

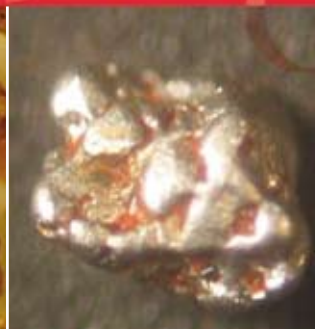
*rimfire*



ANNUAL REPORT  
2007



Diamond Platinum  
Gold



	<b>PAGE</b>
<b>CHAIRMAN'S REPORT</b>	<b>2</b>
<b>REVIEW OF EXPLORATION ACTIVITIES</b>	<b>4</b>
<b>DIRECTORS' REPORT</b>	<b>14</b>
<b>REMUNERATION REPORT</b>	<b>19</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>22</b>
<b>CORPORATE GOVERNANCE STATEMENT</b>	<b>24</b>
<b>SCHEDULE OF MINING TENEMENTS</b>	<b>29</b>
<b>INCOME STATEMENT</b>	<b>30</b>
<b>BALANCE SHEET</b>	<b>31</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>32</b>
<b>CASH FLOW STATEMENT</b>	<b>33</b>
<b>NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS</b>	<b>34</b>
<i>Note 1 - Statement of Accounting Policies</i>	<i>34</i>
2 - Revenue	38
3 - Result for the Year	38
4 - Income Tax Expense	39
5 - Key Management Personnel Remuneration	40
6 - Auditors Remuneration	44
7 - Earnings Per Share	44
8 - Cash and Cash Equivalents	45
9 - Receivables	45
10- Controlled Entities	46
11- Property, Plant & Equipment	46
12- Other Assets	47
13- Exploration & Evaluation Costs Carried Forward	48
14- Payables	48
15- Interest Bearing Liabilities	48
16 - Contributed Equity	49
17- Share Based Payments	51
18- Capital and Leasing Commitments	52
19- Contingent Liabilities and Contingent Assets	53
20- Segment Reporting	53
21 - Related Party Transactions	54
22 - Post Balance Date Events	54
23 - Cash Flow Information	55
24 - Financial Instruments	56
25- Company Details	57
<b>DIRECTORS' DECLARATION</b>	<b>58</b>
<b>INDEPENDENT AUDIT REPORT</b>	<b>59</b>
<b>ADDITIONAL INFORMATION FOR PUBLICLY LISTED COMPANIES</b>	<b>61</b>
<b>CORPORATE DIRECTORY</b>	<b>64</b>

Dear Shareholder,

It is my pleasure to be able to provide to you the Annual Report for Rimfire Pacific Mining NL for the financial year ended 30 June 2007. This report provides details of the Company's various exploration activities and also includes the financial performance of the Company for the period.

The Company has made significant progress in its primary exploration project areas, namely, its Fifield NSW Platinum project and its Bingara NSW Diamond project. A continuing and persistent exploration program under the careful and experienced direction of Mr Colin Plumridge, Exploration Manager, has now positioned the projects at an exciting stage. The net result of the exploration strategy has been to continue to enhance the prospectivity of both project areas, and produce major milestones in the last 12 months.

The Company is still of the view that the extensive anomalous coarse grain Platinum (Pt) present in the vicinity of the Fifield township and close to the historic deep leads, is of primary magmatic high temperature hydrothermal origin, and that the area of emplacement of the source of this primary Platinum within the bedrock has now been discovered by Rimfire. This Platinum discovered at Platina-Gillenbine is believed to be part of a broader mineralised corridor of 8 kilometres being investigated by the Company.

The establishment of significant "platinum contours" of coarse grain Platinum (Pt) evidenced in the "sub soil clay layers" at Platina prospect in the previous 12 months, was explored with further trenching that has extended and reconfirmed these contours, in repeatable work programs. This was also very encouraging.

It is important for shareholders to realise that enormous intellectual insight has been gained through the exploration conducted at Fifield, using an established method of continuous cost effective work programs. The Company considers that the "effective exploration expenditure" is far in excess of the actual cash value of the exploration conducted, due to the brilliant and innovative work of Colin Plumridge conducted on a daily basis.

It is also important to recognise, that the size of the larger, more recently identified "Ebenezer Platinum in soil anomaly", is of very significant scale at approximately 4km<sup>2</sup>. Precious metal anomalies of this size, in non alluvial settings, would be considered world class in potential. The presence of zoned "non orogenic Gold" in the system at Fifield is an important mineralised feature and this is also being pursued by the Company with dedicated exploration.

The commodity price outlook for Platinum was extremely strong again in this reporting period, where prices traded above USD1,250 per ounce during most of 2007, finishing at the end of September 2007 at US\$1,380 per ounce almost double the price of gold. The Company will continue to pursue its Platinum projects as a high priority at Fifield as this area continues to demonstrate potential to be a significant resource discovery of primary Platinum.

The vision for the Fifield projects is to develop resource areas within the bedrock that have "open cut mining characteristics", for the primary coarse grain Platinum now recognised at Fifield. Such an operation, if established, would likely have very low capital costs, and excellent Pt metallurgy recovery. This is based on the Company's knowledge already gathered through assessment of the style of Platinum and Gold mineralisation that exists in the major work areas.

The Company also made major advances in its exploration at its Bingara Diamond Project. A total data review and initial field assessment program conducted earlier, led to field programs that have established a "confirmed pipe" at Tom and Jerry South, named "Horton Valley No.1 Pipe" which contains highly prospective diamond indicator mineral chemistry. A "second probable pipe", at Back Creek Glen Idle, has also been identified, named "Horton Valley No.2 Pipe", located 6km further west of the initial discovery.

The Company is of the view that a cluster of "volcanic pipes is likely to be discovered" through an ongoing proven exploration methodology of surface geochemistry and the subsequent source identification of these key diamond indicator minerals. A number of locations have been prioritised for exploration at a district regional level using observations gathered in the recent discoveries.

Important conclusions are now being established at Bingara with the exploration results achieved in the most recent exploration demonstrating the validity to date of the "subduction diamond formation geology model" and that a viable cost effective exploration process and tools are now well established.

The Bingara Diamond project is expected to continue to develop during the next calendar year.

### Company Financial Performance to June 30<sup>th</sup> 2007

The Company had an improved financial performance in its operations for the period and a solid financial position at the end of the period, compared with prior periods in the last several years.

For the year ended 30<sup>th</sup> June 2007 the company incurred a loss of \$473,688 from ordinary activities compared with \$546,033 for the prior year. It should be noted that this result included \$166,813 within the current year loss, which was attributable to the issuing of "non cash" benefits in the form of options and shares, for the period. The Company has now established a very cost effective administrative structure in recent reporting periods.

For the period to 30<sup>th</sup> June 2007 the company's current assets were \$1,181,777 compared with \$472,103 for the prior year. The closing cash position for 30<sup>th</sup> June 2007 was \$1,145,962 compared with \$427,549 for the prior period to June 30<sup>th</sup> 2006.

The Company had two successful capital raisings in the period, which included \$275,000 in December 2006 through a Share Purchase Plan and \$1,200,000 in June 2007 through a placement to sophisticated and institutional investors. This last issue was several times oversubscribed. The Company's share price had traded above the issue prices for both raisings and indeed had traded to a near four year high overall during the last period, with a market capitalisation in excess of \$10M at the report date, compared with \$3M three years ago.

It should be noted that it remains a priority to minimise the cash out goings and the cost structure of the Company. Non Executive Directors have again generously agreed in the last financial year, not to draw on the cash reserves of the Company and have accepted modest non cash incentives for their valuable contributions to the Company.

The Company has taken important strides in the period and this is due to the dedicated contributions from a range of people working with the Company. I would like to sincerely acknowledge the efforts my fellow Directors, Exploration Manager, staff, consultants and associates for their ideas, support, positive attitude and continuous hard work during the year.

The next 12 month period holds much promise for the Company as it continues to strive for positive outcomes in its exploration activities. I am looking forward to reporting on the various projects and initiatives the Company will undertake over the ensuing 12 months and growing the Company's performance to the benefit of all shareholders.

The Board of Directors is pleased with the ongoing shareholder support and interest shown in the Company and expresses its gratitude accordingly. The number of shareholders in the Company has increased substantially in the last two years, from 1255 to the present 1722. The increased depth and liquidity in the Company's securities in this period is of benefit to all shareholders and reflects the greater interest and confidence shown in the Company and its improved results within a stronger resources business sector.

All shareholders are encouraged to support the Company and its strategy to enable the Company to further develop its exploration projects in the next period.

Yours sincerely,



John Kaminsky  
Chairman  
Dated 24th September 2007

## **EXPLORATION OVERVIEW**

The exploration focus for the past year was again on the Fifield Platinum Project areas, including ‘Platina-Gillenbine’, ‘KARS’ and the newly identified ‘Ebenezer’ Platinum and Gold in soil anomaly. The main exploration goal at Fifield is to continue to focus on the primary bedrock source of the coarse grain platinum that has been observed and mined historically (during the 1890 to early 1930 period) within the Platina-Gillenbine deep lead systems.

The system geology at Platina-Gillenbine has continued to offer new insights into the likely basis for the Gold and Platinum mineralisation observed at Fifield. The Company believes there is reasonable evidence that suggests a resource, while not established to date, could be determined within its exploration areas, in due course. A potential mineralised corridor of 8km length is believed to exist and will continue to be explored extensively in the next period.

The exploration program combined detailed mapping techniques, trenching, auger drilling, large sample processing, ground magnetics and reassessment of high resolution airborne radiometric and magnetic data. Extensive soil line sampling and regional exploration were a feature of the period, producing the ‘Ebenezer’ anomaly, which appears to be 4km<sup>2</sup> in area, at the early stage of investigation. This is a very significant sized new anomaly at Fifield.

The subsoil clay layers containing coarse grain Pt identified earlier in the period were the subject of further trenching and sampling of these anomalous Pt zones, to gain a better geological understanding into the underlying bedrock source for the coarse grain primary Pt. This is an important phase of exploration that will be ongoing at Platina-Gillenbine.

A custom designed batch sample processing facility was further enhanced at Fifield with the addition of crushing and grinding equipment. The plant continued to produce concentrates from soil sampling, drill programs and trenching. This facility assists both the Platinum and Diamond projects and made a valuable contribution to the exploration program in the period.

Exploration at the Bingara Diamond Project for the period commenced with further extensive stream and soil sampling. This in turn led to sub-surface investigation of the key areas identified for the best diamond potential. The methodology of using the key indicator mineral garnets to locate ‘explosive volcanic vents’ (i.e. so-called ‘Diatremes’ or ‘Pipes’) has proven successful, and represents a major milestone in the exploration program.

Two discoveries were made in the period, namely ‘Horton Valley No.1 Pipe’ and ‘Horton Valley No.2 Pipe’, and these represent geological structures with important diamond indicator mineral chemistry. The work is still being processed, and a suitable bulk sampling procedure for diamond is being examined. The Company has developed a geological model and believes other pipe discoveries are likely in the region and has accordingly applied for additional exploration licence areas at Bingara.

## **FIFIELD PLATINUM PROJECT AREA EXPLORATION**

The Fifield Platinum Project is comprised of four tenements and two mineral claims covering known alluvial and hardrock platinum mineralisation at Fifield in central western NSW. The company is conducting exploration for the source(s) of the coarse grained alluvial platinum historically mined in the Fifield area and holds the following areas for exploration or development:

Exploration Licences - EL5534 EL5565 EL6144 EL6241

Mineral Claims - MC 305 MC 306

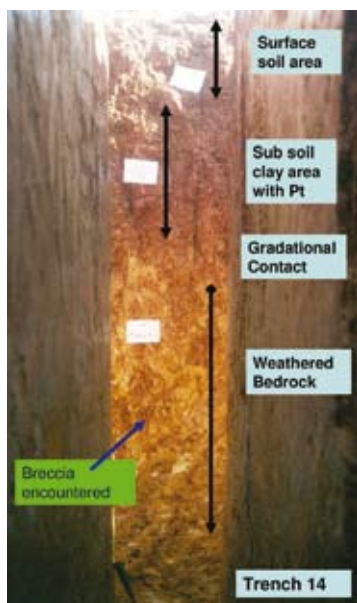
Exploration Licence Application - ELA3183

During the last year the extensive field exploration program conducted allowed a significant further growth in the Company’s knowledge at Fifield and has assisted the definition of high priority target areas in the search for the bedrock source(s) of primary Platinum (Pt) and Gold (Au).

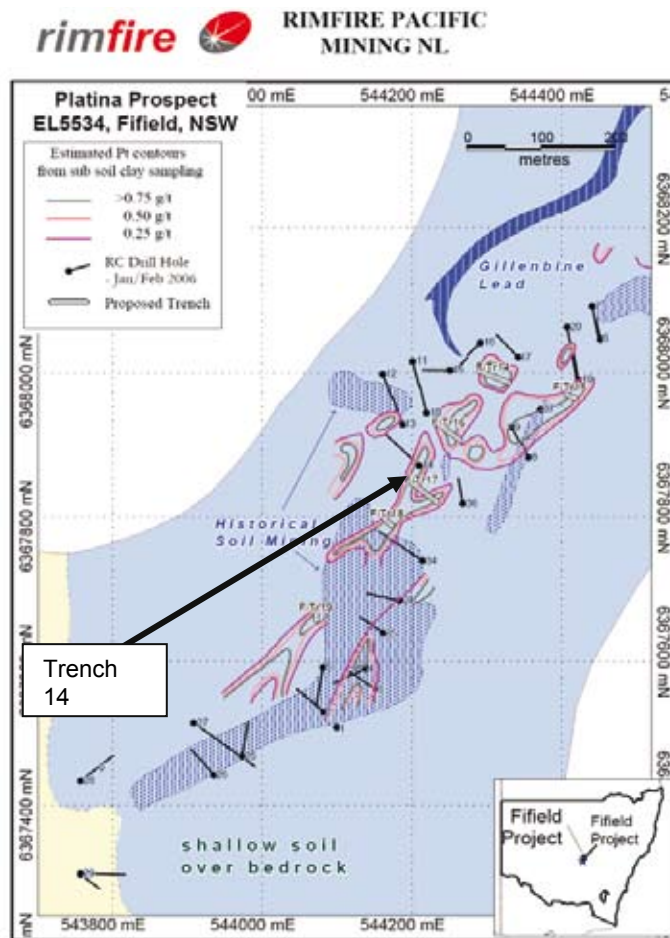
### **Trenching at Platina- Gillenbine**

The subsoil clay sampling method through auger drilling has proven an effective and efficient way to detail the platinum distribution pattern at Platina and is also being applied elsewhere, where appropriate.

Trenching is an ideal technique being used at Fifield in an attempt to follow the platinum in the sub soil clay down into the weathered bedrock below. The bedrock source(s) will be studied and, if appropriate, bulk sampled in due course.



Trench 14 includes a 15m horizontal section subsoil clay layer grade >1g/t Pt



Location of Platina Trench 14 Within 800m Pt in subsoil clay contour

The trenching program commenced in the last week of September 2006, and during the quarter trenches 14, 14A, 14B, 15, 16A and 16B were opened for an aggregate total in excess of 200m of trenching.

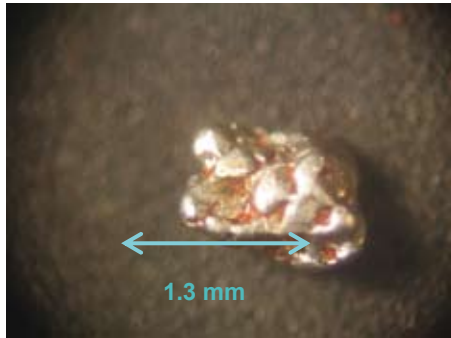
These trenches were sampled as required, with many samples having been processed and mapped into newly extended and more precise Pt contours. Pt was consistently and with repeatability recovered from within the bedrock breccia below the subsoil clay layer. A good correlation appears to exist for these two layers, in determining Pt position.

***This phase of trenching provided valuable insight and the Company believes it has now positively identified the source area of the coarse grain Pt at Platina-Gillenbine.***

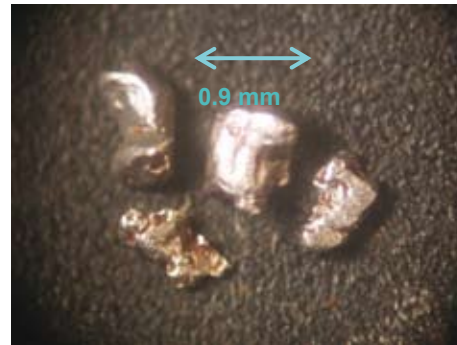
- Pt contours have been extended in the sub soil clay layers and are now also more precise through the trenching conducted to date.
  - Coarse and fine grain primary Pt was recovered from the weathered bedrock in every trench that was opened
  - Contours of 0.5g/t Pt and 0.75g/t Pt were mapped for the trenching. A high grade (visual estimate) of 3.7g/t Pt was noted in the subsoil clay layer.
- Numerous coarse Pt grains have been recovered ranging 0.25mm to 1.4mm, along with fine Pt grains from the bedrock. However, larger sample sizes are needed to achieve reliable grade estimates of the coarse grain Pt bearing bedrock.

The remaining questions concern determining the extent of the Pt zoning, Pt distribution, Pt grade and trying to delineate a coherent commercial Pt resource with suitable tonnage. Further trenching and bulk samples will be pursued in this regard, and should also provide further assistance in the understanding of the geological controls operating in the mineralised system.

The trenching program continued during the second half with the establishment of new trenches 16C and 16D. The Pt is still consistently and with repeatability recovered from within the bedrock breccia below the subsoil clay layer.



*Tr16B Pt grain from bedrock breccia at 2m depth*



*Tr16A Pt grains at 3 separate sample locations at 1m intervals*

Some key areas in the trenches were re-sampled with larger samples taken, and this has provided evidence that a sample size of 75kgs is required before the number of coarse Pt grains is statistically meaningful.

New trenches will continue to be opened to strengthen the connection of the subsoil Pt contours to the underlying bedrock and extend the testing of the Pt mineralised corridor. The throughput of samples will be further increased and larger sample sizes taken in important geological locations.

### **Regional Platinum Exploration - "Other areas at Fifield"**

The 8km (SW to NE) corridor of potential Pt mineralisation is being explored with soil geochemistry and auger drilling, using the lessons learned at Platina within an efficient and effective regional exploration campaign. In particular the results from extensive 100m spacing soil lines have indicated very positive results in both Pt and Au anomalies of large significance.

It would seem a huge primary Pt bearing province exists at Fifield and this is being demonstrated in the current regional exploration work around the Platina-Gillenbine area. It appears that a newly discovered Pt in soil anomaly has not been previously identified by other explorers at Fifield.

The Company has now extended its regional soil program and has identified more prospective areas for coarse grain Pt to the north and the south of Platina-Gillenbine and has a very active program planned for the next period.

The newly identified major Pt anomaly, now named "***Ebenezer***", has been identified from these soil lines and a separate promising Au anomaly also identified. The Pt anomaly sits alongside the "Lachlan lineament" and within the "important 8km identified corridor of Pt mineralised potential" at Fifield.

The main Pt in soil anomaly has a preliminary interpretation of an approximate area of ***4 square kilometres***. A possible ringed fault system has been identified within the Platina-Gillenbine system. The newly identified Pt in soil anomaly sits within this ringed fault system.

This regional exploration campaign was conducted during 2007, using magnetic studies and soil sampling (15kg sample sizes at 100m spacing centres). Significant results have been established with the location of extensive soil lines of coarse grain Pt. ***Early indications could suggest the Company has encountered the complex "roof zone" of a major Pt bearing intrusive body.***

Despite the wide spacing, the results have been very positive showing encouraging Pt grade indications in the soil samples. The results represent Pt which is not derived from alluvium, but which is derived from residual or semi residual soils.

Some Pt grades in soil samples have been observed by Rimfire under binocular microscope of more than 1g/t Pt, with a maximum grade seen to date of approximately 1.6g/t.

The “Ebenezer” prospect area is characterised by poor creek development so regional soil sampling is essential to locate Pt and Au. A detailed topographic survey has been commenced to allow more accurate interpretation of the soil movements and drainages in the area. The land surface is almost flat and soil movement directions and drainages cannot be seen on aerial photographs.

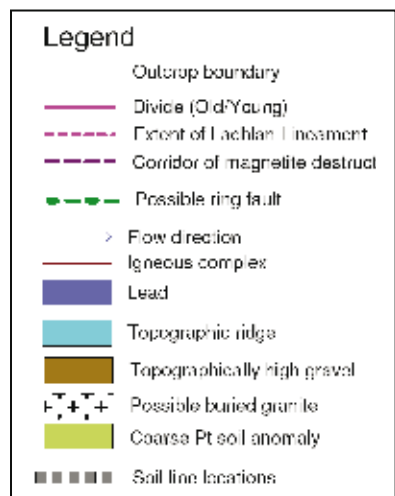
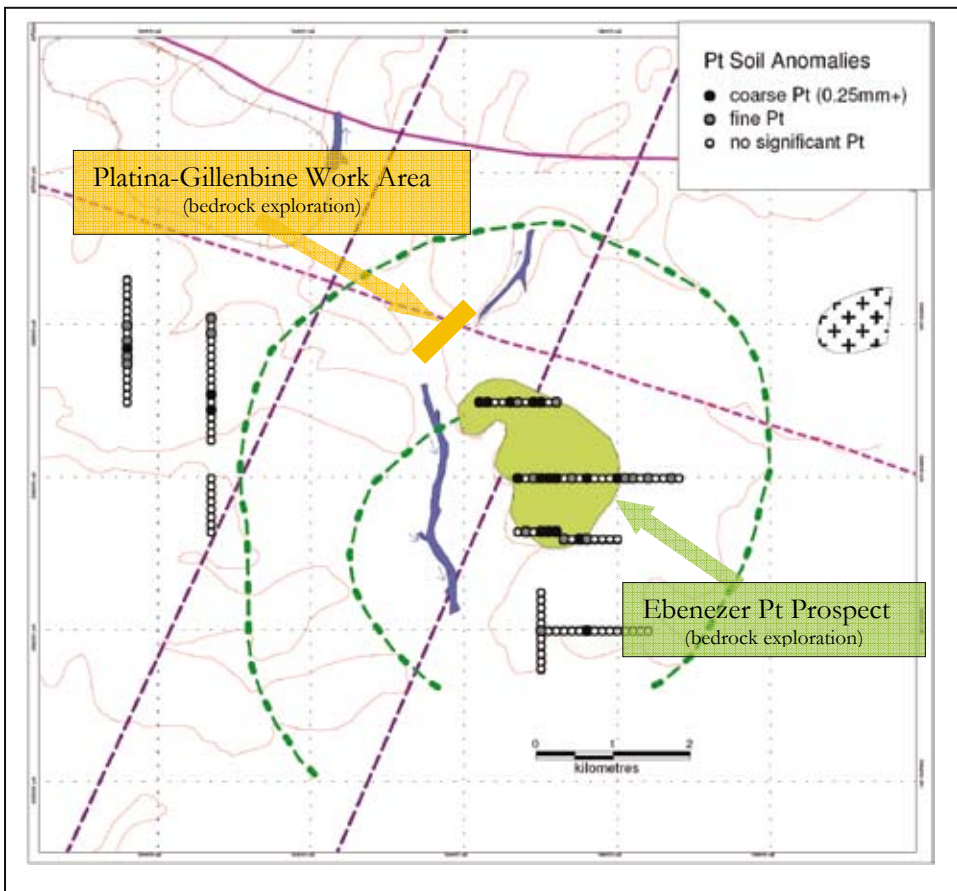
A new program of soil sampling “infill lines” will be conducted EW across the prospect area, 200m apart, with 15kg samples taken on 100m spacings. This will secure 200 samples (3tonne). Based on the results of this sample program, further tighter sample grids will be conducted to tune the best Pt in soil areas.

A geophysical “ground gravity survey” has been planned covering “Platina-Gillenbine” and “Ebenezer”, and should be undertaken in the next period. This will assist the interpretation of the underlying geology, and could help indicate any deeper intrusive body that may exist.

*If evidence continues to mount and suggests that an important deep intrusive body is the likely Pt source for the soil anomaly, then some deep exploratory RC drill holes (>400m) would be proposed.*

The regional soil sampling and rapid processing of these samples is proving an effective exploration method and has highlighted the enormous potential of the Fifield district for Pt.

**New Major Pt and Au Soil Anomalies identified in the Platina-Gillenbine Area**  
(Results for Pt shown only)





## KARS Area Pt prospect – located 20km South of Platina-Gillenbine

Exploration was last conducted by other explorers in the early 1990's at KARS, when Pt prices were approximately USD\$400/ounce at the time. The key ultramafic intrusive body was drill tested, based on low resolution magnetics and certain targets were tested for "fine grain Pt" using traditional 30g assay techniques.

Encouraging drill intersections by previous explorers isolated a zone of anomalous fine grain Pt approximately 500m long by 50m wide, grading from surface to a depth of approximately 100m (the exploration did not define a JORC compliant resource, with insufficient drilling density). Anomalous Pt in soils and weathered bedrock ranged in the vicinity of 0.1g/t to 2.0g/t, and drill intersections in diamond drill holes showed 42.3m @ 0.43g/t including 5.7m @ 1.18g/t, all results were based on 30g assays. Rimfire also undertook a small RC drill program in 2002, and showed a 2m intersection @ 3.4g/t from 66m in one of its holes (RC02K02).

Coarse grain Pt was not considered in these previous exploration activities, nor was it observed. Rimfire re-appraised the geology and has recovered coarse grain gravity concentratable Pt from recent soil line samples.

## Summary of Exploration at "KARS" Platinum Area within Fifield EL5565

- Extensive soil sampling was conducted at KARS. The first phase of work was completed and the Company has identified coarse grain Pt in 28 of 96 soil samples (30%).
- This is the "first coarse grain Pt recorded" at KARS, indicating previous exploration results "may substantially understate" the Pt mineralisation in this area.
- New interpretations of past magnetic work have identified 2 alteration targets and 6 "small pipe-like" features. These represent important new Pt mineralisation targets.
- A potentially significant Skarn-like geology of approximately 400m in length, adjacent to the ultramafic intrusive rocks, has been identified and will be auger drilled for potential Pt and Au mineralisation.

In excess of 153 samples were taken at KARS in the period and some samples await to be processed.

## Gold in the Platina-Gillenbine System

It should not be forgotten that Au is a significant credit in the Platina-Gillenbine geology as an accompaniment to the Pt. Recent petrology has concluded that **"the Au in this system is not orogenic" (i.e. not occurring in simple veins)**. The recent field work confirms this view.

The regional geology has Pt with Au around Platina-Gillenbine, **"but to the west, there is an area that is dominant in Au"**, with accompanying Pt (i.e. the reverse of the regional trend). Several small historic Au mines exist in this location. The Au appears to be scattered in host rocks with a few high grade small zones. **The most westerly soil line has indicated a Gold area that is sizeable and important, in excess of 300m in length.**

## Platina-Gillenbine Geology

The geology of Platina-Gillenbine and South Platina areas is encouraging, complex and probably unique. The presence of large scale magnetite destruction makes the use of magnetic maps difficult to interpret the real geology.

The best simplified interpretation of the geology suggests that a Pt, Au bearing intrusive body has moved into the base of an active marine Silurian-Lower Devonian rift. It is suggested that the intrusive has then provided unusual basic dykes, sills and volcanics into the unstable rift geology. The rift geology comprised quartz bearing volcanics along with fine carbonaceous sediments (now strongly graphitic).

The Pt, Au with other associated trace metals is not simply magmatic, but may be a complex mix of magmatic and high temperature hydrothermal activity. The key outcome of this unusual geology is coarse primary Pt and Au, without any obvious gangue material. The geological model development aided with petrology input is ongoing.

### **Proposed next work phase at Fifield within Platina – Gillenbine (inclusive of Ebenezer)**

The Company plans to complete more soil lines, conduct auger drilling and open trenches in the newly identified Pt and Au anomalies. The structures would then be probed for their geology with deep drill holes, expected within the next period of operations.

*The Company's goal is to establish the concept of the potential for a minable open cut mineralised corridor of the coarse grain Pt occurring within the bedrock at Fifield.* A large corridor of mineralisation rather than a single lode is more likely to exist in the Company's opinion. The bulk of the work at Platina Gillenbine was within a focused 800m section of the total corridor potential at Fifield which is considered to be 8km in length (the trenching program covered 150m of the 800m).

*The Company made application for additional adjacent exploration licence areas to extend its regional exploration, based on its emerging model in the Fifield district.*

### **Fifield Plant Operation - Sample Processing Facility**

The Company expended considerable time and effort to upgrade its sample processing at Fifield with the installation of a new indoor facility that has a larger crushing and grinding capability for bigger samples. This was commissioned in Q1 2007.

The new sample processing facility makes effective use of the existing infrastructure of dams, pumps and water return systems already existing on the Company's freehold property at Fifield. The facility can process a large variety of difficult rocks, clays, soils and creek sediments, fast and reliably. This facility allows the Company to recover all forms of heavy minerals in its exploration activities, including heavy minerals from the Company's diamond exploration.

## **BINGARA DIAMONDS PROJECT**

The Bingara Diamond Project is comprised of two tenements and an application pending at Bingara in central north western NSW. The company is conducting exploration for the hard rock source(s) of the alluvial diamonds historically mined in the Bingara-Copeton district and holds the following areas for exploration:

Exploration Licences - EL6106 and EL5880

Exploration Licence Application - ELA3145

### **Details of the Company's Diamond exploration activities at Bingara NSW**

The Company has an important stake in the exploration effort to uncover the hard rock source(s) of 500,000 carats of diamonds historically mined during the past 100 years in the Bingara-Copeton area, north-eastern NSW. A key exploration tool has now been developed to find this hard rock diamond source(s) that the Company believes to exist at Bingara.

The Company had identified the first focused structural targets for an investigative drill program at the Tom and Jerry Mountain area and Back Creek Glen Idle prospect in December 2006.

The Company then completed a major ten day field program at Bingara in March 2007. The program was designed to "subsurface" test the focused targets for possible sources of diamond and diamond indicator minerals, previously found in stream sediment sampling by the Company. Prospective target areas were probed with detailed ground magnetics, further surface sampling and auger drill assessment.

*Based on field sample observations and subsequent independent petrological examination of auger hole samples, an "explosive volcanic vent", now named "Horton Valley No.1 Pipe" carrying large concentrations of key diamond indicator mineral (garnets) has been discovered on the southern extent of the south peak of the Tom & Jerry Mountain.*



*Auger Drilling Tom & Jerry Mountain area*



*“Horton Valley No.1 Pipe” at Tom & Jerry South Peak, southern slope*



*Sampling of “pipe” outcrop margin*

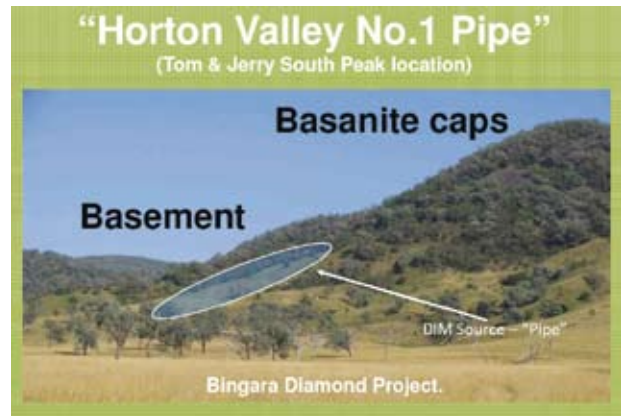
This result represents a significant milestone in the Company’s exploration within the Bingara Region for diamond, where key indicator mineral has now been observed in fresh rock, below surface, and structurally controlled to an “explosive volcanic vent”.

The Company had previously retrieved a macro diamond at Tom & Jerry north, in a mini bulk sample, which adds to the credibility of the area for diamond prospectivity. However, the source of this diamond is still unknown, and no diamond has yet been encountered in the southern area of Tom and Jerry.

### Horton Valley No. 1 Pipe – Discovery

The discovered “explosive volcanic breccia pipe” (so called “pipe” or “diatreme”) has a pipe surface area of approximately 5.6 ha. Key heavy indicator minerals were observed from 12 of the total of 15 auger holes placed (*see diagram on the following page*).

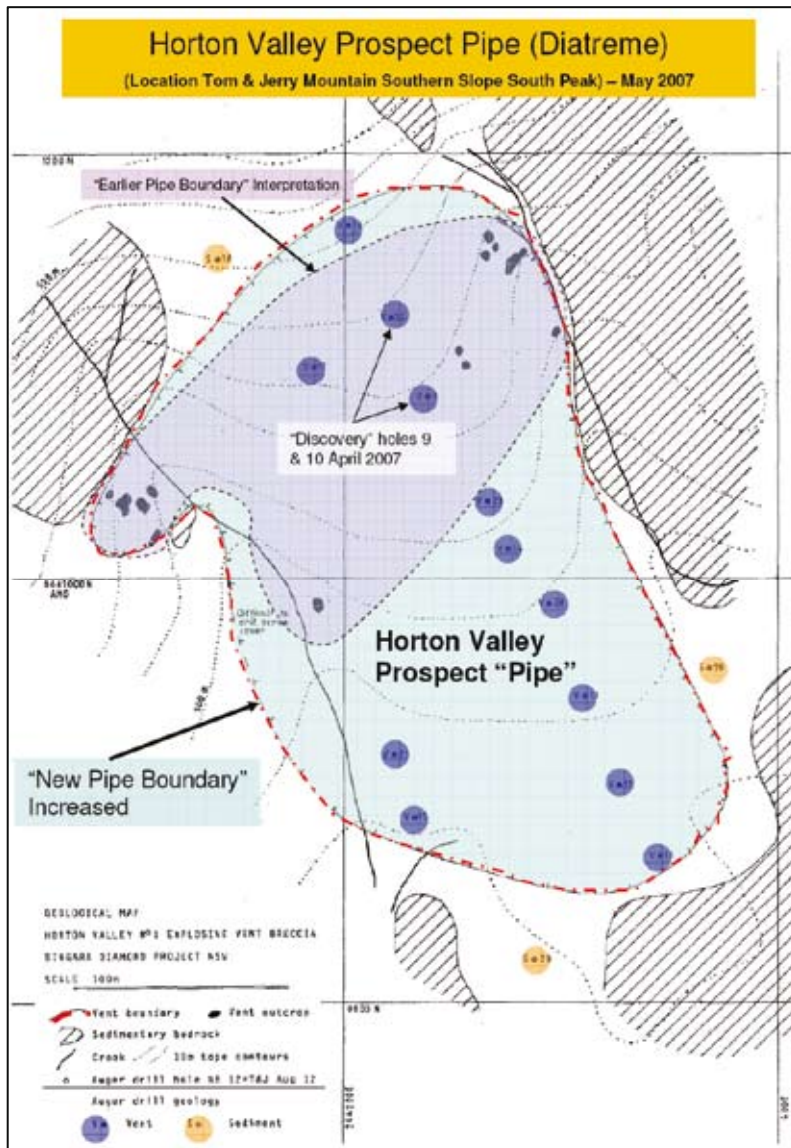
The Horton Valley No.1 Pipe is estimated to be large enough to potentially **yield an estimated 15 to 30 million tonnes** in an open cut mining operation, making this structure a worthy sized exploration target to search for diamond.



*The weathered zone is only 6m from the surface within the pipe. The fresh rock zone of the pipe appears to have rock characteristics that are relatively soft and workable. This would be well suited to a potential mining operation because any diamond contained within this host material is likely to be recoverable.*

The auger drill technique has proven to be a rugged and reliable technique, appropriate for the steep incline of the exploration environment on Horton Valley No.1 Pipe. This has also enabled the preservation of the delicate “composite garnet indicator grains”.

## Horton Valley No.1 Pipe



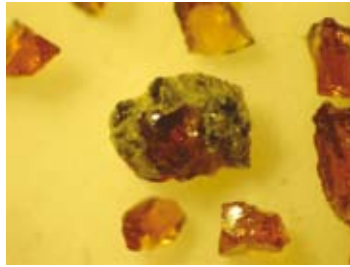
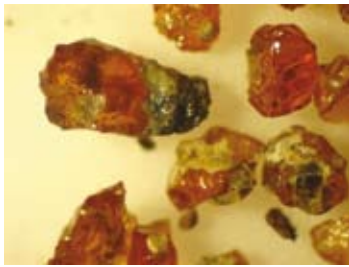
### Key Mineral Chemistry Analysis from Horton Valley No.1 Pipe

The petrological evidence established through the examination of the auger drill material secured from discovery holes sampled (*T & J Aug-9 and Aug-10*), provides some very powerful and positive conclusions to the "Diamond Prospectivity" of the "pipe" from which the samples were obtained, as follows:

1. The garnet chemistry profile of these samples is similar in distribution to the garnet chemistry previously established (circa 2002) in the "stream sediment garnet samples" taken in the drainages that are downstream from the pipe structure now known as the **"Horton Valley No.1 Pipe"**.

**Eclogite 1 garnet chemistry** (or so called **"diamond eclogite garnet"**) is positively confirmed as present within the pipe. This diamond indicator mineral ("DIM") is an important precondition for diamond prospectivity of the Horton Valley No.1 Pipe and is now established in situ.

- Examination of a small number of the **“composite eclogite garnet grains derived from xenoliths”** has indicated that “garnet bearing xenoliths” have come from **depths of greater than 100km**. This result represents **“an unusually deep source”** for the material in the Horton Valley No.1 Pipe with **“two of the deepest xenoliths yet recovered from eastern Australia” and is highly significant.**
- It is believed that the confirmed presence of **“xenoliths from great depth”** at Horton Valley No.1 Pipe, and the confirmed presence of **“eclogite 1 garnet chemistry”** within this same pipe, implies that suitably thick sections of eclogite containing “eclogite 1 garnet chemistry” **must have been captured by the pipe and the contained xenoliths would be highly prospective for diamond.**



*Composite eclogite garnet grains and megacryst garnets from a deep source(s), some xenoliths inferred at > 100km depths within Horton Valley No.1 Pipe*

## **Probable Second “Pipe” Discovered at Back Creek Glen Idle – Horton Valley No.2 Pipe**

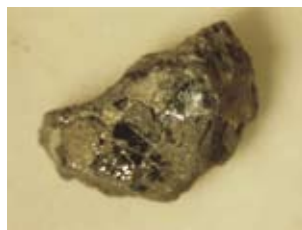
The Company completed successful field programs at its **“Back Creek – Glen Idle Prospect”** located within its Diamond Project areas at Bingara NSW. This prospect is situated approximately 6km WNW of the **Horton Valley No.1 Pipe** discovered by the Company in April 2007.

Based on field sample observations and preliminary review of the samples processed at the Company’s facilities to date, a probable new “Pipe” carrying large concentrations of key indicator minerals (garnets and ilmenite) has been identified at Back Creek Glen Idle. This will be known as the **“Horton Valley No.2 Pipe”**.

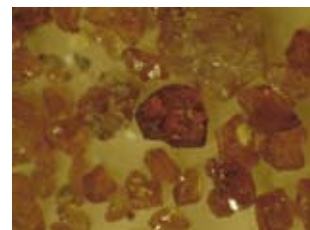
- Positive interim petrology results were received on Horton Valley No.2 Pipe and have confirmed earlier field observations. The petrology has indicated “very high garnet” yields (in excess of 100 grains per kg of raw auger cuttings) and the structure is a likely “pipe” – further geochemistry is to follow.



*Garnets BC Hole 4  
Horton Valley No.2 Pipe*



*Crystal Fragments in possible  
Breccia BC Hole 4*



*Garnets BC Hole 5  
Horton Valley No.2 Pipe*

Microprobe analysis will be undertaken on the key indicator garnets, to determine the garnet chemistry. The chemistry profile will be a key indicator for the pipe’s suitability to potentially host diamond. Further auger drilling is planned within the pipe to increase the geological mapping, similar to that undertaken on **Horton Valley No.1 Pipe**.

The No.2 Pipe is approximately **150m x 250m in diameter**, but the shape of the pipe is still being refined. The probable pipe shape has been determined by limited auger drilling, coupled with soil sampling and geological mapping. The northern boundary is open, but the remaining boundaries are reasonably well established. The pipe structure appears well weathered apart from the rigid clasts. Indicator garnets and coarse pitted ilmenite have been recovered from the bedrock.

### Bingara NSW Diamond Area – Additional Activities

Fresh stream sediment and soil samples have now been taken at Trevallyn and areas north and south of Horton Valley No.1 Pipe. Garnet indicators have been recovered and an attempt will be made to track these to their respective source localities, with the hope of establishing new pipe discoveries.

The Company is again greatly encouraged by the Bingara exploration field programs, and the preceding work leading to the set of field observations. The possibility of additional pipes at Back Creek Glen Idle is also being studied, given the positive stream sediment and soil sample results obtained in the immediate vicinity of the most recent discovery.



*These large “Zircon Megacrysts” sampled 500m south of Horton Valley No.2 Pipe are highly fractured - a likely diatreme source exists. An additional “pipe” is being prospected for using garnets, zircon and ilmenite along the same fault line as Horton Valley No.2 Pipe.*

***An appropriate bulk sampling program would be subsequently planned, subject to permitting, to investigate for contained diamond in the pipes.***

The Company is beginning to see a possible correlation within the geological setting at Bingara, enabling the higher ranking of prospective exploration sites, therefore potentially leading to further “pipe” discoveries. Accordingly, the Company has applied for more exploration licences within the Bingara area to follow its geological model.

*The information in the report to which this statement is attached that relates to Exploration Results is compiled by Mr Colin Plumridge, who is a Member of The Australian Institute of Mining and Metallurgy, with over 30 years experience in the mineral exploration and mining industry. Mr Plumridge is employed by Plumridge & Associates Pty. Ltd. Mr Plumridge has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the “Australian Code for Reporting of Mineral Resources and Ore reserves”. Mr Plumridge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2007

## Directors

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

Graham Billinghamurst  
 John Kaminsky  
 Ramona Enconniere  
 Andrew Knox

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 the exploration and development of economic mineral deposits.

## Review of Operations

The Company has maintained and grown its commitment to the key project areas in its portfolio, namely, at Fifield NSW for the source of primary magmatic Platinum (Pt) and at Bingara NSW for the primary source of diamonds.

The exploration for primary coarse grain Pt continued at a number of the prospective areas within Fifield. The Platina - Gillenbine prospect was progressed substantially with the establishment of significant Pt contours in the subsoil clay layers. Pt has been recovered in ongoing trenching programs at Platina - Gillenbine from the weathered bedrock below subsoil clay and this frequently, but not exclusively, was associated with weathered breccia material. ***The Company believes this work already represents the "discovery of coarse grain primary Pt in bedrock at Fifield", and now the focus is on the establishment of the extent of the mineralisation, which is ongoing.***

The important discovery of coarse Pt in a 4 sq km soil anomaly at the "Ebenezer Prospect", just to the south of Platina - Gillenbine, represents an exciting dimension to the Pt mineralisation at Fifield. This anomaly lies broadly within the Company identified "8 km long corridor of Pt mineralisation". Similarly, a 300m Gold (Au) anomaly in soil to the west of Platina - Gillenbine is also considered important. A Petrological report received by the Company suggest the Au at Fifield recovered in trenching is also primary and probably of the same genesis as the primary Pt.

In addition, the Company is actively reviewing the Pt potential throughout its other prospects at Fifield. This is being done by establishing the current exploration credentials of known Pt bearing prospects such as Kars, where good progress has been made in coarse Pt identified in the soil line sampling. In due course more work is planned for Avondale, Tresylva and Hylea. The Company continues with regional geochemistry reviews at Fifield, in the search for new areas of prospective Pt mineralisation, such work having already led to the discovery of the "Ebenezer Prospect".

The development of the mineralisation model at Fifield is ongoing and has many dimensions to it, but it is clear there is a significant primary Pt province at Fifield, and Rimfire Pacific Mining is leading the exploration effort and understanding of this region. The work programs in the period have included extensive mapping, auger drilling, trenching, soil sampling and sample processing.

The price of Pt has maintained a level above USD1,250/ounce for much of the period 2007, and in the Company's view, the outlook still remains positive in the medium term.

The Bingara diamond project has made major advances in the period. The Company has made discoveries of one confirmed "diatreme" or so-called "pipe", the ***Horton Valley No.1 Pipe*** at Tom and Jerry Mountain and a probable second "pipe", ***Horton Valley No.2 Pipe*** at Back Creek, Glen Idle.

The Horton Valley No.1 Pipe has "eclogite 1 garnet chemistry" and contains xenoliths that have travelled from depths greater than 100km. The pipe is considered highly prospective for diamond and represents the first such structure discovered in the district.

***This is a major discovery for the Company and highly significant in the search for the source(s) of Diamond in the Bingara Region.***

The Company has developed a methodology for exploration that includes a distinguishing key diamond indicator mineral (DIM), namely high sodium (type 1) eclogitic garnet. The recent exploration success and regional geological review has enabled the Company to develop a geological model, and set priorities on other highly prospective targets within the Bingara region.

Field programs during the period were focussed on large scale stream sediment and soil sampling based on the extensive review work undertaken in the prior period. Auger drilling enabled probing of key anomalies identified and petrological studies confirmed the field observations. The Company will continue with this successful exploration formula, for new "pipe discoveries". Drainage patterns, contours, geophysics, aerial photo assessments were all conducted in the period. Samples were taken to establish the priorities of each of these anomalies and samples were pre-processed at the Company's plant at Fifield for heavy mineral recovery.

The discovered pipes will be drilled for "geological profiling" and bulk sampled for any contained diamond during the next period.

The Company has also undertaken to review new prospective exploration projects and will continue to screen new projects with potential to add to the Company's existing project portfolio.

The Company commissioned a purpose built plant at Fifield on its freehold land, which has greatly improved efficiency and the processing of substantial volumes of much larger sample sizes for both the Bingara and Fifield samples.

The significant milestones and the positive direction of the Company's exploration can be directly attributed to the brilliant field work and efforts of Colin Plumridge, consulting geologist and exploration manager. To this extent and on behalf of the Board of Directors and shareholders, the Company offers its sincere appreciation to Mr Plumridge for his committed professionalism in the period.

### **Financial Position**

The net assets of the consolidated entity have increased from \$2,936,236 in 30 June 2006 to \$4,021,822 in 2007. The Company raised \$275,000 in December 2006 with a Share Purchase Plan and \$1,200,000 in June 2007 with a placement to sophisticated and institutional investors (both amounts stated are gross, before costs of the respective issues).

In general the Company has been able to contain overhead costs during the period and apply its extra funding to increase its exploration effort. Industry costs have increased during the period and shortages of key contractor skills is an important constraint for certain work programs.

### **Future Developments, Prospects and Business Strategies**

The Company has the intention to continue to develop its core projects in Pt at Fifield and Diamonds at Bingara, and has accordingly applied for additional exploration licences adjoining its current exploration areas in both projects. The Company has also been looking to enhance its portfolio of exploration projects with new project initiatives, but availability and pricing of project areas has been highly competitive in the period.

In the Board's opinion, the Fifield Pt project still has the potential to develop into a minable resource at some point in the future. The occurrence of Pt during the past period of exploration at Fifield continues to be observed on a large scale. The topography, coarse nature of the Pt, the processability of the Pt and probable low costs of any future operations are all favourable attributes should a resource definition be forthcoming. Primary coarse grain Pt is now confirmed within the bedrock at Fifield, and this represents a major milestone for the Company.

The Bingara Diamond area has made major advances in the period, with the discovery of an "explosive volcanic brecciated vent" or "pipe" at the southern slope of Tom and Jerry Mountain, south peak. This is called the "Horton Valley No.1 Pipe". Similarly, the discovery of a probable additional "pipe", named the "Horton Valley No.2 Pipe" at Back Creek leads the Company to believe that it now has a geological model of substance and an exploration methodology with a track record for significant discovery in the Bingara district.

The low cost operating structure has been maintained within the period by the Company and this will continue to be closely monitored during the next financial year, in a climate of rising costs in the industry.

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.



**Operating Results**

The loss of the consolidated entity amounted to \$473,688 (2006: \$546,033).

**Dividends**

No dividends were paid during the year, nor are any recommended at 30 June 2007

**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 Pt opportunity in the Fifield, NSW area.

**After Balance Date Events**

The Chairman exercised 1,500,000 options granted as part of his remuneration entitlement, which were converted to 1,500,000 fully paid ordinary shares on the 10 July 2007 as part of his remuneration entitlement.

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.

**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 2007 financial year.

**Information on Directors –****John Kaminsky** (Executive Chairman and Director)

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

John Kaminsky, aged 50, was appointed Director of Rimfire Pacific Mining NL and Axis Mining NL in April 2004. He brings strong strategic and international skills to the company and has more than 20 years experience in international trade, including chemicals, plastics, metals, minerals, ores, concentrates and energy products. He assumed the role of Executive Chairman in December 2004.

**Graham Billingham** (Non-Executive Director and Secretary)

Graham Billingham, aged 64, 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 51, 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, OCBC (Overseas-Chinese Bank Corporation) and National Australia Bank.

**Andrew Knox** (Non-Executive Director)

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

Andrew Knox, aged 45, 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 make an extremely valuable contribution to the Board.

**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
John Kaminsky	11	11
Graham Billingham	11	10
Ramona Enconniere	11	11
Andrew Knox	11	10

**Options**

At the date of this report, the unissued ordinary shares of Rimfire Pacific Mining NL under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
09/12/2005	30/09/2007	\$0.12	4,500,000
20/12/2006	30/09/2008	\$0.12	6,000,000
20/12/2006	15/01/2008	-	1,500,000
			12,000,000

Note that the 35,676,394 listed options and 7,000,000 unlisted options both granted on 30/11/2003 have both expired on 30/09/2006. In addition 3,500,000 unlisted options granted on 9/12/2005 also expired on 30/09/2006.

During the year ended 30 June 2007, the following ordinary shares of Rimfire Pacific Mining NL were issued on the exercise of options granted to the Executive Chairman.

Issue Date of Shares	Exercise Price	Number of Shares Issued
19/07/2006	-	2,000,000
21/12/2006	-	2,000,000

No person entitled to exercise any option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

As at 30 June 2007 13,500,000 unlisted options were on hand.

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

Options Granted on 09/12/05 Exercisable on or before: 30/09/07 (OP10)

John Kaminsky	1,500,000
Graham Billingham	Nil
Ramona Enconniere	1,000,000
Andrew Knox	1,000,000
	3,500,000

Options exercisable on or before 30 September 2007 are exercisable at 12 cents each.

Options granted on 20/12/06 Exercisable on or before 30/09/08 (OP 12)

John Kaminsky	1,000,000
Graham Billinghamurst *	2,000,000
Ramona Enconniere	1,000,000
Andrew Knox	1,000,000
	<u>5,000,000</u>

\* Note: Issued to Colhurst Superannuation Fund  
Options exercisable on or before 30 September 2008 are exercisable at 12 cents each

Options granted on 20/12/06. Exercised on 10/7/07 (OP13a)

John Kaminsky	1,500,000
	<u>1,500,000</u>

Options granted on 20/12/06 Exercisable on or before 15/01/08 (OP13b)

John Kaminsky	1,500,000
	<u>1,500,000</u>

Options exercisable on or before 15 January 2008 are exercisable at nil cents each.

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

Since the end of the financial year John Kaminsky exercised Options 13a on 10/07/07

## Directors' Shareholdings

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

### Shares held beneficially:

John Kaminsky	11,766,666
Graham Billinghamurst	Nil
Ramona Enconniere	1,850,000
Andrew Knox	2,666,666

### Shares in which there is a relevant interest:

John Kaminsky	4,512,666
Graham Billinghamurst	7,383,332
Ramona Enconniere	1,666,666
Andrew Knox	850,000

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 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. Benefits to non executive Directors consisted exclusively of non cash benefits in the period. The Board reviews executive and non 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 4 April 2005. The Board refers to these historic 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 30 November 2007.

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

All remuneration paid to Directors and executives is valued at the cost to the company and expensed. 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 or Binomial methodology (as disclosed in remuneration tables) and are now expensed under the new accounting standards.

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 is 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 2007

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

Name of Director	Primary		Post	Equity	Total
	Salary, Fees & Commissions	Cash Bonus	Employment Superannuation Contributions	Compensation Shares & Options	
A. Knox	Nil	Nil	Nil	26,007	26,007
G. Billinghamurst	Nil	Nil	Nil	28,214	28,214
R Enconniere	Nil	Nil	Nil	26,007	26,007
J Kaminsky	115,000	Nil	Nil	88,791	203,791
	<u>115,000</u>	<u>Nil</u>	<u>Nil</u>	<u>169,019</u>	<u>284,019</u>

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 2007.

## Options Issued as Part of Remuneration for the Year Ended 30 June 2007

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	Options Granted		Options Exercised		Options Lapsed	Total value of options granted, exercised and lapsed	Value of shares and options included in remuneration for the year	% of total remuneration for the year that consists of options
	No.	Value at Grant Date \$	No.	Value at exercise date \$	Value at time of lapse \$		for the year	
J. Kaminsky	4,000,000	86,207	4,000,000	100,000	-	186,207	88,791	44
A. Knox	1,000,000	2,207	-	-	-	2,207	26,007	100
R. Enconniere	1,000,000	2,207	-	-	-	2,207	26,007	100
G. Billinghamurst	2,000,000	4,414	-	-	-	4,414	28,214	100

Of the options issued as part of remuneration during the year 83% vested whilst no options issued during the year were forfeited. As at 30 June 2007 a value of \$42,000 of options remained unvested. The minimum value of options yet to vest will be nil whilst the maximum value of options yet to vest will be \$50,400.

## Employment Contracts of Directors

The engagement conditions of the Executive Chairman, Mr J Kaminsky, are formalised in a consulting agreement which commenced on 1 December 2006 and expires on 30 November 2007.

The consulting agreement stipulates a one month resignation period. The Company may terminate the agreement without cause by providing 3 months written notice. Upon termination of the agreement, 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.

## **Executives**

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

## **Indemnifying Officers or Auditors**

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

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

Mr John Kaminsky  
Mr Graham Billingham  
Ms Ramona Enconniere  
Mr Andrew Knox

## **Proceedings on Behalf of the Company**

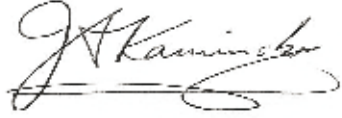
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

## 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.



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Director

*John Kaminsky*

Dated this            24<sup>th</sup>            day of            September            2007



Chartered Accountants  
& Business Advisors

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF RIMFIRE PACIFIC MINING NL**

As lead auditor for the audit of Rimfire Pacific Mining NL for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

*PKF*

*Michael Port*

PKF  
Chartered Accountants

M L Port  
Partner

24 September 2007  
Melbourne

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GPO Box 5039 | Melbourne | Victoria 3001



## 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:

1. defines and sets its business objectives. It subsequently monitors performance and achievements of Company’s objectives;
2. oversees the reporting on matters of compliance with corporate policies and laws, takes responsibility for risk management processes and a review of executive management of the Company;
3. monitors and approves financial performance and budgets; and
4. 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:

1. does not hold an executive position;
2. is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
3. has not within the last 3 years been employed in an executive capacity by the Company or another group member or been a Director after ceasing to hold such employment;
4. is not a principal of a professional adviser to the Company or another group member;
5. is not a significant supplier or customer of the Company or another group member, or an officer of, or otherwise associated directly or indirectly with a significant supplier or customer;

6. has no significant contractual relationship with the Company or any other group member other than as a Director of the Company; and
7. is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Directors ability to act in the best interests of the Company.

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 effect 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:

A Knox (Chairman)  
R Enconniere  
J Kaminsky

The main responsibilities of the audit committee are to;

1. review the annual financial statements with the accountants and the external auditors and make appropriate recommendations to the Board;
2. review all regular financial reports to be made to the public prior to their release and make appropriate recommendations to the Board;
3. monitor compliance with statutory and Australian Stock Exchange requirements for financial reporting;

4. review reports from management and external auditors on any significant proposed regulatory, accounting or reporting issues, to assess the potential impact on the Company's financial reporting process.

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

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

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

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

## **Principle 5: Making Timely and Balanced Disclosure**

The Executive Chairman has been nominated as the person responsible for communications 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:

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

#### **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 has been established.

The committee consists of the following:

A 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 calibre 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 and Number reference)	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 fulfil 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.
5.0	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.
6.0	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.
8.0	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.
10.0	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.

Project.	Units	Reference	Date Granted	Expiry Date	Registered Holder	State	Mineral Focus
Fifield	15	EL6241	17-May-04	16-May-08	100% Rimfire	NSW	Platinum/ Gold.
Fifield	40	EL5534	23-Oct-98	22-Oct-08	100% Rimfire	NSW	Platinum/Gold.
Fifield.	18	EL5565 <sup>a</sup>	24-Mar-99	23-March-07	100% Rimfire	NSW	Platinum.
Fifield.	50	ELA3183	Pending		100% Rimfire	NSW	Platinum/Gold.
Fifield.	70	EL6144 <sup>b</sup>	24-Oct-03	23-Oct-07	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	69	EL6106 <sup>c</sup>	29-Jul-03	28-Jul-07	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	6	EL5880 <sup>d</sup>	31-July-01.	30-Jul-07	100% Rimfire	NSW	Diamonds.
Bingara Diamonds	54	ELA 3145	Pending		100% Rimfire	NSW	Diamonds

Note a : An application for renewal on EL5565 has been sought for a further 2 years.

Note b : An application for renewal on EL6144 has been sought for a further 2 years.

Note c : An application for renewal on EL6106 has been sought for a further 2 years.

Note d : An application for renewal on EL5880 has been sought for a further 2 years.

# Income Statement

for the year ended 30 June 2007

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Revenue from continuing activities	2	19,517	31,352	19,517	31,352
Employees benefits expense		(67,413)	(125,096)	(67,413)	(125,096)
Directors' securities benefits expense		(166,813)	(113,072)	(166,813)	(113,072)
Professional costs		(101,911)	(128,803)	(101,911)	(127,303)
Occupancy costs		(16,676)	(45,312)	(16,676)	(45,312)
Travel costs		(12,254)	(20,114)	(12,254)	(20,114)
Marketing expense		(2,613)	(1,350)	(2,613)	(1,350)
Depreciation and amortisation expense		(6,542)	(7,767)	(6,542)	(7,767)
Insurance		(19,108)	(22,542)	(19,108)	(22,542)
Share registry and listing expenses		(38,773)	(28,792)	(38,773)	(28,792)
Information and technology expense		(3,363)	(9,272)	(3,363)	(9,272)
Impairment write off on exploration costs		(2,905)	(614)	(2,905)	(614)
Loss on disposals of property, plant and equipment		-	(7,130)	-	(7,130)
Other expenses		(45,774)	(50,380)	(45,774)	(38,958)
Finance costs		(9,060)	(17,141)	(9,060)	(17,141)
Loss before income tax	3	(473,688)	(546,033)	(473,688)	(533,111)
Income tax expense	4	-	-	-	-
Loss for the year		(473,688)	(546,033)	(473,688)	(533,111)
Overall Operations					
Basic earnings (loss) per share (cents per share)	7	(0.23)	(0.31)		
Diluted earnings (loss) per share (cents per share)	7	(0.23)	(0.31)		

# Balance Sheet

as at 30 June 2007



	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	8	1,145,962	427,549	1,145,962	427,549
Receivables	9	27,773	40,304	27,546	40,077
Other current assets	12	8,042	4,250	8,042	4,250
<b>TOTAL CURRENT ASSETS</b>		<b>1,181,777</b>	<b>472,103</b>	<b>1,181,550</b>	<b>471,876</b>
<b>NON-CURRENT ASSETS</b>					
Receivables	9	170,000	170,000	170,000	170,000
Property, plant and equipment	11	274,591	255,564	274,591	255,564
Exploration & evaluation costs carried forward	13	2,680,611	2,305,968	2,680,611	2,305,968
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,125,202</b>	<b>2,731,532</b>	<b>3,125,202</b>	<b>2,731,532</b>
<b>TOTAL ASSETS</b>		<b>4,306,979</b>	<b>3,203,635</b>	<b>4,306,752</b>	<b>3,203,408</b>
<b>CURRENT LIABILITIES</b>					
Payables	14	177,324	159,566	175,824	158,066
Interest-bearing liabilities	15	107,833	107,833	107,833	107,833
<b>TOTAL CURRENT LIABILITIES</b>		<b>285,157</b>	<b>267,399</b>	<b>283,657</b>	<b>265,899</b>
<b>TOTAL LIABILITIES</b>		<b>285,157</b>	<b>267,399</b>	<b>283,657</b>	<b>265,899</b>
<b>NET ASSETS</b>		<b>4,021,822</b>	<b>2,936,236</b>	<b>4,023,095</b>	<b>2,937,509</b>
<b>EQUITY</b>					
Contributed equity	16	12,102,530	10,315,754	12,102,530	10,315,754
Options reserve	16	-	227,502	-	227,502
Accumulated losses		(8,080,708)	(7,607,020)	(8,079,435)	(7,605,747)
<b>TOTAL EQUITY</b>		<b>4,021,822</b>	<b>2,936,236</b>	<b>4,023,095</b>	<b>2,937,509</b>



# Statement of Changes in Equity

for the year ended 30 June 2007

## Economic Entity

	Year Ended 30 June 2007			Total
	Share Capital - Ordinary	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
<b>Balance at 1 July 2006</b>	10,315,754	(7,607,020)	227,502	2,936,236
Shares issued during the year	1,546,400	-	-	1,546,400
Transaction costs related to shares issued	(84,746)	-	-	(84,746)
Options issued during the year	-	-	97,620	97,620
Transfer from options reserve on exercise	104,000	-	(104,000)	-
Transfer from option reserve to share capital	221,122	-	(221,122)	-
Loss attributable to the entity for the period	-	(473,688)	-	(473,688)
<b>Balance at 30 June 2007</b>	<b>12,102,530</b>	<b>(8,080,708)</b>	<b>-</b>	<b>4,021,822</b>

## Economic Entity

	Year Ended 30 June 2006			Total
	Share Capital - Ordinary	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>	9,172,080	(7,060,987)	112,130	2,223,223
Shares issued during the period	1,248,701	-	-	1,248,701
Transaction costs related to shares issued	(105,027)	-	-	(105,027)
Options issued during the year	-	-	115,372	115,372
Loss attributable to the entity for the period	-	(546,033)	-	(546,033)
<b>Balance at 30 June 2006</b>	<b>10,315,754</b>	<b>(7,607,020)</b>	<b>227,502</b>	<b>2,936,236</b>

## Parent Entity

	Year Ended 30 June 2007			Total
	Share Capital - Ordinary	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
<b>Balance at 1 July 2006</b>	10,315,754	(7,605,747)	227,502	2,937,509
Shares issued during the period	1,546,400	-	-	1,546,400
Transaction costs related to shares issued	(84,746)	-	-	(84,746)
Options issued during the year	-	-	97,620	97,620
Transfer from options reserve on exercise	104,000	-	(104,000)	-
Transfer from option reserve to share capital	221,122	-	(221,122)	-
Loss attributable to the entity for the period	-	(473,688)	-	(473,688)
<b>Balance at 30 June 2007</b>	<b>12,102,530</b>	<b>(8,079,435)</b>	<b>-</b>	<b>4,023,095</b>

## Parent Entity

	Year Ended 30 June 2006			Total
	Share Capital - Ordinary	Accumulated Losses	Options Reserve	
	\$	\$	\$	\$
<b>Balance at 1 July 2005</b>	9,172,080	(7,072,636)	112,130	2,211,574
Shares issued during the period	1,248,701	-	-	1,248,701
Transaction costs related to shares issued	(105,027)	-	-	(105,027)
Options issued during the year	-	-	115,372	115,372
Loss attributable to the entity for the period	-	(533,111)	-	(533,111)
<b>Balance at 30 June 2006</b>	<b>10,315,754</b>	<b>(7,605,747)</b>	<b>227,502</b>	<b>2,937,509</b>

# Cash Flow Statement

for the year ended 30 June 2007



	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		106	8,819	106	8,819
Payments to suppliers and employees		(297,424)	(417,480)	(297,424)	(414,794)
Interest received		19,078	21,435	19,078	21,435
Interest and finance costs paid		(9,060)	(14,941)	(9,060)	(14,941)
Net cash provided by (used in) operating activities	23a	(287,300)	(402,167)	(287,300)	(399,481)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of property, plant and equipment		-	805	-	805
Proceeds received on behalf of subsidiary		-	-	-	10,316
Purchase of property, plant and equipment		(27,243)	(3,042)	(27,243)	(3,042)
Payment for mining tenement exploration		(356,585)	(408,862)	(356,585)	(408,862)
Proceeds from refunds of sundry assets		6,962	37,925	6,962	24,923
Net cash provided by (used in) investing activities		(376,866)	(373,174)	(376,866)	(375,860)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		1,475,000	1,248,701	1,475,000	1,248,701
Transaction costs associated with share issues		(92,421)	(105,027)	(92,421)	(105,027)
Net cash provided by (used in) financing activities		1,382,579	1,143,674	1,382,579	1,143,674
Net increase in cash held		718,413	368,333	718,413	368,333
Cash at beginning of the year		427,549	59,216	427,549	59,216
Cash at end of the year	8	1,145,962	427,549	1,145,962	427,549

## **Note 1 Statement of Accounting Policies**

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

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

The financial report of Rimfire Pacific Mining NL and controlled entities, and Rimfire Pacific Mining NL as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety, except the parent entity has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB132 "Financial Instruments: Disclosure and Presentation".

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

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

The financial report is presented in Australian dollars, has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### **Accounting Policies**

#### **a. Significant Judgements and Key Assumptions**

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern the future successful exploration and development of mining tenements including the saleability of mined resources.

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

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

The calculation of the fair value of options for purposes of share based payments in respect of options issued to directors has been based on the binomial method of option pricing. This method requires the estimation of the expected share price volatility in Rimfire Pacific Mining NL which has been disclosed at Note 17 of the financial statements.

#### **b. Principles of Consolidation**

A controlled entity is any entity controlled by Rimfire Pacific 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 10 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

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.

#### **c. Income Tax**

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

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

**d. Property, Plant and Equipment**

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

**Property**

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

**Plant and equipment**

Plant and equipment are measured on the cost basis.

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

**Depreciation**

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	17%
Plant and equipment	7.5%-30%
Office Equipment	10%-40%
Motor Vehicles	19%

**e. Leases**

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

**f. Exploration Evaluation and Development Expenditure**

Exploration, 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.

**g. Impairment of Assets**

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

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

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

**h. Employee Benefits**

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

**i. Cash and cash equivalents**

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

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

**j. Receivables**

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

**k. 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.

**l. Financial Instruments**

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

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

Fair value

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

Impairment

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

**m. 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).

**n. 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 balance sheet are shown inclusive of GST.

**o. 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. As at 30 June 2007, the consolidated entity had sufficient cash reserves to continue its current exploration programmes and other working capital requirements. Should additional funding be required to ensure the settlement of liabilities in the normal course of business the consolidated entity can rely on the following sources of finance:

- the prospects of future capital raising initiatives
- Unused loan facility of \$300,000 provided by the Executive Chairman

**p. 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.

**q. Borrowing Costs**

Borrowing costs are expensed as incurred.

**r. Equity Settled Compensation**

The group operates a share-based compensation plan which includes a share option arrangement applicable to the remuneration policy for directors. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted using the Binomial method.

**s. New and Revised Accounting Standards and Interpretations**

All new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to Rimfire Pacific Mining NL and its subsidiary's operations and effective for annual reporting periods beginning on 1 July 2006 have been adopted by the consolidated entity.

Consideration has been given to new and revised standards and interpretations issued by AASB that are not yet effective and the Directors do not believe that these will have any material financial impact on the financial statements of the consolidated entity.

### Note 2      Revenue

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Operating activities</b>				
Sub-lease rental	-	6,953	-	6,953
Interest received	19,136	21,476	19,136	21,476
Other	381	2,923	381	2,923
	<u>19,517</u>	<u>31,352</u>	<u>19,517</u>	<u>31,352</u>
Total Revenue	<u>19,517</u>	<u>31,352</u>	<u>19,517</u>	<u>31,352</u>

### Note 3      Result for the year

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>Expenses</b>				
Bad and doubtful debts				
- entities in wholly owned group	-	-	-	1,000
Rental expense	16,991	45,128	16,991	45,128
Depreciation of non-current assets	6,542	7,267	6,542	7,267
Loss on sale of property, plant and equipment	-	158	-	158
Loss on write off of property, plant and equipment	-	6,972	-	6,972
Superannuation contribution expense	5,392	8,506	5,392	8,506
Borrowing Costs				
- Director's related party	-	6,441	-	6,441
- Other than related party	9,060	10,700	9,060	10,700
	<u>9,060</u>	<u>17,141</u>	<u>9,060</u>	<u>17,141</u>

**Note 4**      **Income Tax Expense**

	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
a. The prima facie tax on loss before tax is reconciled to the income tax as follows:				
Prima facie tax payable on loss before tax income tax at 30% (2006:30%)				
— Consolidated entity	(142,106)	(163,810)	-	-
— Parent entity	-	-	(142,106)	(159,933)
	(142,106)	(163,810)	(142,106)	(159,993)
Add:				
Tax effect of:				
— other non-allowable items	50,834	42,330	50,834	38,486
	(91,272)	(121,480)	(91,272)	(121,447)
Less:				
Tax effect of:				
— capitalised share placement costs	20,620	15,536	20,620	15,536
— current year tax losses not recognised	(111,892)	(137,016)	(111,892)	(136,983)
	-	-	-	-
Income tax expense attributable to loss before income tax	-	-	-	-
Deferred tax liability in relation to exploration costs	804,183	691,790	804,183	691,790
Less tax losses recognised	804,183	691,790	804,183	691,790
	-	-	-	-
The deferred tax asset arising from tax losses has not been recognised as an asset because recovery is not probable:				
Tax losses carried forward	1,934,379	1,806,295	1,652,818	1,532,044
Balance of franking account at year end	-	-	-	-

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

Future benefits attributable to temporary differences have not been brought to account as the Directors do not believe it is appropriate to regard the realisation of such benefits as probable. These benefits will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be 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 2007.



### Note 5 Key Management Personnel Remuneration

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

#### Parent Entity Directors

John Kaminsky	Executive Chairman
Graham Billingham	Non-executive Director and Secretary
Ramona Enconniere	Non-executive Director
Andrew Knox	Non-executive Director

#### Executives

There were no other executives of the consolidated entity.

- b. Parent Entity Directors' Remuneration

#### 2007

	Short-term		Post	Share based	Total
	Salary & Fees	Cash	Employment	Payment	
	\$	Bonus	Superannuation	Shares &	\$
		\$	Contribution	Options	
			\$	\$	
Andrew Knox	-	-	-	26,007	26,007
Graham Billingham	-	-	-	28,214	28,214
Ramona Enconniere	-	-	-	26,007	26,007
John Kaminsky	115,000	-	-	88,791	203,791
	115,000	-	-	169,019	284,019

#### 2006

	Short-term		Post	Share based	Total
	Salary & Fees	Cash	Employment	Payment	
	\$	Bonus	Superannuation	Shares &	\$
		\$	Contribution	Options	
			\$	\$	
Andrew Knox	-	-	-	633	633
Graham Billingham	-	-	-	-	-
Ramona Enconniere	-	-	-	633	633
John Kaminsky	40,000	-	3,600	113,544	157,144
	40,000	-	3,600	114,810	158,410

Fair values of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of any 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 Key Management Personnel Remuneration (Cont'd)**

**c. Remuneration Options**

Options Granted as Remuneration Granted in Period 1/07/06 to 30/06/07	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date Cents	Exercise Price \$	First Exercise Date	Last Exercise Date
<b>Executive Director</b>							
Mr J Kaminsky	1,000,000	1,000,000	20/12/06	0.22071	0.12	21/12/06	30/09/08
Ms R Enconniere	1,000,000	1,000,000	20/12/06	0.22071	0.12	21/12/06	30/09/08
Mr A Knox	1,000,000	1,000,000	20/12/06	0.22071	0.12	21/12/06	30/09/08
Mr Graham Billinghamurst	2,000,000	2,000,000	20/12/06	0.22071	0.12	21/12/06	30/09/08
Mr J Kaminsky	1,500,000	1,500,000	20/12/06	2.8	-	31/05/07	15/07/07
Mr J Kaminsky	-	1,500,000	20/12/06	2.8	-	30/11/07	15/01/08

During the year Mr J Kaminsky exercised the following options issued to him as part of his remuneration:

- 2,000,000 options vesting on 31 May 2006 and exercised on 11 July 2006 for nil consideration
- 2,000,000 options vesting on 30 November 2006 and exercised on 21 December 2006 for nil consideration.

No other options were exercised by any Director during the year.

**d. Options Holdings Number of Options held by Key Management Personnel**

Number of Options held by Directors & Executives

	Balance 01/07/06	Granted as Remuneration	Options Exercised	Net Change Other *	Balance 30/06/07	Total Vested 30/06/07	Total Exercisable 30/06/07	Total Unexercis- able 30/06/07
<b>2007 Directors</b>								
R Enconniere	2,000,000	1,000,000	-	(1,000,000)	2,000,000	2,000,000	2,000,000	-
A Knox	2,000,000	1,000,000	-	(1,000,000)	2,000,000	2,000,000	2,000,000	-
G Billinghamurst	2,850,443	2,000,000	-	(2,850,443)	2,000,000	2,000,000	2,000,000	-
J Kaminsky	6,500,000	4,000,000	(4,000,000)	(1,000,000)	5,500,000	4,000,000	4,000,000	1,500,000
<b>Total</b>	<b>13,350,443</b>	<b>8,000,000</b>	<b>(4,000,000)</b>	<b>(5,850,443)</b>	<b>11,500,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>1,500,000</b>

\* expired options in the period on 30/09/2006

### d. Options Holdings (cont'd)

Number of Options held by Directors & Executives

	Balance 1.7.05	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.6.06	Total Vested 30.6.06	Total Exercisable 30.6.06	Total Unexercis- able 30.6.06
<b>2006</b>								
<b>Directors</b>								
R Enconniere	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
A Knox (1)	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
G Billinghamurst	2,850,443	-	-	-	2,850,443	2,850,443	2,850,443	-
G Stuart (2)	2,397,760	-	-	-	2,397,760	2,397,760	2,397,760	-
J Kaminsky	4,000,000	6,500,000	(4,000,000)	-	6,500,000	4,500,000	4,500,000	2,000,000
<b>Total</b>	<b>9,248,203</b>	<b>10,500,000</b>	<b>(4,000,000)</b>	<b>-</b>	<b>15,748,203</b>	<b>13,748,203</b>	<b>13,748,203</b>	<b>2,000,000</b>

\* 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) Appointed as Director on 8/07/2005.

(2) Resigned on 18/10/2005

### e. Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1.7.06	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.07
<b>2007</b>					
<b>Parent Entity Directors</b>					
G Billinghamurst	7,000,000	850,000	-	(466,668)	7,383,332
J Kaminsky	10,446,000	-	4,000,000	333,332	14,779,332
A Knox	2,500,000	850,000	-	166,666	3,516,666
R Enconniere	2,500,000	850,000	-	166,666	3,516,666
<b>Total</b>	<b>22,446,000</b>	<b>2,550,000</b>	<b>4,000,000</b>	<b>199,996</b>	<b>29,195,996</b>

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

e. **Shareholdings**

Number of Shares held by Key Management Personnel

	<b>Balance 1.7.05</b>	<b>Received as Remuneration</b>	<b>Options Exercised</b>	<b>Net Change Other*</b>	<b>Balance 30.6.06</b>
<b>2006</b>					
<b>Parent Entity Directors</b>					
G Billingham	3,992,597	-	-	3,007,403	7,000,000
G Stuart (1)	1,060,693	-	-	353,566	1,414,259
J Kaminsky	3,346,000	-	4,000,000	3,100,000	10,446,000
A Knox	-	-	-	2,500,000	2,500,000
R Enconniere	-	-	-	2,500,000	2,500,000
<b>Total</b>	<b>8,399,290</b>	<b>-</b>	<b>4,000,000</b>	<b>11,460,969</b>	<b>23,860,259</b>

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

(1) Resigned as 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 engagement conditions of the Executive Chairman, Mr J Kaminsky, are formalised in a consulting agreement which commenced on 1 December 2006 and expires on 30 November 2007.

The consulting agreement stipulates a one month resignation period. The Company may terminate the agreement without cause by providing 3 months written notice. Upon termination of the agreement, 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	
	2007	2006	2007	2006
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	22,400	22,897	22,400	21,397
— other services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	22,400	22,897	22,400	21,397

### Note 7      **Earnings per Share**

	Consolidated Entity	
	2007	2006
	\$	\$
<b>a. Reconciliation of Earnings to Net Profit or Loss</b>		
Loss used in the calculation of basic EPS	(473,688)	(546,033)
Loss used in the calculation of dilutive EPS	(473,688)	(546,033)
<b>b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>		
Potential ordinary shares	-	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	205,762,824	173,406,435
<b>c. Classification of securities</b>		
Current share options are anti-dilutive and securities have not been classed as potential ordinary shares and are not included in the determination of dilutive EPS:	13,500,000	12,000,000
<b>d. Ordinary shares issued between reporting date and time of completion of the financial report</b>	1,500,000	2,000,000

**Note 8**      **Cash and Cash Equivalents**

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash at bank		1,145,962	427,549	1,145,962	427,549
		<u>1,145,962</u>	<u>427,549</u>	<u>1,145,962</u>	<u>427,549</u>
Reconciliation of Cash					
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:					
Cash		1,145,962	427,549	1,145,962	427,549
		<u>1,145,962</u>	<u>427,549</u>	<u>1,145,962</u>	<u>427,549</u>

**Note 9**      **Receivables**

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT</b>					
Security deposits		80	80	80	80
Sundry debtors		27,693	33,262	27,466	33,035
Bank guarantee		-	6,962	-	6,962
		<u>27,773</u>	<u>40,304</u>	<u>27,546</u>	<u>40,077</u>
<b>NON-CURRENT</b>					
Security deposits		170,000	170,000	170,000	170,000
Amounts receivable from:					
— wholly-owned entities		-	-	464,034	464,034
— allowance for doubtful debts wholly-owned subsidiaries		-	-	(464,034)	(464,034)
		<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>

### Note 10      Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
		2007	2006
<b>Parent Entity</b>			
Rimfire Pacific Mining NL			
<b>Subsidiaries of Rimfire Pacific Mining NL</b>			
Axis Mining NL	Australia	100	100

### Note 11      Property Plant and Equipment

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>LAND AND BUILDINGS</b>				
Freehold land:				
— At cost	216,720	216,720	216,720	216,720
Total Land and Buildings	216,720	216,720	216,720	216,720
<b>PLANT AND EQUIPMENT</b>				
Plant and equipment				
At cost	57,343	44,348	52,842	39,847
Accumulated depreciation	(18,928)	(14,959)	(14,427)	(10,458)
	38,415	29,389	38,415	29,389
Motor Vehicle				
At cost	5,000	-	5,000	-
Accumulated depreciation	(208)	-	(208)	-
	4,792	-	4,792	-
Office Furniture				
At cost	68,945	61,371	66,430	58,856
Accumulated depreciation	(54,281)	(51,916)	(51,766)	(49,401)
	14,664	9,455	14,664	9,455
Total Plant and Equipment	57,871	38,844	57,871	38,844
Total Property, Plant and Equipment	274,591	255,564	274,591	255,564

# Notes to the Financial Statements

## for the year ended 30 June 2007



### **Note 11**      **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

	<b>Freehold Land</b>	<b>Motor Vehicles</b>	<b>Plant and Equipment</b>	<b>Office Furniture</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>2007</b>					
Consolidated Entity:					
Balance at the beginning of year	216,720	-	29,389	9,455	255,564
Additions	-	5,000	12,995	7,574	25,569
Disposals	-	-	-	-	-
Depreciation expense	-	(208)	(3,969)	(2,365)	(6,542)
Carrying amount at the end of year	216,720	4,792	38,415	14,664	274,591
Parent Entity:					
Balance at the beginning of year	216,720	-	29,389	9,455	255,564
Additions	-	5,000	12,995	7,574	25,569
Disposals	-	-	-	-	-
Depreciation expense	-	(208)	(3,969)	(2,365)	(6,542)
Carrying amount at the end of year	216,720	4,792	38,415	14,664	274,591
<b>2006</b>					
Consolidated Entity:					
Balance at the beginning of year	216,720	1,915	31,185	17,903	267,723
Additions	-	-	1,665	1,377	3,042
Disposals	-	(1,755)	-	(6,180)	(7,935)
Depreciation expense	-	(160)	(3,461)	(3,645)	(7,266)
Carrying amount at the end of year	216,720	-	29,389	9,455	255,564
Parent Entity:					
Balance at the beginning of year	216,720	1,915	31,185	17,903	267,723
Additions	-	-	1,665	1,377	3,042
Disposals	-	(1,755)	-	(6,180)	(7,935)
Depreciation expense	-	(160)	(3,461)	(3,645)	(7,266)
Carrying amount at the end of year	216,720	-	29,389	9,455	255,564

### **Note 12**      **Other Assets**

	Notes	<b>Consolidated Entity</b>		<b>Parent Entity</b>	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT</b>					
Prepayments		8,042	4,250	8,042	4,250



### Note 13 Exploration & Evaluation Costs Carried Forward

	Notes	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>NON-CURRENT</b>					
Exploration Expenditure					
Costs carried forward in respect of areas of interest in:					
– exploration and evaluation phases		2,680,611	2,305,968	2,680,611	2,305,968
Total Exploration Expenditure		2,680,611	2,305,968	2,680,611	2,305,968

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

### Note 14 Payables

	Notes	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT</b>					
Unsecured liabilities					
Trade creditors		14,385	14,710	14,385	14,710
Sundry creditors and accrued expenses		162,939	144,856	161,439	143,356
		177,324	159,566	175,824	158,066

### Note 15 Interest Bearing Liabilities

	Notes	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CURRENT</b>					
Unsecured liabilities					
Rental Bond Received		833	833	833	833
		833	833	833	833
Secured liabilities					
Mortgage loans		107,000	107,000	107,000	107,000
		107,000	107,000	107,000	107,000
		107,833	107,833	107,833	107,833

- a. The carrying amounts of non-current assets pledged as security are:

First mortgage

Freehold land and buildings

Total assets pledged as security

216,720	216,720	216,720	216,720
216,720	216,720	216,720	216,720

- b. The loan is repayable within twelve months from the contract extension date of the contract of sale, being 15 December 2007 and is subject to 10% interest per annum.

**Note 16**      **Contributed Equity**

	Notes	Consolidated Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
240,520,886 (2006: 194,804,262) fully paid ordinary shares	16a	12,102,530	10,315,754	12,102,530	10,315,754
Nil (2006: 40,560,785) fully paid deferred options	16b	-	48,880	-	48,880
Unlisted Options issued during the year	16c	-	178,622	-	178,622
		<u>12,102,530</u>	<u>10,543,256</u>	<u>12,102,530</u>	<u>10,543,256</u>
<b>a. Ordinary shares</b>					
At the beginning of the reporting period		10,315,754	9,172,080	10,315,754	9,172,080
Shares issued during the year					
— 30,000,000 on 7 June 2007		1,200,000	-	1,200,000	-
— 9,166,624 on 21 December 2006		275,000	-	275,000	-
— 2,550,000 on 21 December 2006 (i)		71,400	-	71,400	-
— 2,000,000 on 21 December 2006 (ii)		52,000	-	52,000	-
— 2,000,000 on 20 July 2006 (ii)		52,000	-	52,000	-
— Transfer from Share Option Reserve		221,122		221,122	
— Shares issued in the previous year		-	1,248,701	-	1,248,701
Transaction costs relating to share issues		(84,746)	(105,027)	(84,746)	(105,027)
		<u>1,786,776</u>	<u>1,143,674</u>	<u>1,786,776</u>	<u>1,143,674</u>
At reporting date		<u>12,102,530</u>	<u>10,315,754</u>	<u>12,102,530</u>	<u>10,315,754</u>

The Company does not have limited authorised capital and issued shares have no par value.

(i) Issued to Non Executive Directors as part of remuneration package

(ii) Issue of shares under share option plan

### Note 16 Contributed Equity (Cont'd)

	Note	Consolidated Entity		Parent Entity	
		2007 No.	2006 No.	2007 No.	2006 No.
At the beginning of reporting period		194,804,262	131,353,172	194,804,262	131,353,172
Shares issued during year					
— 7 June 2007		30,000,000	-	30,000,000	-
— 21 December 2006		9,166,624	-	9,166,624	-
— 21 December 2006		2,000,000	-	2,000,000	-
— 21 December 2006		2,550,000	-	2,550,000	-
— 20 July 2006		2,000,000	-	2,000,000	-
— Issued in the previous year		-	63,451,090	-	63,451,090
At reporting date		240,520,886	194,804,262	240,520,886	194,804,262

On 7 June 2007 the Company issued 30,000,000 ordinary shares at 4.0c per share to sophisticated and institutional investors to raise additional working capital.

On 21 December 2006 the Company issued 9,166,624 ordinary shares at 3.0c per share to each shareholder, being a sophisticated share placement scheme to raise additional working capital.

On 21 December 2006 the Company issued 2,000,000 ordinary shares at nil per share to the Executive Chairman through an exercise of 2,000,000 call options issued on 9 December 2005.

On 21 December 2006 the Company issued 2,550,000 ordinary shares at nil per share to non executive Directors as part of remuneration packages.

On 20 July 2006 the Company issued 2,000,000 ordinary shares at nil per share to the Executive Chairman through an exercise of 2,000,000 call options issued on 9 December 2005.

	Notes	Consolidated Entity		Parent Entity	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>b. Deferred Options</b>					
At beginning of the reporting period		48,880	48,880	48,880	48,880
Transferred to share capital		(48,880)	-	(48,880)	-
At reporting date		-	48,880	-	48,880

### c. Options

For information relating to share options issued to key management personnel during the financial year, refer to Note 17 Share-based Payments.

**Note 17 Share Based Payments**

The following share-based payment arrangements existed at 30 June 2007:

On 9 December 2005, 3,500,000 share options were granted to the Directors of the Company and 1,000,000 were granted to a contractor, Mr C Plumridge to take up ordinary shares at an exercise price of 12 cents each. The options were available for exercise from 9 December 2005 to 30 September 2007. (Reference OP10)

On 20 December 2006, 5,000,000 share options were granted to the Directors of the Company and 1,000,000 were granted to a contractor, Mr C Plumridge to take up ordinary shares at an exercise price of 12 cents each. The options are available for exercise from 21 December 2006 and are exercisable by 30 September 2008. The options hold no voting or dividend rights and are not transferable. At reporting date, these options remained outstanding. (Reference OP12).

On 20 December 2006, 1,500,000 share options were granted to the Executive Chairman of the Company to take up ordinary shares with no consideration payable on exercise. The options were available for exercise from 31 May 2007 to 15 July 2007. These options were exercised on 10 July 2007. (Reference OP13a).

On 20 December 2006, 1,500,000 share options were granted to the Executive Chairman of the Company to take up ordinary shares with no consideration payable on exercise. The options were available for exercise from 30 November 2007 to 15 January 2008. At reporting date, these options remained outstanding. (Reference OP13b).

All options granted to Directors and contractors are ordinary shares in Rimfire Pacific Mining NL, which confer a right of one ordinary share for every option held.

	Economic Entity				Parent Entity			
	2007		2006		2007		2006	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	19,000,000		11,000,000		19,000,000		11,000,000	
Granted	9,000,000	0.08	12,000,000	0.08	9,000,000	0.08	12,000,000	0.08
Forfeited	-	-	-	-	-	-	-	-
Exercised	(4,000,000)	-	(4,000,000)	-	(4,000,000)	-	(4,000,000)	-
Expired	(10,500,000)	-	-	-	(10,500,000)	-	-	-
Outstanding at year-end	13,500,000	0.10	19,000,000	0.06	13,500,000	0.10	19,000,000	0.06
Exercisable at year-end	12,000,000	0.11	17,000,000	0.07	12,000,000	0.11	17,000,000	0.07

### Note 17 Share Based Payments (Continued)

There were 4,000,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of \$0.0185 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.10 and a weighted average remaining contractual life of 6 months. Exercise prices range from nil to \$0.12 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was \$0.0194.

This price was calculated using the Binomial Method of option pricing applying the following inputs:

Weighted average exercise price	\$0.06
Weighted average life of the option	0.5 years
Underlying share price	\$0.026
Expected share price volatility	57%
Risk free interest rate	6.4%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of options is based on the historical exercise patterns, which may not eventuate in the future.

Included under Directors' securities benefits expense is \$166,813 (2006: \$113,072), and relates, in full, to equity-settled share-based payment transactions.

### Note 18 Capital and Leasing Commitments

	Note	Consolidated Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>a. Operating Lease Commitments</b>					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
<u>Office</u>					
<u>Equipment</u>					
Payable					
— not later than 1 year		2,618	1,428	2,618	1,428
— later than 1 year but not later than 5 years		-	2,618	-	2,618
— later than 5 years		-	-	-	-
		<u>2,618</u>	<u>4,046</u>	<u>2,618</u>	<u>4,046</u>
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.					
<u>Office &amp; Other Premises</u>					
Payable					
— not later than 1 year		11,879	17,473	11,879	17,473
— later than 1 year but not later than 5 years		-	11,879	-	11,879
		<u>11,879</u>	<u>29,352</u>	<u>11,879</u>	<u>29,352</u>

The office premises lease is a non-cancellable lease with a two-year term, with rent payable monthly in advance, and commenced on 1<sup>st</sup> March 2006. The lease agreement has a fixed yearly payment value of year (1) \$17,300 plus GST and year (2) \$17,819 plus GST. An option exists to renew the lease at the end of the two year term for a further two periods of two years each period. The lease allows for sub-letting of all lease areas.

**b. Capital Expenditure Commitments**

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

— not later than 1 year	354,000	450,000	354,000	450,000
— later than 1 year but not later than 5 years	1,100,000	1,100,000	1,100,000	1,100,000
	1,454,000	1,550,000	1,454,000	1,550,000

**Note 19      Contingent Liabilities and Contingent Assets**

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

**Note 20      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 21      Related Party Transactions

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.</p> <p>Transactions with related parties:</p>				
<p>(i) Director-related Entities</p>				
<p>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 \$115,000 in 2007 included in Directors' remuneration (note 5).</p>				
	-	54,000	-	54,000
<p>(ii) Entities in the wholly owned group</p>				
<p>Axis Mining NL</p> <p>At 30 June 2007, Axis Mining NL has amounts owing to the parent entity totalling \$464,034 (2006: \$464,034) interest free, payable at call. The loan has been fully provided for at 30 June 2007.</p>				
	-	-	-	1,000
<p>During the prior year the parent entity received funds from Axis Mining NL as a part repayment of the existing outstanding loan. Since the loan has already been provided for the repayment was recognised in the income statement.</p>				
	-	-	-	11,316
<p>(iii) Other Related Parties</p> <p>On 29 September 2006 Mr J Kaminsky provided a loan facility to the parent entity. The amount drawn from the facility was Nil Interest of 10% p.a. is chargeable on any drawn amount This facility lapses on 28 September 2007.</p> <p>Included in payables as at 30 June 2007 of \$177,324, are amounts owed to Mr J Kaminsky in respect of director's salaries and superannuation. The amounts owed are as follows:</p>				
Director's salary	\$96,000		104,460	104,460
Director's superannuation	\$8,640		104,460	104,460
<b>Total</b>	<b>\$104,640</b>			

## Note 22      Post Balance Date Events

The Chairman exercised 1,500,000 options, converted to 1,500,000 fully paid ordinary shares at \$ nil consideration on the 10 July 2007 as part of his remuneration entitlement.

**Note 23 Cash Flow Information**

	Consolidated Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>a. Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>				
Loss after income tax	(473,688)	(546,033)	(473,688)	(533,111)
Non-cash flows in loss				
Depreciation and amortisation	6,542	7,767	6,542	7,767
Write-off of capitalised expenditure	2,905	614	2,905	614
Loss / (Gain) gain on disposal of property, plant and equipment	-	7,130	-	7,130
Share options expensed	166,813	113,072	166,813	113,072
Recovery of written off subsidiary loan	-	-	-	(11,316)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Movement in allowance for doubtful debts	-	-	-	1,000
(Increase)/decrease in prepayments	(3,792)	9,030	(3,792)	9,030
(Increase)/decrease in other receivables	20,970	(16,771)	20,970	(17,191)
(Increase)/decrease in trade creditors and accruals	(7,050)	23,024	(7,050)	23,524
Cash flows from operations	<u>(287,300)</u>	<u>(402,167)</u>	<u>(287,300)</u>	<u>(399,481)</u>

**b. Cash not available for use**

There was no cash as at the end of the year which was unavailable for use. The Bank and Bond guarantee of \$6,961 expired during the year and was withdrawn by the economic entity.

**c. Non-cash Financing and Investing Activities**

There were no non-cash financing and investing activities carried out during the year.

**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	-	-	-	-

A loan facility was agreed between Rimfire Pacific Mining and Executive Chairman, Mr John Kaminsky on 29 September 2006. As part of the facility Mr Kaminsky would provide to Rimfire Pacific Mining NL a maximum of \$300,000 for the purposes of Rimfire Pacific Mining NL working capital requirements. The term of the facility was the earlier of the completion of capital raising sufficient to repay any used amounts as part of the facility or 12 months from the date of acceptance. As at 30 June 2007 the facility was unused and still in place.



## Note 24 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		Floating Interest Rate		Within One Year		Non-interest Bearing		Total \$
	Maturing		Rate		2007		2006		
	2007	2006	\$	%	2007	2006	2007	2006	
Financial Assets									
Cash	5.27	2.75	-	-	1,145,962	427,550	-	-	1,145,962
Receivables	-	0.22	-	6,961	-	-	197,773	203,343	197,773
Total Financial Assets					1,145,962	427,550	197,773	203,343	1,343,735
Financial Liabilities									
Trade and sundry creditors	-	-	-	-	-	-	177,324	159,566	177,324
Mortgage	10.00	10.00	-	-	107,000	107,000	-	-	107,000
Total Financial Liabilities					107,000	107,000	177,324	159,566	284,324
Net Financial Assets					1,038,962	320,550	20,449	43,777	1,059,411
									371,288

**Note 24**

**Financial Instruments (Cont'd)**

- b. The main risks to which the group is exposed through its financial instruments are interest rate risk and liquidity risk.

**Credit Risk**

At balance date the maximum exposure to credit risk, (excluding the value of any collateral or other security), to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet 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.

**Liquidity Risk**

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

- c. **Net Fair Values**

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

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

Recognised financial instruments

**Cash:** The carrying amount approximates fair value.

**Receivables:** The carrying amount approximates fair value.

**Term Deposits:** The carrying amount approximates fair value.

**Trade Creditors:** The carrying amount approximate fair value.

**Note 25**

**Company Details**

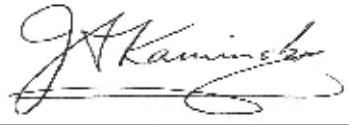
The registered office of the Company is: Rimfire Pacific Mining NL  
"Exchange Tower"  
Suite 810, 530 Little Collins Street  
Melbourne Victoria 3000

The principal places of business are: Rimfire Pacific Mining NL  
"Exchange Tower"  
Suite 810, 530 Little Collins Street  
Melbourne Victoria 3000

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 44 are in accordance with the Corporations Act 2001 and:
  - 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 2007 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 Chief Executive Officer and Chief Financial Officer have given the declarations to the Directors required by Section 295A.

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



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Director

John Kaminsky

Dated this 24th day of September 2007



Chartered Accountants  
& Business Advisers

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF RIMFIRE PACIFIC MINING NL**

We have audited the accompanying financial report of Rimfire Pacific Mining NL ('the company') and the consolidated entity for the year ended 30 June 2007. The financial report comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity for both the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 'Presentation of Financial Statements', that the financial report, comprising the financial statements and notes, complies with all Australian equivalents to International Financial Reporting Standards in their entirety except where the company has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 32 'Financial Instruments: Disclosure and Presentation'.

*Auditor's Responsibility*

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

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

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

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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 GPO Box 5099 Melbourne | Victoria 3001



Chartered Accountants  
& Business Advisers

## Auditor's Opinion

In our opinion, the financial report of Rimfire Pacific Mining NL is in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2007 and of their performance for the year ended on that date;
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (c) the consolidated financial statements and notes also comply with International Financial Reporting Standards, except where the company has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in ASB 132 'Financial Instruments: Disclosure and Presentation'.



PKF  
Chartered Accountants



M L Port  
Partner

24 September 2007  
Melbourne

1. The shareholder information set out below was applicable as at 21st September 2007.

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

Category (size of holding)	Ordinary Shares	Unlisted Options
1 - 1,000	41,354	-
1,001 - 5,000	598,517	-
5,001 - 10,000	1,904,786	-
10,001 - 100,000	39,306,822	-
100,001 & over	<u>200,169,407</u>	<u>12,000,000</u>
	<u>242,020,886</u>	<u>12,000,000</u>

(b) The number of holders with shareholdings in less than marketable parcels was 485 as at 21st September 2007.

(c) The number of holders of each class of equity security as at 21st September 2007 was:

Class of Security	Number
Ordinary fully paid shares	1722
Unlisted options	5

(d) There was one substantial shareholder listed in the holding company's register as at 21st September 2007.

- Mr John Kaminsky had a beneficial interest in 16,279,332 ordinary fully paid shares, representing 6.73% of the outstanding shares in the Company

(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.

(f) 20 Largest Shareholders - Ordinary Capital as at 21st September 2007.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Mr John Kaminsky	11,766,666	4.86%
2. Ralston Corp. Pty Ltd Ralston Super Fund A/C	6,492,210	2.68%
3. Esperance Investments Pty Ltd	5,999,000	2.48%
4. Mr Azmi Wan Hamzah	5,000,000	2.07%
5. Warcoll Holdings Pty Ltd	4,966,666	2.05%
6. Jillina Kaminsky	4,512,666	1.86%
7. Assesslaw Pty Ltd Gibson Super Fund A/C	4,136,878	1.71%
8. Mr Kerry Peter Jelbart	3,807,481	1.57%
9. Mr Malcolm Clark Anderson	3,643,000	1.51%
10. Mrs Ma Ting Fong	3,394,034	1.40%
11. Donald Malcolm Leembruggen	3,185,824	1.32%
12. Mr Laurie John Newman	3,104,102	1.28%
13. Alex Suvoltos	3,000,000	1.24%
14. Mr William Theodore Durnell	2,684,726	1.11%
15. Mr Andrew Knox	2,666,666	1.10%
16. Mr Graham Billinghamurst & Mrs Denise Billinghamurst (Colhurst Superfund A/C)	2,416,666	1.00%
17. Ms Clarinda Boldwin Jelbart	2,316,667	0.96%
18. Mr Kenton Nathaniel Maloney	2,030,991	0.84%
19. Gympie Saddleworld Pty Ltd	1,854,064	0.77%
20. Ramona Enconniere	1,850,000	0.76%
	<u>78,828,307</u>	<u>32.57%</u>

2. **The name of the company secretary is Mr Graham Billinghamurst.**

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

Suite 810, 530 Little Collins Street  
Melbourne, Victoria 3000

Telephone: (03) 9620 5866  
Facsimile: (03) 9620 5822  
Website: [www.rimfire.com.au](http://www.rimfire.com.au)

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

Computershare Registry Services  
Level 19,  
307 Queen Street  
Brisbane QLD 4001

Telephone: 1 300 552 270  
Facsimile: (07) 3237 2152

5. **Stock Exchange Listing**

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

6. **Vendor Securities**

There are no restricted securities on issue as at 21st September 2007.

7. Unquoted Securities

20 Largest holders of Unlisted Options as at 21st September 2007.

	Name	Number of Unlisted Options Held Exp. 30/09/07 Exercise @ \$0.12	% Held of total Issued Unlisted Options	Number of Unlisted Options Held Exp. 15/01/08 Exercise @ Nil	% Held of total Issued Unlisted Options
1.	Mr John Kaminsky	1,500,000	33.34%	1,500,000	100%
2.	Mr Andrew Knox	1,000,000	22.22%	Nil	Nil
3.	Ms Ramona Enconniere	1,000,000	22.22%	Nil	Nil
4.	Mr Colin Plumridge	<u>1,000,000</u>	<u>22.22%</u>	<u>Nil</u>	<u>Nil</u>
		<u>4,500,000</u>	<u>100.00%</u>	<u>1,500,000</u>	<u>100%</u>

	Name	Number of Unlisted Options Held Exp. 30/09/08 Exercise @ \$0.12	% Held of total Issued Unlisted Options
1.	Mr Graham Billingham	2,000,000	33.36%
2.	Mr Andrew Knox	1,000,000	16.66%
3.	Ms Ramona Enconniere	1,000,000	16.66%
4.	Mr Colin Plumridge	1,000,000	16.66%
5.	Mr John Kaminsky	<u>1,000,000</u>	<u>16.66%</u>
		<u>6,000,000</u>	<u>100.00%</u>



<b>Directors:</b>	John Kaminsky (Chairman) Graham Billingham Ramona Enconniere Andrew Knox
<b>Company Secretary:</b>	Graham Billingham
<b>Registered Office:</b>	Suite 810, 530 Little Collins Street Melbourne, Victoria 3000
<b>Exploration Office:</b>	Suite 810, 530 Little Collins Street Melbourne, Victoria 3000
<b>Auditors:</b>	PKF Chartered Accountants Level 14, 140 William Street Melbourne, Victoria 3000
<b>Lawyers for the Company:</b>	McNab Lawyers Level 5, 111 Collins Street Melbourne, Victoria 3000
<b>Share Registry:</b>	Computershare Investor Services Pty Ltd Level 19, 307 Queen Street Brisbane, Queensland 4001
<b>Bankers:</b>	Macquarie Bank Limited 300 Queen Street Brisbane, Queensland 4000
<b>Stock Exchange Listing:</b>	Australian Securities Exchange Home Exchange - Brisbane ASX Code – RIM
<b>Email address:</b>	<a href="mailto:rimfire@rimfire.com.au">rimfire@rimfire.com.au</a>
<b>Website address:</b>	<a href="http://www.rimfire.com.au">http://www.rimfire.com.au</a>



**Annual Report** 2007