.	Geijera Pty Limited	561,200	1.57%
16.	Mr William Henry Ralston	551,600	1.55%
17.	Mr Darcy Patrick Brian Higgins	524,753	1.47%
18.	Mr David Peter Hugh Latham	520,000	1.46%
19.	Warcoll Holdings Pty Ltd	516,000	1.45%
20.	RJ Conway Super Fund A/C	500,000	1.40%
		17,088,332	47.90%

2. **The name of the company secretary is Graham Billinghurst.**

3. **The address and telephone number of the registered office and principal administrative office is:**

Level 13, 379 Queen Street
Brisbane, Queensland 4000

Telephone: (07) 3211 7177
Facsimile: (07) 3211 7166

4. **The register of securities is held at the following address:**

Computershare Registry Services
Level 27, CP1
345 Queen Street
Brisbane QLD 4000

Telephone: (07) 3237 2100
Facsimile: (07) 3229 9860

5. **Stock Exchange Listing**

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

6. **Vendor Securities**

There are no restricted securities on issue as at 26th September 2005.

7. **Unquoted Securities**

20 Largest holders of Unlisted Options as at 26th September 2005.

	Name	Number of Unlisted Options Held Exp. 30/09/06	% Held of total Issued Unlisted Options	Number of Unlisted Options Held Exp. 15/01/06	% Held of total Issued Unlisted Options
1.	Mr Norbert Calabro	3,000,000	42.86%	Nil	Nil
2.	Mr Graham Billinghurst	2,000,000	28.57%	Nil	Nil
3.	Mr Geoff Stuart	2,000,000	28.57%	Nil	Nil
4.	Mr John Kaminsky	Nil	Nil	2,000,000	100%
		7,000,000	100.00%	2,000,000	100%