



Rimfire Pacific Mining NL (RIM:AU) Rating Update

This review of Rimfire Pacific Mining Limited has been prepared in accordance with the **PortfolioDirect** stock rating framework described on pages 2-4.

PortfolioDirect/resources offers strategy and portfolio recommendations for independent investors. The rating framework has been developed to assist investors and their advisers to grade individual stock risk so as to better match stocks in their own portfolios with their personal risk profiles and to take account of the differing risk characteristics of potential investments when structuring their portfolios.

A **PortfolioDirect** stock rating is not intended as a forecast of future share price movements. Share prices will be influenced by a range of factors including, significantly, macroeconomic conditions and the current cyclical positioning of the sector which are not taken into account in determining a stock rating. The **PortfolioDirect** analytical framework separates the view about market direction from the stock risk analysis contained in this review.

The most important driver of a stock rating for a company being reviewed is an assessment whether the company is likely to meet its exploration and development targets within the timeframes sought by investment markets and, when development has occurred, its ability to maintain positive value momentum over future years.

The Investment Decision Snapshot

Commodity Exposure	<i>What is the mineral to which the company is principally exposed?</i>	Mixed precious metals and copper in New South Wales
Prospect Quality	<i>How does the resource rank on the "FLAG" rating scale?</i>	The company has been given a 2.7 grade on the 5 point prospect quality rating scale with the absence of assays from drilling and analytical results being the largest negative influences
Investment proposition	<i>Do investment returns depend on (i) a reduction in risk over the medium term, (ii) specific near term events or (iii) a future change in cyclical conditions?</i>	Investment returns will depend on exploration evidence of a commercially viable development. A program of work scheduled for May 2015 offers the chance of near term events affecting investment returns.
Risk profile	<i>How does the project rank on the PortfolioDirect risk rating scale?</i>	The company has been given a 2.8 grade on the 5 point risk rating scale indicating a relatively low risk profile
Portfolio positioning	<i>What roles could the company play in a portfolio? Are other companies able to fulfill these roles more effectively?</i>	The company offers a similar profile to other early stage explorers with prospects of a rare mix of precious metal outcomes being the key differentiator
Liquidity	<i>How easily can buyers or sellers of the stock be accommodated?</i>	Very low liquidity limits investor access

Important Information Regarding the Preparation of this Report

This report is not intended as an offer or solicitation with respect to the purchase or sale of a security. Nothing in this report should be taken as a recommendation. Rimfire Pacific Mining has been rated without taking into account the particular objectives, financial circumstances or needs of any particular investor. Before taking any decision based on this communication, an investor should assess his or her own circumstances and seek professional advice.

This report is based on information disclosed publicly by Rimfire Pacific Mining at the date of the report, information otherwise available in the public domain at that time and analysis and technical inferences drawn by the staff of E.I.M. Capital Managers Pty Ltd, the publisher of **PortfolioDirect**.

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Rimfire Pacific Mining has not had an opportunity to comment on the report or request any amendments prior to its publication.

Trading in PortfolioDirect Rated Stocks by E.I.M. Capital Managers

Stocks rated in accordance with the criteria outlined in this communication may be bought or sold by E.I.M. Capital Managers on behalf of clients or funds whose investments are managed by the firm. Specific investment objectives and individual portfolio considerations may result in transactions by E.I.M. Capital Managers that are not consistent with **PortfolioDirect** ratings for individual stocks.

Stock Rating Criteria

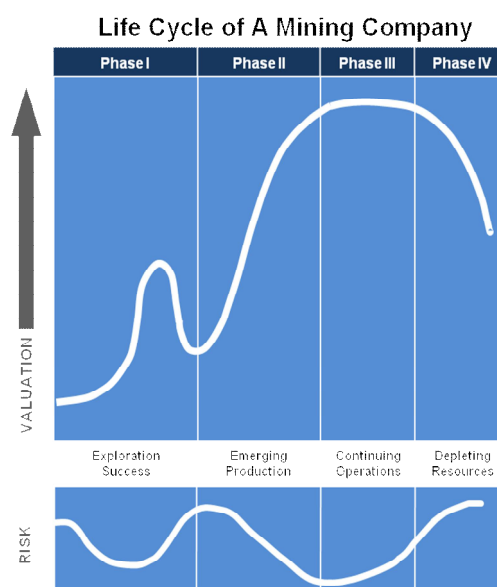
E.I.M. Capital Managers categorises sector investments based on the four phases in the life cycle of mining and oil and gas companies.

Phase I: the exploration phase during which relatively small amounts of capital may be deployed with the prospect of a high return but when investors also risk losing all the funds subscribed prior to the company having an agreed development plan.

Phase II: the emerging production phase in which companies are able to demonstrate access to a commercial resource and add value by meeting key development milestones along an agreed development path.

Phase III: the phase of continuing operations in which organic volume growth is limited and commodity price movements become the dominant driver of earnings and value.

Phase IV: a period typically characterised by falling ore grades and rising costs requiring additional capital to prevent output contracting.



Phase I companies will be scored (on a five point scale) on their potential to confirm a commercially viable development within an acceptable investment market timeframe. The duration of the investment horizon might vary from time to time depending on market conditions but will usually extend to a period of up to 24 months. Judgements will be based on publicly available information, including clarifying conversations with company management, and the resulting geological inferences drawn by E.I.M. Capital Managers analysts.

Phase II companies will be scored on a five point scale on their capacity to deliver positive value momentum (i.e. the ability to generate increasing fundamental value over future years without any reliance on higher commodity prices).

Since Phase III companies, by definition, no longer have any material organic growth prospects, they will generally fail the 'positive value momentum' test. A Phase III company may still play an important portfolio role depending on its relative financial strength, its capacity to withstand periods of cyclical weakness due to the competitiveness of its cost structure and its potential, arising from a large resource base, to operate through multiple economic cycles. Phase III companies will be scored on a five point scale on their absolute value proposition and how they meet these additional criteria.

No inferences about share price performance should be drawn from the rating of an individual stock. Investment returns will be influenced by a range of factors, some of which are included among the **PortfolioDirect** rating criteria, as well as investment market expectations about a range of macroeconomic variables. The **PortfolioDirect** rating does not take account of macroeconomic or investment market conditions that play a role in setting the price levels of securities.

There may be points in the cycle when stocks assessed by **PortfolioDirect** as being relatively risky and given a relatively low score on the **PortfolioDirect** rating scale are capable of producing relatively strong investment returns. This may arise, for example, because of strong leverage to changes or expected changes in market conditions among stocks with unusually depressed share prices or very small current market values.

Significant Investment Risks

In addition to general equity market risks reflecting unexpected changes in global economic or political conditions, investors in the resources sector may incur further risks specific to investments in the sector.

Commodity market risk: Resources sector investment returns are generally more volatile than returns from other equity market sectors due to the earnings of resources companies being exposed to commodity price and foreign exchange movements. Commodity prices can be influenced by a range of factors including economic events, which might affect the volume of commodities used, monetary policies which might affect levels of speculation and changes in output reflecting levels of industry exploration, investment and production disruptions.

Operational risk: Companies may fail to meet their development goals as a result of unexpected external influences, including political conditions and natural phenomena, as well as the skill base and operational capabilities of company management. Companies engaged in exploration activities may fail to locate or define mineral deposits of a sufficient size to be commercially viable.

Funding risk: Since companies in the resources sector require ongoing funding for development, expansion and maintenance of output, changes in financial market conditions can affect the value of investments adversely through the cost or availability of capital.

Regulatory risk: The value of investments in the sector may be affected adversely by changes in government policies relating to the conditions under which mine developments are permitted, including the need for more stringent environmental controls, higher taxation or royalty rates or requirements for local equity participation.

Small companies risk: Small or early stage companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties than larger companies. The securities of small companies may also be less liquid than those of larger companies making the purchase or sale of securities more difficult or costly to complete, possibly with an adverse impact on portfolio performance.

How does PortfolioDirect rate a Phase I company?

Phase I companies have yet to confirm a commercially viable development. The **PortfolioDirect** rating system scores Phase I companies on the potential to confirm a commercially viable development within two to three years. A company still seeking to define a resource will be assessed on how its exploration or development properties, as well as the company as a whole, measure up against 10 individual criteria.

1. Consistency with recognised deposit types.
2. Proximity to other discoveries.
3. Adequacy of funding to complete a critical program of drilling or analysis.
4. The track records of key executives driving exploration programs on behalf of the company.
5. The company's possession of unique or innovative insights leading to reinterpretation of previous geological assessments.
6. A strong focus on a specific geographic region.
7. The likelihood of a market surprise arising from a change in view about the quality of a potential mineral resource.
8. The likelihood of a market surprise arising from a change in view about the size of a potential mineral deposit.
9. The potential to resolve outstanding technical parameters within a reasonable investment horizon.
10. Whether the company's share price has already been re-rated by the share market.

A Guide to the PortfolioDirect Rating Report

Each **PortfolioDirect** company rating report addresses questions affecting business outcomes and potential investment standing under five separate headings.

Primary Development Assets

- What are the most important geological or operational attributes of the company?
- Where are the assets located and what is the availability of local infrastructure?
- What potential impact does location have on business outcomes?
- How was ownership achieved - corporate exploration, acquisition or farm-in - and what obligations remain to the vendors or partners?
- Do historical outcomes on or near these exploration properties say anything about likely mineral characteristics on the company's own assets?
- Are there identifiable technical issues that need addressing before further work can be completed?

Regulatory Standing

- What approvals have been received?
- What additional approvals will be necessary to meet business goals?
- Has the company been in breach of any regulatory requirements at this site or elsewhere on any previous occasion?
- Can the company show a commitment to environmental and social needs?

Project Potential

- What scale of development is anticipated or, if judgements about this cannot be made presently, what must happen before such a judgement can be made?
- What operational or market constraints might affect the project potential?
- What is the likely range of project capital needs in the event of development?

Capacity to Meet Targets

- What skills does the company currently have available?
- What additional or alternative skills will be needed for the next stage of activities?
- How does the track record of the existing management impact current judgements about the capacity of the company to meet its targets?
- What financial resources are currently available? Are they adequate for the targets being set?
- Are there unresolved technical, financial or regulatory matters that could impact the achievement of business targets?

Rating Discussion

- Into which development phase has the company been classified?
- What are the key criteria against which the company is being benchmarked?
- How does the company stand against the rating criteria for a company at this stage of development?
- Are there criteria which have been more or less important in coming to a rating decision?
- Are there matters which might affect the rating in the future?
- Are there any special attributes displayed by the company that might impact on its role in a portfolio?
- How have historic investment returns affected judgements about current and future market risk?

Company Rating Update

Rimfire Pacific Mining Limited (RIM:AU)

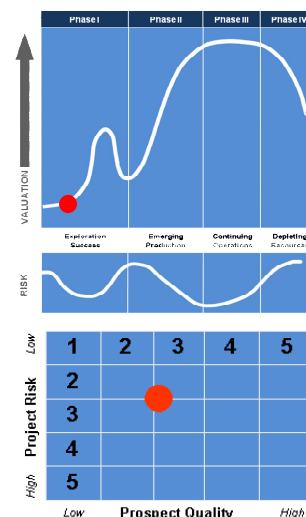
NR 1 1+ 2 2+ **3** 3+ 4 4+ 5

Recent Events

What has happened to cause a review of the company's PortfolioDirect rating?

The company has reported promising exploration results at Yoes Lookout in the Fifield area of central New South Wales (13 April 2015). A program of scout drilling of an extensive coincident geochemical and magnetic anomaly reported visible copper sulphide within an altered sequence consistent with the formation of an iron skarn on the margin of a Devonian age intrusive body. The holes were drilled to 60 metres. Five of six holes reported thick intervals of skarn development with varying amounts of copper sulphides.

The company released a series of results including 7m at 1.47 g/t Au (including 2m at 4.35g/t Au from 3m down hole) from the Carlisle prospect 6.8km south southwest of Sorpresa where a maiden indicated and inferred resource of 125Koz of gold and 7.9Moz of silver was reported in December 2014 (ASX 24 February 2015). The prospect is one of a series of potentially mineralised intrusive bodies which trend to the east-northeast. The company subsequently reported an intersection of 2m at 10 g/t Au from an infill hole at Sorpresa which was drilled at a slightly different orientation (ASX 23 March 2015).



What's Different?

How do recent events differ from prior expectations about what will drive company investment returns?

A more attractive exploration target has been defined at Yoes Lookout. The results have validated the previous assessment of the prospect with observed sulphides in a developed iron skarn system and enable the company to direct its exploration efforts to a style of mineralisation which is both amenable to geophysical exploration methods (allowing more targeted outcomes) and consistent with past discoveries in the region which have been associated with relatively high grade mine developments.

The Yoes Lookout results suggest a prospect of sufficient scale and potential to attract a senior exploration partner. While the terms of any potential exploration farm-in cannot be known at this stage, a transaction could be suitably structured to allow investors to participate in a round of deeper exploration drilling to define a mineralised system. This would be an advancement on the position of the company prior to the drilling results.

Rating Impact

What have been the key influences on a rating change?

The August 2014 **PortfolioDirect** rating review concluded that there was enough in the program of work foreshadowed by the company to suggest that a review later in 2014 would be warranted at which time a reassessment of the exploration progress and its impact on the **PortfolioDirect** rating could be made. The results reported by the company have been enough to sustain the earlier rating.

Investment Consequences

What is the impact of recent events on the investment prospects of the company and how investors should react?

The recent exploration outcomes have been necessary to retain investor interest and the investment positioning referred to in the earlier review. The company continues to better suit an investor with an appropriately long investment horizon possibly as part of a larger portfolio of exploration properties where the attendant opportunity costs will have a lesser impact on investment performance.

The company could, depending on later exploration outcomes, offer an unusual precious metal combination including the possibility of platinum discoveries making the company of interest to investors for whom the current development stage would usually be premature. ■

Company Rating Review

Rimfire Pacific Mining Limited (RIM)

Development Stage: Phase I

Selection Criteria: Corporate subscriber initiated

Rating: 

Recent Company Events

- A large gold in soil anomaly has been identified at the Yoe's Lookout area and mapping at the Eclipse area has found gold bearing float with distinct epithermal textures.
- Rock chip sampling at the Carlisle area has yielded gold in sulphide and jasperoid rocks.
- The company recently received a research and development grant to the value of \$1.15M.

Primary Development Assets

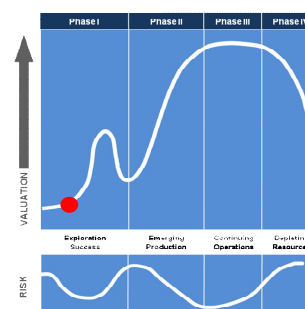
The company has a large contiguous tenement holding at Fifield approximately 40km south of Tottenham or 100km southwest of Dubbo in central New South Wales.

The projects are located within a geological structure termed the Lachlan Transverse Zone which cuts the rocks of the Lachlan Fold Belt in this area and hosts a number of significant gold and base metal deposits including those of Cadia and Browns Creek, which are located to the southeast near Orange, and the North Parkes copper mine located approximately 30km to the east.

Geologically, the area hosts a number of deep structures and mainly Silurian and Devonian sediments and volcanoclastic rocks with later intrusive bodies. Within the greater Sorpresa area, intrusive dolerite and porphyry bodies have been mapped sitting within a Silurian rift basin of sediments, volcanoclastics, chert and interpreted chemical sediments. The package of rocks sits unconformably against Ordovician age rocks of the Girrilambone Group to the northwest and Ordovician age volcanics and granite to the east. A northwest trending structural trend is repeated in faults across the block sub parallel to the trend of the Lachlan Transverse Zone.

The company holds six exploration tenements in this area covering 313 square kilometres. The area is a historic precious metal mining area with alluvial gold activities dating from 1880 followed by alluvial platinum operations dating from 1890. Some 20,000oz of alluvial platinum was recovered primarily from working a series of deep leads that occur in the Sorpresa area. The Fifield platinum field is a well known historical exploration target.

Although the Sorpresa gold-silver prospect occurs within 2km of the platinum-bearing deep leads, these prospects offer separate exploration objectives and are, therefore, described accordingly.



Statistical Risk Measures

Deviation from

• 15 week moving average	+34%
• 25 week moving average	+24%
• 50 week moving average	+1%

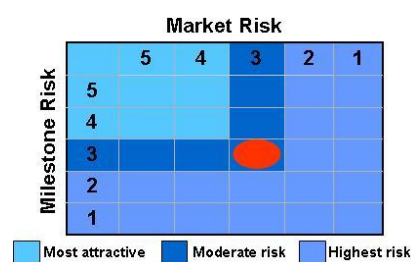
Historical return ranking (1-100)

• 2011-2014	18
• 12 months	58

Return volatility¹ 0.9X

Liquidity² 8%

1. Relative to sector median
2. Turnover for 12 months as % of current shares



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Sorpresa gold-silver prospect, Rimfire Pacific Resources 100%

The Sorpresa prospect dates from 2010 when a gossanous breccia close to the village of Fifield was sampled and reported gold. Work since then has been in the form of progressive steps aimed at understanding the extent of the gold mineralisation and identifying higher grade areas which could form the basis of a mine development.

The initial stages of the evaluation work was low cost employing a small auger rig to cut shallow trenches to establish the geometry of the gold and to determine the rocks within which it is distributed. Initially, in October 2010, a reconnaissance auger drilling program was undertaken identifying a zone of anomalous gold over a strike of 1.4km with some continuity of grade between 100m spaced traverses (ASX 13 October 2010). Later that month, the company cut a trench (Trench 31) on the western edge of the soil anomaly and reported a continuous mineralised interval of 13 metres grading 3.5 g/t Au. The trench was oriented in an east-west direction. Mapping revealed a broad zone of brecciated rocks with later steeply dipping (and often mineralised) structures (ASX 28 October 2010).

In the following December, the company extended the anomaly to a strike length of 1.7km with a width of 400 metres with multiple zones. The company then followed up these results with an RC drilling program with 17 holes testing the original soil anomaly and location of the trench (Area 1, Trench 31 from October 2010), some nine holes testing a soil anomaly located 300 metres to the northeast and another nine holes testing a northeast extension of this zone which had been auger tested earlier in the year (ASX 6 July, 23 September 2011). The outcome of the exploration work to that point was summarised in a presentation in late 2011 (ASX 25 November 2011).

The late 2011 presentation outlined an exploration target of 0.5-1.5Moz for Sorpresa and the adjacent properties (based on 10-20Mt at 1.5-2.5 g/t Au) having estimated 21,000oz gold in the immediate area of Trench 31 alone. The target was based on an assumption of the distribution of a fractured black siliceous rock which was identified as a key host rock type for mineralisation at the prospect. The rock type is an alteration product within black carbonaceous shale and is closely associated with northeast trending steeply dipping structures that dissect the area. Mapping by Rimfire Pacific had identified the amorphous and fractured black silica at surface in the immediate vicinity of the original Sorpresa discovery and to the southwest in isolated outcrops.

The company had also defined domains of potential different styles of gold mineralisation to the northwest of Sorpresa with various fracture controlled mineralisation and fracture mineralisation associated with "grey silica". In May and September 2011, the company drilled 3,546 metres from 56 RC holes with an average depth of 63 metres. The company set the dual milestones of resource definition and new discovery in this presentation as targets for the forthcoming 12 months.

In September 2012, the company reported the thickest high grade gold intersection reported to that time being hole FI 616 which was drilled in the Area 1/Trench 31 area. The company showed a plotted section of the intersection with three other holes on the same section. The section shows a thick moderately steeply dipping body that dips to the southeast. The information gave the company enough confidence to hold to its exploration target for the prospect (ASX 10 October 2012). The percussion holes on this section include the following.

FI 161	16 metres at 4.57 g/t Au from 36 metres inc 4 metres at 31.4 g/t Au
FI 194	10 metres at 2.55 g/t Au from 36 metres down hole, inc. 2 metres at 9.26 g/t

In early 2013, the company moved to test the system with an initial program of five diamond drill holes (for 1,300 metres) oriented to test the depth extension of the Area 1/Trench 31 prospect area (one hole) and two holes under each of the two prospects (Boundary Gate and Roadside) that occur to the northeast of this prospect.

The move to carry out diamond drilling was in recognition of the limited geological data available from RAB and percussion drilling particularly given observed variations in the intensity of gold mineralisation as well as to gain a better insight into any local controls to mineralisation.

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The five diamond holes confirmed the importance of the silicified carbonaceous shale as a key host for gold but also identified the presence of a quartz feldspar porphyry rock in sheared contact with the upper margin of the key host rock. In two holes, the same feldspar porphyry rock was observed on the lower margin of the silicified carbonaceous shale above a sequence of much less carbonaceous siltstone (ASX 27 June 2013). The porphyry was initially described as a sill.

The assays from the diamond holes were as follows.

FI 325 DDH 9 metres at 3.41 g/t Au from 14 metres inc 2 metres at 12.7 g/t Au
 FI 327 DDH 1 metre at 24.9 g/t Au from 143 metres
 FI 328 DDH 7 metres at 4.24 g/t Au from 87 metres inc 1 metres at 22.7 g/t Au
 FI 329 DDH 1 metre at 114 g/t Au 312 g/t Ag from 159 metres

This diamond drill program, when coupled with the previous and ongoing RAB programs, established a framework for the geological understanding of the gold mineralisation at Sorpresa that had been, until that point, imprecise and based on chip samples. The drilling demonstrated the stratigraphy of the mineralised rocks including the close relationship with quartz feldspar porphyry which may be acting as a cap to mineralisation. In late 2012, the company was integrating thick zones of gold and silver mineralisation at Sorpresa and the Roadside area to the northeast with the results of an induced polarisation survey of the area which appeared to highlight mineralised plunges of the siliceous shale. (ASX 22 November, 18 December 2013).

In February 2014, the company reported the results of a drill program testing the down dip extension of part of the Sorpresa system (broadly in the middle of the 2km strike at the Boundary Gate East domain) which was directed at the northern tip of a substantive IP anomaly which was identified approximately 400-600 metres to the east of the Sorpresa trend. Four RC holes were drilled in this program with three intersecting gold, including two very high grade thin intersections. Previous drilling in this area had yielded similar outcomes with one metre intervals of very high grade.

Recent RC intersections

FI 397 5 metres at 1.32 g/t Au from 149 metres inc 2 metres at 2.34 g/t from 150 m
 FI 398 2 metres at 11.39 g/t Au from 166 metres inc 1 metre at 22 g/t Au
 FI 399 9 metres at 2.23 g/t Au from 187 metres inc 1 metre at 7.8 g/t Au from 187m

Previous RC results

FI 327 1 metre at 24.9 g/t Au from 143 metres
 FI 329 1 metre at 114 g/t Au from 159 metres

The company submitted three composite samples from different oxide ore areas of the Sorpresa system for metallurgical analysis in late 2013 with a simple 75 micron grind and a 24 hour cyanide leach. These tests are good initial indicators of the leach susceptibility of an ore. The company reported a range in gold recoveries of 84.35% to 96.8% and silver recoveries in the range 68.9% to 78.5%.

The lower gold recovery was for a relatively low grade sample of 1.22 g/t Au (compared to 2.54 and 2.82 for the other two samples) which, with further grinding and leaching (details of the grind size and additional leach time have not been specified), lifted the recovery to 89.1% (ASX 6 December 2013).

The oxide samples were taken from 30 different drill holes encompassing material from surface to a depth of 45 metres. Two samples were from the Area 1/Trench 31 zone and the third was taken from the Roadside zone located 1.5km along strike. While only preliminary indications, the company described the results as exceeding expectations.

Regional targets at Sorpresa

In early 2014, the company scoped the near-Sorpresa potential outlining the results of an exploration target ranking exercise that was based on structure, geological setting, mineralised outcrop/float (being silica-pyrite veined chert, breccia), proximity to historic workings and

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available soil geochemical survey results. The exercise identified a number of interpreted chemical sediments in the Silurian Basin sedimentary package (Yoe's Lookout, Eclipse North, Eurimbla, Watts Lane and Carlisle), an undrilled structural target at Roseneath and a number of prospects to the west of the Sorpresa trend based on historic workings in the sediments and mafic rocks in that area. All the prospects are within a broad 6km arc from the currently defined Sorpresa trend (ASX 20 March 2014). Exploration work since that time has focused on this portfolio of exploration leads and prospects.

The company has recently flown a high resolution magnetic and radiometric survey over the south east part of the project area covering Carlisle, the Eclipse trend anomalies and Yoe's Lookout in addition to the southern part of the platina platinum deep lead. An interpretation of this work, coupled with the field work undertaken so far will set the path of the next round of drill testing.

Carlisle

Carlisle is shaping up as one of the most prospective target areas outside Sorpresa. Outcrops of gossanous material and quartz with sulphides within a shear have been mapped and sampled by the company. In July, the company reported a magnetic high at the prospect (which was grid soil sampled), very high-grade (13.7, 7.29, 7.02, 6.22 g/t Au) rock chips from the outcrop of sulphide bearing quartz within a shear which is close to a major unconformity and the interpreted chemical sediment outcrop containing native copper and gold bearing pyrite. (ASX 23 July 2014). The outcropping silica-hematite jasper rock may be product from local silica alteration.

In its June quarter activities report, the company noted that the Carlisle prospect offers the potential for a buried massive sulphide system. This interpretation was based on a large magnetic anomaly and the observed alteration in the peripheral rocks (ASX 31 July 2014). A drill program is being planned by the company.

Eclipse trend

The Eclipse trend occurs to the southeast of Sorpresa. The company has undertaken a soil sampling program with an auger over a trend of 1.2 km reporting gold anomalism that appears to coincide with a northwest trending magnetic anomaly. The survey followed the identification of gold bearing gossanous float material in the immediate area of the prospect with samples showing strong siliceous brecciation with rock textures not unlike those seen in epithermal systems. The company has identified gold-copper-bismuth, gold-arsenic-zinc and silver-lead-zinc-barium bearing vein assemblages in different float samples (ASX 20 May 2014). The company is awaiting the interpretation of the recent radiometric and magnetic survey to integrate the current information on Eclipse into a broader exploration target.

Yoe's Lookout

This prospect is located approximately 6km east of the Sorpresa trend with a sequence of volcanoclastic and sediments abutting an intrusive pluton (Gobondery granite). In March, the company described outcropping silica-hematite jasper rock (not unlike that at Carlisle) and described a soil auger program at the prospect mainly in the area of the gold-bearing rock chip samples which extend over a 500 metre strike. A magnetic image of the area shows the distinct sharp boundary of the Gobondery granite to the east (600 metres from the soil sample program) and a more isolated magnetic anomaly much closer to the mineralised float samples (ASX 20 March 2014). In June, the company reported that subsequent auger sampling had extended the anomaly to a strike length of 1.4km with coincident arsenic, selenium and tellurium soil anomalism. The same release noted that magnetite bearing float had been identified close to the second smaller magnetic anomaly which was related to the possible development of a skarn in the immediate area (ASX 18 June 2014).

Platinum prospects, Sorpresa area, Rimfire Pacific Minerals 100%

Alluvial platinum was found to be associated with alluvial gold in this area with small scale mining dating from 1890. The platinum was in the form of a number of iron platinum species. The Fifield platinum area is a historic exploration prospect with many previous explorers evaluating the potential for new deep leads or evaluating the geology of the underlying source rocks. Recently, listed entity Platina has been active on its Owendale platinum prospect which is located approximately 5km north of the Sorpresa tenements. Here, a lateritic platinum occurrence has

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been drill defined and the deeper primary platinum has been recognised.

Platina also evaluated an ultrabasic body to the south of Sorpresa over 10 years ago reporting at the Kars prospect a narrow zone of high grade platinum within a zone of carbonate alteration within an intrusive dunite body. The dunite body was approximately 50 metres wide sitting within a pyroxenite. The better intersections in the Kars zone were as follows.

DDH KD1 40 metres at 0.43 g/t Pt inc 5.7 metres at 1.18 g/t Pt

DDH KD1 59 metres at 0.33 g/t Pt inc 1 metre at 2.65 g/t Pt

The Kars prospect is now part of the Rimfire Pacific tenement holding. Similar intersections had been reported by other exploration companies in the Murga intrusive which sits within the Sorpresa area. Three deep leads have been identified with the larger Platina lead trending north-south, a smaller north northeast trending Gillenbine Tank lead and a north northwest trending Fifield placer all following Neogene age paleochannels.

Rimfire Pacific has related the placers to Ural-Alaskan style platinum mineralisation with narrow shoots and pipes of ferro-platinum within fairly modest scale ultrabasic intrusive bodies. These types of bodies are difficult to find owing to their size and non magnetic properties. These deposits appear somewhat of a technical curiosity but, prior to the discovery and exploitation of the Norilsk system in the USSR, Sudbury and the Bushveld sequences in South Africa, Ural-Alaskan platinum deposits were the primary source of platinum group metals.

The company had undertaken work on the platinum potential of the area prior to the discovery of gold and silver at Sorpresa in 2011. Work had been focused on the development of a number of shallow open cut operations to exploit potential platinum-bearing paleochannel deep leads. The Platina lead occurs at a depth of 5-20 metres below surface and was seen as a potential target. The company outlined what could be defined as exploration targets in its 2010 annual report (ASX 21 October 2010) with a range of 0.25-0.44Mt at 2-4 g/t Pt + Au for the total 2.8km strike length of the Platina lead. The 2010 annual report shows the locations of a planned drill program.

As the Sorpresa gold discovery became the key focus of the company, these holes were not drilled and the planned program was revised to the excavation of six large trenches (Annual Report, ASX 24 October 2011). In a presentation in late 2011, the design of the trenches was shown with a shallow excavation to 6 metres depth close to historic workings followed by the excavation of a narrow trench to collect bulk samples from the deep lead material sitting at a depth below surface of 18 metres (ASX 25 November 2011). The deep lead is up to 50 metres wide. Further work was not undertaken and no resource has been estimated by the company (Annual Report, ASX 19 October 2012)

In 2013, as part of the five hole diamond drilling program, one hole FI DDH 329 was extended to a depth of 502 metres intersecting the sulphide bearing intrusive rocks at depth. The company has noted that these fractionated ultramafic rocks were different to the expected rock types of an Ural-Alaskan system opening up other geological interpretations for the area. The deep hole intersected 1 metre at 900ppm copper (bornite) at a depth of 440 metres down hole.

Regulatory Standing

The prospects at Fifield are held on New South Wales Exploration Licences EL 5534, 6241, 7959, 5565 and Mineral Claims MC (L) 305 and MC (L) 306. The tenements cover private freehold and common land which is used primarily for cropping and grazing.

Project Potential

Exploration progress has not been sufficient to offer an insight as yet into the scale of any potential development opportunity. For the foreseeable future, the company will be seeking to clarify the geological settings in which its licences are located. This work could extend well beyond a reasonable investment horizon.

The Sorpresa tenement package is located within area of structural dislocation and historic gold and platinum workings (at Fifield). The coexistence of gold and platinum is a rare occurrence in

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Australia and points to a complex and somewhat unusual local geological history.

The company has grappled with Sorpresa since its discovery in 2010. The system has no magnetic signature with few unique attributes to allow detection from remote geophysical methods. This lack of signature coupled with the subtle grade of the gold has made exploration difficult. The prospect was advanced with a small program of diamond drilling last year which confirmed the stratigraphy of the host sequence. The gold mineralisation occurs in a range of settings ranging from narrow very high grade intervals (with 1 metre intersections although the sample interval should have been reduced to reflect geological boundaries), wide lower grade zones and other zones in the altered host sediment with both attractive thickness and grade. Clearly more of the thick higher grade material is desired. The company is attempting to relate these styles of mineralisation to each other while testing the plunge of known mineralised zones.

While there is evident potential, the company could be forced to spend a lengthy period trying to resolve the complexity of what remains a modest grade gold silver system that would need scale to warrant development. The Sorpresa trend material could supplement mill feed to another discovery on the tenement package.

The renewed focus on a range of prospects within 6km of Sorpresa is could broaden the range of development options. Initial mapping and sampling of float and outcrop has shown a surprisingly diverse array of styles of gold mineralisation. The diversity is a reflection of the structural setting and clear gold endowment of the area.

The company has used its auger soil sampling to good effect at Yeo's Lookout defining a large and continuous gold soil anomaly close to a contact with a granitic body. The large soil trend and a second target that may be related to contact metamorphism closer to the intrusive offer additional exploration targets. The company has flown a detailed radiometric and gravity survey over this and other "regional" targets. This should provide sufficient information for a targeted drill program.

Central New South Wales has a number of skarn and pluton-associated gold mineralised systems. The minor element chemistry of the anomaly would support this view. Gold bearing rocks with epithermal textures at Eclipse (being further way from the granite, to the west) may be related to this system being more distal manifestations of the same mineralising event. The mineral assemblages would support this view. As with Yeo's Lookout, the recently completed geophysical survey will aid a targeted exploration program.

Recent results at Carlisle appear to be pointing to a different style of mineralisation, given the proximity of a buried magnetic anomaly and the hematite-jasper alteration evident in surface samples.

The occurrence of the distinct largely north-south trending platinum bearing deep leads has been the subject of much historic exploration at Fifield but surprisingly little deep investigation. One of the 2013 diamond holes drilled by Rimfire Pacific intersected a relatively deep copper-anomalous ultramafic rock but petrological investigation did not support the long-held Ural-Alaskan setting for the platinum. This would suggest that the prospect warrants a rethink with a review focused on potential hard rock platinum close to the deep lead. The recently completed geophysical survey cuts across part of the southern end of the deep lead and a separate analysis of this data set specifically for platinum bearing intrusive bodies may be a cost effective starting point.

Capacity to Meet Targets

The management of the company has demonstrated a capacity to manage the permitting of exploration tenements New South Wales including securing new tenements. The company has carried out exploration activities leading to drill targets but its exploration efforts have not progressed to the point where resources have been defined.

The geological complexity of the Sorpresa system has affected the flow of useful exploration outcomes but relatively low cost drilling methods have also limited the geological information about a deposit of this type. Once the necessary diamond drilling was carried out, the flow of

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geological insights improved aiding future activities. The company has a very small management team which has been recently augmented with new exploration capabilities the benefits of which have been reflected in recent exploration activity.

At the end June, the company held \$2.35M cash. The company had expenses of \$0.73M to June 2014 with some \$0.52M relating to exploration and evaluation costs (ASX 30 July 2014). In the June quarter the company received a research and development grant of \$1.15M.

The company has previously raised new funds from investors to fund exploration activity in the Fifield area. Last August, the company raised \$1.92M with a placement of new shares at 4.3c and a share purchase plan to raise a further \$1.247M (ASX 5 August, 24 September 2013). In 2012, the company raised \$2.54M at 3c with a placement and share purchase plan (ASX 31 August 2012, 31 October 2012).

Rating Discussion

PortfolioDirect has classified Rimfire Pacific Mining as a Phase I company. The **PortfolioDirect** rating system scores companies on the potential to confirm a commercially viable development within a reasonable timeframe acceptable to investment markets. A company still seeking to define a resource and whose investment potential relies primarily on exploration success will be assessed on how its exploration or development properties as well as the company measure up against the criteria summarised in the table below. The investment potential of Rimfire Pacific Mining relies primarily on a market re-rating resulting from exploration success.

Phase I Rating Scorecard	
Milestone Risks	
Consistency with recognised deposit types.	
Proximity to other discoveries.	
Availability of funding to complete a critical program of drilling or analysis.	
The track records of key executives driving exploration programs on behalf of the company.	
The company's possession of unique or innovative insights leading to reinterpretation of previous geological assessments.	
A strong focus on a specific geographic region.	
The potential to resolve outstanding technical parameters within a reasonable investment horizon.	
Market Risks	
The likelihood of a market surprise arising from a change in view about the quality of a potential mineral resource or oilfield.	
The likelihood of a market surprise arising from a change in view about the size of a potential mineral deposit or oilfield.	
Whether the company's share price has already been re-rated by the share market.	
The likelihood of a near term capital raising	

An emerging body of work indicates progress toward understanding the potential of the Sorpresa holding. Further work will be conducted here and on the company's regional targets during the balance of 2014 including interpretation of detailed magnetic and radiometric surveys of southern and eastern prospects leading to identification of drill targets with later drill testing of Carlisle,

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Yoe's Lookout and other regional Sorpresa targets.

The Sorpresa tenement has a clear gold, silver and platinum endowment. This elemental mix is uncommon in Australia and points to a unique geological history of the area. Work at the main Sorpresa discovery has been steady since 2010 but the complexity of the system and the subtle nature of the gold have led to slow progress. That said, the metallurgy of the oxide portions of the mineralisation appears benign and some particularly attractive parts of the system have been defined with good grades and thickness. Ongoing drilling is expected to expand the distribution of mineralisation.

While a stepwise approach to gain an understanding of the mineralisation is reasonable in the circumstances, the **PortfolioDirect** rating reflects a view that the exploration activities are not sufficiently advanced to offer a better prospect of market moving results within the balance of 2014 than would be available from a range of other Phase I companies. The potential timing is important in making a judgement about the rating to take account of the opportunity cost associated with an investment.

The Rimfire investment performance has shown itself to be sensitive in the past to exploration results. In October 2012, the company's share price more than doubled after it reported on activities at the Roadside Area. However, the gains from the 2012 price re-rating were steadily and fully eroded. This suggests that the market risk is now less than it might have otherwise been but it also indicates the possibility of future responses to positive exploration outcomes being more muted if investors feel the gains are not going to be held by follow through activity.

Overall, through the course of the current cycle, the company has produced returns within the top 20% of those available in the sector. The relatively high ranking on the performance scale might also suggest that leverage to exploration success may be less than for other companies in the sector.

Under these circumstances, the company might better suit an investor with an appropriately long investment horizon possibly as part of a larger portfolio of exploration properties where the attendant opportunity costs will have a lesser impact on investment performance.

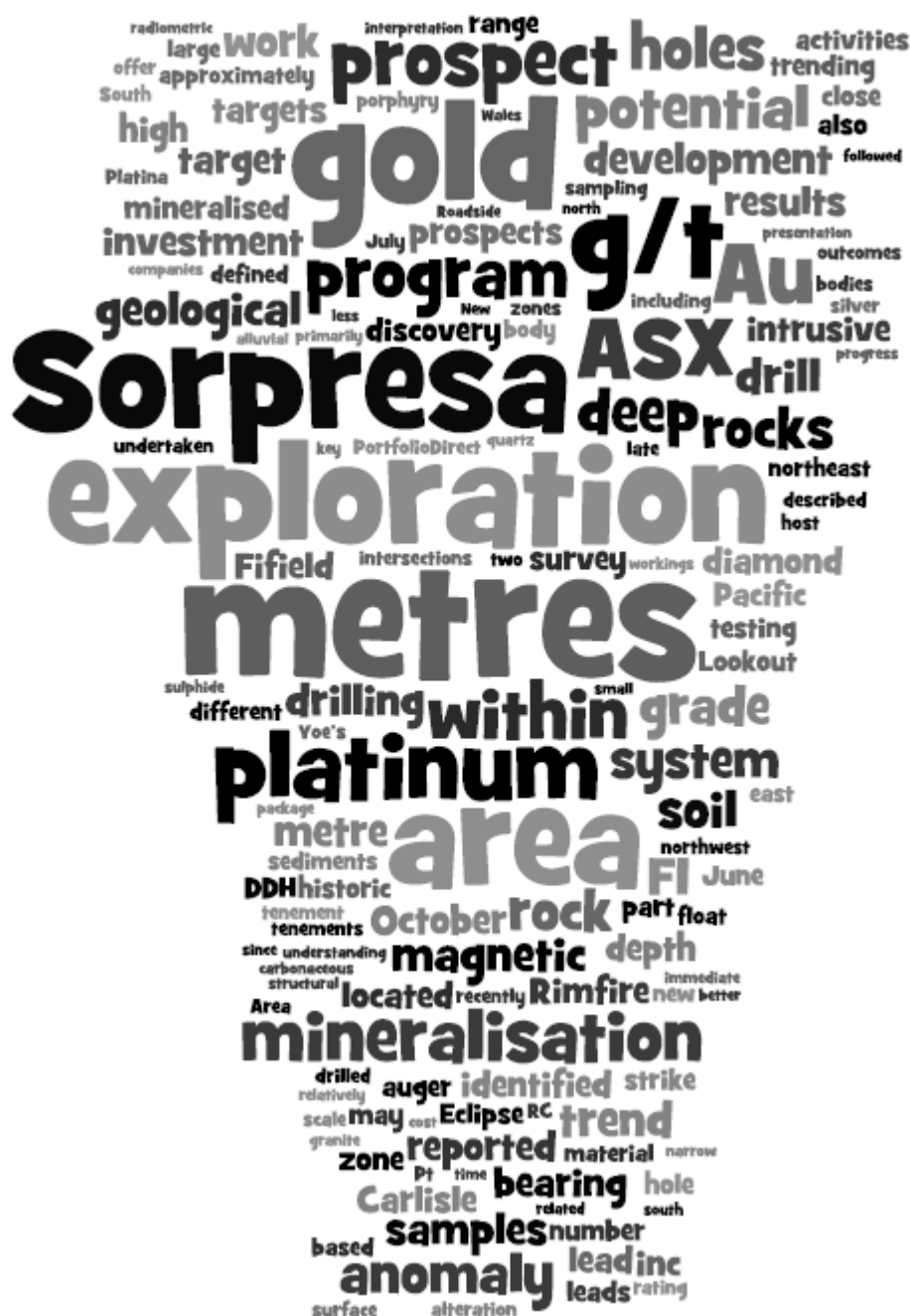
Another consideration for an investor in this case is the commodity mix. This will potentially loom more importantly in the longer term but the company could, depending on its exploration outcomes, offer an unusual precious metal combination including the possibility of meaningful platinum discoveries. This would warrant an ongoing assessment of the company even by those investors for whom investment at the current development stage may be premature.

The **PortfolioDirect** rating reflects a judgement that near term exploration activities are less likely to produce high return exploration outcomes but that the risks attaching to the investment are also generally moderate.

There is enough in the program of work foreshadowed by the company to suggest that a review later in 2014 would be warranted at which time a reassessment of the exploration progress and its impact on the **PortfolioDirect** rating could be made. ■

Abbreviations and Symbols

lb	pound	cif	cost, insurance and freight
oz	troy ounce	fob	free on board
Koz	1,000 troy ounces	fot	free on truck
Mlbs	million pounds	g/t	grams per tonne
kg	kilogram	ppm	parts per million
t	tonne	RC	reverse circulation
kt	1,000 tonnes	RAB	rotary air blast
Mt	1,000,000 tonnes	U ₃ O ₈	yellowcake (uranium)
Mtpa	million tonnes per annum	Fe/FeO	iron/iron ore
kL	kilolitre (1,000 litres)	SiO ₂	silica
ML	megalitre (one million litres)	Al ₂ O ₃	alumina
GL	gigalitre (one billion litres)	P	phosphorus
ha	hectare	TiO ₂	titanium dioxide
m	metre	ZrO ₂	zirconium dioxide
m ³	cubic metre	LOI	loss on ignition
km	kilometre	mg/l	milligrams per litre
A\$	Australian dollar	Mj/kg	mega joules per kilogram
\$M	million dollars	EBITDA	earnings before interest, tax, depreciation & amortisation
US\$	United States dollar	EBIT	earnings before interest & tax
MG/GW	megawatt/gigawatt	ROM	run of mine
ct	carat	LOM	life of mine
bbl	barrel	MOU	memorandum of understanding
mbd	million barrels a day	VTEM	Versatile Time Domain Electromagnetic
MBOE	million barrels of oil equivalent		



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