

RIMFIRE PACIFIC MINING NL

ACN 006 911 744

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

rimfire 

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Rimfire Pacific Mining NL and the entity it controlled at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

The names of the Directors of the Company during or since the end of the half-year and up to the date of this report are:

Ian McCubbing – Director and Non-Executive Chairman since 25th July 2016
John Kaminsky - Director since April 2004; Managing Director and CEO since 3rd March 2015
Graham Billingham - Director since May 1999; Secretary since September 2001
Ramona Enconniere - Director since April 2005

PRINCIPAL ACTIVITY

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

RESULTS OF OPERATIONS

The net result for the half-year after applicable income tax expense was a loss of \$430,062. This compares with a loss in 2015 of \$413,610 for the corresponding period.

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

DIVIDENDS

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

REVIEW OF OPERATIONS

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

The exploration efforts are situated within the well-established, highly credentialed and mineralised regional corridor, the Lachlan Transverse Zone (LTZ). This corridor includes the North Parkes Copper-Au mine and the Cadia Valley Au-Copper mines amongst others and represents an excellent discovery setting for the Company.

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

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

The newly established relationship with New Gold Inc., creates a strong financial position for the Company heading into 2017 and beyond. The additional financial and technical resources will help accelerate the discovery work on our numerous prospects, to pursue the multimillion ounce gold or gold equivalent potential seen within the project areas at Fifield. The agreements also allow Rimfire to pursue its concepts and field programs relatively autonomously.

Accordingly, this year will see an exciting direction for the Company. Key components of the New Gold transaction are summarised as follows:

- A\$0.5 million equity investment in Rimfire shares at 2.1 cents (completed November 2016).
- Minimum spend on the Fifield tenements by New Gold of A\$2 million within the first year, with no early withdrawal right. Commencement for expenditure is deemed to be 1st January 2017.
- New Gold may elect to spend a further A\$5 million within the first three years, to earn a 51% interest in the Fifield tenements (New Gold total expenditure at Fifield needs to be A\$7 million to earn 51%).

DIRECTORS' REPORT (Continued)

- ❑ Subsequent to earning an initial 51% interest in the Fifield property, New Gold may elect to spend an additional A\$5 million within the first five years, to earn an additional 19% interest and form an unincorporated exploration, development and mining joint venture (Rimfire 30%: New Gold 70%), (New Gold total expenditure at Fifield needs to be A\$12 million to earn 70%). If this further funding of A\$5 million is not completed by New Gold within the first five years, an unincorporated exploration, development and mining joint venture will form (Rimfire 49%: New Gold 51%).
- ❑ Should the current Sorpresa gold and silver mineral resource ultimately be mined and processed, New Gold would pay Rimfire additional monies up to A\$5 million.
- ❑ In recognition of Rimfire's outstanding technical work, Rimfire will have direct spending control of 15% of the first A\$7 million funded by New Gold, to continue its exploration work at Fifield contemporaneously with New Gold's exploration activities at Fifield.

Operational Activities

The progress in the period has again demonstrated that the work programs continue to yield results that re-inforce the overall potential of the Fifield area. This included work at the new copper-gold prospect, Ben Hur, and follow up activities defining a surface position for the gold-copper prospect at Transit.

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

Evaluation of the higher grade areas within the oxide zone at the Sorpresa resource continued in the half year period at the Roadside area. The Sorpresa mineralisation system is considered open in a number of directions, with targets for growth being evaluated around the high grade lenses, infill locations, spatially related geophysics and extensional drilling opportunities.

The Company also continued the assessment of its substantial portfolio of regional targets within a 6km radius of Sorpresa. The portfolio has been ranked by priority and is being systematically progressed, looking to provide additional discovery growth to the Company.

New Gold and the Company conducted strategic planning meetings for the implementation of work programs during 2017. A large detailed airborne geophysical survey (magnetics and radiometrics) was proposed for 1st Quarter 2017, involving 113,000 line kilometres. This will improve structural and geological understanding, leading to better target definition for subsequent testing.

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

This portfolio approach with multiple prospects has helped mitigate risk, ensuring a more sustainable business and has provided a diversified platform for the Company to date. The collaboration with New Gold Inc. further mitigates funding risk in pursuing discovery outcomes. The Company continues to maintain an objective for the establishment of a potential open cut mineable resource(s) within the tenement project area.

Junior Resource Sector outlook and financial position

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

DIRECTORS' REPORT (Continued)

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

The Company remained in relatively healthy financial shape, with a respectable cash position being maintained. The market capitalization of the Company (approx. \$21M at 31st December 2016) was substantially increased from 12 months ago and compared favourably with other junior exploration peers listed on the ASX (and TSX).

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

The partnership with New Gold Inc. provides an opportunity for accelerated discovery outcomes during 2017 and beyond.

Work Program Approach for 2017

During the next phase of exploration and assessment, the major priorities at Fifield during 2017 will involve the following.

- ✓ Within the New Gold partnership a focus on the larger discovery potential at Fifield will be pursued using an improved geological understanding within the tenements. The extra committed expenditure will assist accelerated assessment in discovery growth potential. A combination of data review, gap analysis, geological determination (through geophysics and geochemistry) and subsequent testing (Diamond and RC Drilling) of the ranked targets will follow.
- ✓ Rimfire will maintain a discovery growth focus on the regional opportunities for gold and copper which will involve the follow up of the prioritised regional prospects under review. More than 13 areas will undergo initial prospecting using mapping, geochemistry, and geophysics with subsequent drill testing as required.
- ✓ The Sorpresa resource will undergo some further definition, assessment of further discovery growth and economic appraisal, including additional metallurgy.

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

Company Annual General Meeting (AGM) and Presentations

The Annual General Meeting (AGM) of shareholders was well attended by approximately 30 people, indicating keen interest in the Company. The Board and management received strong endorsement from shareholders with all resolutions resoundingly carried.

Presentation Hyperlinks:

The following presentations were delivered at the 2016 AGM.

- **AGM 2016 CEO Presentation Corporate and Exploration:** [Click here](#) to view this announcement.
- **AGM 2016 Chairman Address:** [Click here](#) to view this announcement.

Cash, Funding, Facilities and Investments

There were a number of initiatives in the period aimed at providing ongoing capital to the Company. As at 31st December 2016 the Company had \$2.636m in cash.

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

DIRECTORS' REPORT (Continued)

Commencing 1st quarter 2017, the Company will be receiving re-imbusement for certain expenditures incurred as part of the earn-in agreement and the implementation of a services agreement with New Gold Inc.

Capital structure

As at 31st December 2016 the capital structure of the Company was:

Fully Paid Ordinary Shares	943,330,058
Options, expiry May 15 th 2017, exercisable at 3.5 cents	52,385,951

Commodity Pricing for the Period

Precious metal prices recovered from low points and improved in the last 12 months. Prices quoted www.kitco.com, in New York based on closing Ask in USD).

	Price (Ask) 27 Jan 2016	Price (Ask) 24 Feb 2017	Year on Year gain %
Gold	USD\$1,115/oz	USD\$1,258/oz	13%
Silver	USD\$14.35/oz	USD\$18.43/oz	28%
Platinum	USD875/oz	USD\$1,032/oz	18%

Competent Person Declarations

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

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

The information provided is available to view on the Company Website at the following hyperlink: [ASX Announcements](#). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

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

DIRECTORS' REPORT (Continued)

Table 1: Sorpresa Mineral Resource estimate reported under JORC 2012

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

Notes:

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

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

The Directors are not aware of any material events subsequent to the half year ended 31 December 2016 which may significantly affect the operations of the consolidated entity, the results of that operation or stated affairs of the consolidated entity.

AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained a declaration of independence from our auditors, in accordance with Section 307C of the *Corporations Act 2001*, as set out on page 6.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



IAN MCCUBBING
CHAIRMAN

Dated in Melbourne this 6th day of March 2017.

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

As lead auditor for the review of Rimfire Pacific Mining NL for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 6 March 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-Year Ended 31 Dec 16 \$	Half-Year Ended 31 Dec 15 \$
Revenue			
Interest revenue		17,508	10,163
Research and development tax offset income	2	-	147,024
Expenses			
Professional costs		(73,130)	(86,700)
Employee benefits		(158,975)	(167,560)
Non-Executive Directors' benefits		(50,833)	(60,000)
Occupancy costs		(16,590)	(20,175)
Travel costs		(4,794)	(23,554)
Marketing expense		(45,553)	(60,996)
Depreciation		(16,528)	(22,517)
Insurance		(16,628)	(26,094)
Share registry and listing costs		(42,034)	(40,562)
Loss on disposal of plant and equipment		-	(2,594)
Administration costs		(22,505)	(60,045)
		<u>(447,570)</u>	<u>(570,797)</u>
Loss before income tax		<u>(430,062)</u>	<u>(413,610)</u>
Income tax expense			-
Loss after income tax		<u>(430,062)</u>	<u>(413,610)</u>
Other comprehensive income			-
Total comprehensive loss for the half year		<u>(430,062)</u>	<u>(413,610)</u>
Loss per share for the period attributable to members of Rimfire Pacific Mining NL			
Basic loss per share (cents per share)		(0.05)	(0.05)
Diluted loss per share (cents per share)		(0.05)	(0.05)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 Dec 16 \$	30 Jun 16 \$
CURRENT ASSETS			
Cash and cash equivalents		2,636,456	770,680
Trade and other receivables		60,564	58,972
Other current assets		9,030	17,436
TOTAL CURRENT ASSETS		<u>2,706,050</u>	<u>847,088</u>
NON-CURRENT ASSETS			
Trade and other receivables		150,000	150,000
Property, plant & equipment		485,198	505,186
Exploration & evaluation costs	3	12,010,782	11,434,071
TOTAL NON-CURRENT ASSETS		<u>12,645,980</u>	<u>12,089,257</u>
TOTAL ASSETS		<u>15,352,030</u>	<u>12,936,345</u>
CURRENT LIABILITIES			
Trade and other payables		182,075	274,271
Provisions		13,688	12,242
TOTAL CURRENT LIABILITIES		<u>195,763</u>	<u>286,513</u>
TOTAL LIABILITIES		<u>195,763</u>	<u>286,513</u>
NET ASSETS		<u>15,156,267</u>	<u>12,649,832</u>
EQUITY			
Contributed equity	4	30,060,260	27,123,763
Accumulated losses		<u>(14,903,993)</u>	<u>(14,473,931)</u>
TOTAL EQUITY		<u>15,156,267</u>	<u>12,649,832</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Contributed Equity \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	26,131,450	(13,748,446)	12,383,004
Total comprehensive loss for the period, net of tax	-	(413,610)	(413,610)
Transaction with owners in their capacity as owners			
Shares issued	1,044,042	-	1,044,042
Share issue costs	(96,529)	-	(96,529)
Balance at 31 December 2015	27,078,963	(14,162,056)	12,916,907
Balance at 1 July 2016	27,123,763	(14,473,931)	12,649,832
Total comprehensive loss for the period, net of tax	-	(430,062)	(430,062)
Transaction with owners in their capacity as owners			
Shares issued	3,038,080	-	3,038,080
Share issue costs	(101,583)	-	(101,583)
Balance at 31 December 2016	30,060,260	(14,903,993)	15,156,267

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-Year Ended 31 Dec 16 \$ Inflows (Outflows)	Half-Year Ended 31 Dec 15 \$ Inflows (Outflows)
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (GST inc.)	(451,316)	(496,504)
Sundry income received	500	-
Interest received	11,971	14,181
Net cash used in operating activities	<u>(438,845)</u>	<u>(482,323)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from property, plant and equipment	-	1,000
Proceeds from government grants	-	1,189,493
Purchase of property, plant and equipment	(3,569)	(10,968)
Payments for mining tenement exploration	(628,307)	(1,178,674)
Net cash (used)/ provided in investing activities	<u>(631,876)</u>	<u>851</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,008,004	934,043
Costs associated with share issue	(71,507)	(47,771)
Net cash provided by financing activities	<u>2,936,497</u>	<u>886,272</u>
Net increase in cash and cash equivalents	1,865,776	404,800
Cash and cash equivalents at beginning of the half-year	770,680	1,297,896
Cash and cash equivalents at the end of the half-year	<u>2,636,456</u>	<u>1,702,696</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and comply with Australian Accounting Standards including *AASB 134 Interim Financial Reporting*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of the company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2016, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's last annual financial statements for the year ended 30 June 2016.

(a) Accounting policies

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

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

(b) Going Concern

During the half-year ended 31 December 2016, the consolidated entity incurred an operating loss of \$430,062 (31 December 2015: \$413,610) and had cash outflows from operating activities of \$438,845 (31 December 2015: 482,323). The ability of the consolidated entity to continue as a going concern is dependent on a number of factors, one being the continuation and availability of funds. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

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

- As at 31 December 2016, the consolidated entity had cash and cash equivalent of \$2,636,456.
- Consolidated entity has prepared cash flow forecasts that indicate sufficient cash to meet exploration expenditure for the next 12 months.

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

(c) Comparatives

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

2. RESEARCH AND DEVELOPMENT TAX OFFSET INCOME

	Half-Year Ended 31 Dec 16 \$	Half-Year Ended 31 Dec 15 \$
Research and development tax offset	-	147,024

The consolidated entity has not yet lodged its claim to receive the R&D tax offset for the year ended 30 June 2016.

3. EXPLORATION AND EVALUATION COSTS

	Half-Year Ended 31 Dec 16 \$	Year Ended 30 June 16 \$
Opening balance	11,434,070	10,705,929
Additional expenditure	576,712	1,770,611
Research and development tax offset	-	(898,217)
NSW cooperative drilling grant	-	(144,252)
Closing balance	12,010,782	11,434,071

4. CONTRIBUTED EQUITY

	Half-Year Ended 31 Dec 16	Half-Year Ended 31 Dec 15	Half-Year Ended 31 Dec 16	Half-Year Ended 31 Dec 15
	Number of Securities No.		Value of Securities \$	
<u>Issued Shares</u>				
Fully paid ordinary shares	943,330,058	796,169,607	30,090,260	27,078,963
Ordinary shares on issue at beginning of period	798,659,607	744,001,176	27,123,763	26,131,450
<u>Movements during the period:</u>				
Shares issued:				
In the previous period	-	52,168,431	-	1,044,042
19 August 2016	77,345,238	-	1,624,250	-
1 September 2016	42,087,117	-	883,830	-
27 October 2016	23,809,525	-	500,000	-
5 December 2016	1,428,571	-	30,000	-
Transaction costs relating to issues	-	-	(101,583)	(96,529)
Shares on issue at end of period	943,330,058	796,169,607	30,060,260	27,078,963

Listed Options

On 7 December 2015, in accordance with the terms of the non-renounceable share rights issue, 52,385,951 listed options were issued with an exercise price of 3.5 cents and an expiry date of 15 May 2017.

5. SEGMENT REVENUES AND RESULTS

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

6. EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR

The Directors are not aware of any material events subsequent to the half year ended 31 December 2016 which may significantly affect the operations of the consolidated entity, the results of that operation or the state of affairs of the consolidated entity.

The Consolidated entity and New Gold Inc. executed an Earn-In / JV agreement on 28th October 2016. The Commencement Date of the expenditure period under this agreement was 1 January 2017.

DIRECTORS' DECLARATION

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

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



IAN MCCUBBING
CHAIRMAN

Dated in Melbourne this 6th day of March 2017.



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Rimfire Pacific Mining NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rimfire Pacific Mining NL, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rimfire Pacific Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rimfire Pacific Mining NL is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'James Mooney'. Above the signature is a small, stylized logo consisting of the letters 'BDO' in a cursive-like font.

James Mooney

Partner

Melbourne, 6 March 2017