

An update on the activities and views of the work program at Platina, Fifield for the 2005 period.

The key historical question: “Where is the Bedrock Source of the alluvial Platinum at the Platina – Gillenbine Deep Lead system at Fifield NSW?”

The Platina landscape has evolved over tens of millions of years and at each and every stage there was platinum in the gravel bottom of the creeks. Today remnants of these gravels are still present and indeed the Platina Deep Lead is one of them. Today's landscape has platinum in all ages of gravel from the ancient to the current.

Today's landscape has slight topographic rises where bedrock is just below the soil. Again platinum is present in this thin soil.

Given that platinum (and gold) is present in so much gravel and so much soil why has it been difficult in the past for other explorers to see platinum in the bedrock?

This point has been raised since the discovery of the Platina field in the 1880's. Prospectors have tried, geologists have tried and the absence of success had encouraged the theory that, the platinum traveled into the Platina area tens of millions of years ago in a river that collected its platinum perhaps 10km or more away.

I had previously subscribed to this theory, until for the first time, I put the platinum from Rimfire's trial mining under the binocular microscope and saw platinum grains that had not traveled much at all. From that point on I became an enthusiast of the Platina project. With this much platinum and gold in every gravel over several square kilometres, a local bedrock source must therefore be an exceptional exploration target.

There is a geological argument against looking for a bedrock source at Platina. Platina sits on a huge belt of Alaskan type intrusions. These intrusive types occur at several places around the world. They frequently have alluvial platinum draining from them but they almost never have platinum mines in the bedrock. The platinum occurs as sub economic disseminations in the intrusive. The intrusive belt that Platina sits on has such disseminations of platinum and Rimfire has several of the locations e.g. Kars. These intrusives are strongly magnetic and drill holes into them frequently return sub economic intersections of platinum.

In contrast with this Alaskan intrusive belt style of platinum geology target, the Platina Deep Lead to the Gillenbine Deep Lead and further north, contain distinctly different geology. There is no Alaskan intrusive and sub economic disseminated platinum is completely absent yet this is the most productive platinum area in Australia (excluding byproduct Pt elsewhere in Australia, records show in excess of 20,000oz of dedicated platinum mining at Fifield). This is why geologists have previously theorised that the

platinum had been carried in from 10 km or more; there is no Alaskan intrusive suitably placed to provide the platinum that has been mined in the alluvials.

Rimfire's Search for the Platinum Bedrock Source at Platina

The trial mining and gravel trenches done in 2005, gave an excellent opportunity to study the platinum and gold. It became apparent that some of the metal had not traveled any distance at all and that at least part of the source was in the bedrock directly below the gravel.

In Rimfire's recent work a distinctive mineral has been observed that seems to always occur with the alluvial platinum. This is a rare type of cassiterite (tin oxide). The cassiterite occurred as broken special crystals that had not traveled far.

The next milestone in my work in the search for the source was the recognition that the platinum bearing soil over bedrock was semi residual soil and short travel eluvium. It was not platinum in destroyed gravel it was simply platinum in soil derived from weathered bedrock, hence the bedrock should contain platinum. This soil and eluvium also contained the distinctive cassiterite that went with the platinum.

The platinum bearing soil had been mined in the 1920-1930 era as soil scrapes. The soil was scooped up with horse drawn scrapers and carted to puddling plants for platinum and gold removal. Having recognized these scraped areas, these were then mapped as they represented an excellent insight into where the bedrock was platinum bearing.

The soil scrapes occurred over unique mineralised geology that has been described by Rimfire as the **"shear zone dyke model"**. Detail study of the exposed bedrock below the soil scrapes revealed special tiny quartz veins with the distinctive cassiterite platinum indicator crystals. The bedrock home of the indicator had been found below the soil that had been mined for platinum.

It is now established that soil scrapes are over or very close to the bedrock source of the platinum. Instead of going straight to drilling it was decided to learn more of the nature of the bedrock platinum mineralisation because it had never been seen and while we knew approximately where it was we did not know what it looked like or what its orientation was.

A program of trenching in the bottom of the soil scrapes was commenced. Unfortunately this has coincided with the breaking of the year's long drought (160mm in one 12 hour period!). Trenches filled with water shortly after being dug. It became a scramble to dig, map and sample trenches in the gaps between the rains. This was not conducive to the learning exercise that was planned. It has also necessitated the use of assays rather than taking longer observations on site and locating platinum in the rock and studying its occurrence.

Despite these problems with weather in the last month, 9 trenches were completed (224m) and **for the first time, coarse platinum was identified under binocular microscope in the field after panning crushed rock samples from the trenches.** The amounts of platinum are not high and due to the rain it has not been possible to go back to the trenches and study the occurrences.

Assays are being carried out on trench samples but assays will statistically suffer, with likely poor results from the coarse grain size of the platinum and the extremely soft clay rich nature of the host rock. The recent trenching program has provided sufficient guidance and confidence, and Rimfire is now proceeding to the RC drilling phase of exploration shortly, where it is hoped to achieve suitable samples on which to assay, within the known limitations of assays of this type.

If Platinum is simply in the bedrock below the soil scrapes, why has it remained undiscovered for so long?

Rimfire has gained substantial advances in its knowledge of the geology at Platina including the bedrock platinum, but more is required and this will hopefully be achieved through the drill program.

The historic soil miners (1920's and 30's) recorded that it takes several tonnes of soil to test if it contains economic platinum. Small dish samples were not adequate due to statistical sample error, and were considered inadequate to determine a proper grade for platinum. The bedrock below the soil scrapes requires either big enough samples such that the overall grade is represented or an obvious lode that the prospector can see. Neither of these needs have been met. Even in the Rimfire's recent trenches it is not yet possible to predict which parts of the trench will contain the platinum. Ideally, each geological position in the trench actually requires a bulk sample to determine if it does or does not contain platinum.

It is interesting that in the 1920's, soil miners new the statistical requirements of estimating the grade of coarse platinum. In 2005 modern day expectations have frequently forgotten this lesson, and we get unnecessarily annoyed if results are not immediately forthcoming in a 30g laboratory assay charge.

The prospecting by both companies and prospectors appears to have missed the obvious and distinctive crystalline cassiterite in the gravel, soil and bedrock. Had this been noted by previous explorers there may have been a more determined effort to find the associated platinum.

The platinum bearing bedrock, what have we learnt so far?

1. That “coarse grain platinum does exist in bedrock”!
2. It is in shear and breccias zones associated with non magnetic basic dykes.

3. There is a quartz gossan phase of mineralisation that does not appear to contain platinum or gold.
4. There is a quartz vein mineralising event that contains cassiterite but again there is no platinum or gold with this event.
5. A platinum mineralising event occurs after the cassiterite quartz introduction where by the cassiterite quartz event is brecciated. This can be accompanied by distinctive coarse pyrite crystals in the breccia.

The Mineralisation that is buried by the Platina Valley Alluvium

This area was not available for historic soil miners as it is below 2 to 13 metres of alluvium. This mineralisation is indicated by the untraveled gold and platinum portion of the metal grains in the Platina Deep Lead.

Rimfire's Auger drilling through the alluvium **has occasionally hit coarse platinum in the underlying bedrock**. This is quite remarkable statistically given the small sample size involved. (Contamination from the overlying alluvium is unlikely to be the explanation for the platinum observed as the platinum is accompanied by oxidised pyrite and elevated As and Pb).

To date, these buried targets are only indicated by sparse drilling and a slight magnetic response. The upcoming drilling program will attempt to test these targets amongst others.

Mineralisation away from the Historic Soil Mines and the Platina Deep Lead – Clues developed from Platina

Only a small amount of work has so far been placed in this direction, but what we have seen is encouraging. To further test our observations of the new geological model that is being developed, exploration effort was applied in a preliminary fashion to the surrounds west of the current Platina work area. The result of this was the discovery of a patch of soil measuring 200m x 30m where small amounts of coarse platinum could be panned from soil samples. No previous platinum mining had occurred on this area. This is encouraging in that even the surface conventional prospecting has not been exhaustively applied by past workers, and new areas of discovery may exist.

Geophysics has been a useful tool, when matched with the findings at Platina, to assist this type of search for new prospective areas.

Statistical Sampling and Assay problems for Coarse Grain Platinum and Gold

Coarse platinum means excellent metallurgy and we know from refining trials undertaken in the first half of 2005, that the material refines well, but the coarse nature of the platinum does create statistically unreliable assays. This is the trade-off at Platina. An

uneven, unpredictable distribution of the platinum grains coupled with their coarse grain size means the conventional assay method is of limited use.

I have relevant experience with coarse grain material (Au), and Rimfire is taking advice from experienced professionals in the industry on this common problem.

One solution is to do conventional sample preparation for coarse grained metal but instead of sub sampling 30g and assaying, the entire sample is panned to a 30g concentrate. The concentrate is then assayed and back calculated to give a gravity concentratable grade.

Effort is also being applied to find a reliable easy to assay element to act as a pathfinder to the platinum. Tin is unfortunately expensive to assay for and has its own distribution problems.

It will be interesting to study the “coarse grain effect” on the current samples under assay for the trench and auger drilling work.

The role of detailed Geophysics, in light of the new observations at Platina

Rimfire have previously flown detailed (20m height at 20m spacing) aerial magnetics and radiometrics. This data has been extensively reworked by geophysicist Hugh Rutter in the light of the currently developing geological model for bedrock platinum mineralisation.

The geophysical data is integrated with geological and other data to provide the best possible three dimensional view of the prospective ground. This has resulted in auger holes being sited on alluvium and finding mineralisation in the bedrock. It has also enabled shear zones to be followed through areas where there is no surface data.

The magnetic signature of the mineralisation is subtle and requires skill to separate from magnetic gravel.

The radiometrics also have a roll to play in outlining the geology and specific parts of the alluvium. It is possible that radiometric hole logging may separate dyke rocks in the complex shear zones.

Petrology – Knowing our rocks

The petrology of rocks and native metals is being attended to by Jane and Larry Barron as well as Graham Teale. These are leading petrologists.

To date, the petrologists have been hampered by the lack of fresh rock samples, but the coming drill program will help in this regard.

The developing mineralisation model is a unique geological setting and the expert petrology will hopefully enable Rimfire to make full use of its strong land holding position in the Fifield region for a wider use of the model in exploration beyond Platina.

Exploration Data Compilation and Integration at Platina

Data is being digitised, drafted and filed by Ross Caughey of Flagstaff GeoConsultants of Melbourne. This will ensure a logical and professional data bank that will travel forward with the project. Ross (a capable geologist) will be involved in the upcoming drill program thus ensuring an efficient connection between data gathering and data storage.

What Resource Size is Rimfire targeting at Platina?

The obvious must be clearly stated. No company can predict the resource size of a deposit that is still currently conceptual and not yet drilled.

However, gaining a sense as to whether we are exploring for a deposit that has potential economic merit, is important. Rimfire is still in the pre discovery stage, and it is prior to a detailed drilling program at Platina, so hard economic estimates are not appropriate.

Notwithstanding this, Rimfire has reasons to see potential for a size of ore body that would have the potential to be a significant primary platinum discovery for the Company. Part of Rimfire's change of direction from exploring for platinum bearing gravel in the alluvium and pursuing the exploration for the bedrock source at Platina is indeed the potential resource size available.

The rocks being tested for bedrock platinum are decomposed sediments and basic dykes. The rocks are soft, easy to mine and easy to crush. The topography is ideal for mining and the location could hardly be any better, although water resource is a potential consideration.

The historic soil mining shows bulk economic grades over good mining widths e.g. 30m to 70m.

The sort of mining envisaged, by Rimfire, should it eventuate, is a soft rock open cut with good depth potential due to suitable widths of mineralisation.

The metallurgical treatment envisaged is soft rock crushing and grinding followed by gravity separation of platinum and gold, then a straight forward refining stage.

The historic soil mines covered approximately 40,000 sq m. The majority of the area looks to have been acceptable economic grade as there are no spoil heaps. The soil mining would have been direct, if the grade dropped below economic levels the mining would have moved to where it was economic. The soil mining favoured the top part of

the soil unlike alluvium mining that favours the bottom part. Hence there was no stripping the top layer off to see if the bottom was worth mining.

The depth of the soil mining was limited by the depth to bedrock or the level of impossible to puddle clay that lay in the subsoil.

The historic grade of the soil is not recorded. Nor is there realistic records kept of the quantity of platinum produced from soil. However, we do know from the records that a grade of 0.7g/t was not worth puddling in those days, let alone mining and puddling. It can be expected that a bulk grade in excess of 1.5g/t was recovered by the soil miners. The amount of loss over the sluice race must also have been considerable.

A bulk grade of 1.5g/t platinum would be sufficient to operate the kind of open cut mine that Rimfire sees as a suitable target.

Mineralisation currently below the alluvium and currently sitting at surface unexploited would add greatly to the area known from its soil scrapes.

The above, in the context of the new geology model developed, leads Rimfire to believe it is pursuing a significant exploration objective at Platina.

Conclusions regarding exploration for a bedrock Platinum Deposit at Platina

1. Rimfire considers that the “**bedrock source**” of the alluvial platinum is partly below the nearby historic soil platinum mines and partly below the alluvium of the Platina Deep Lead Valley.
2. The indications are that exploration potential exists for the discovery of bedrock mineralisation capable of sustaining a profitable open cut mining operation of sufficient size to secure a future for Rimfire.
3. The all important next phase of exploration, is drilling, and it will largely be designed to locate bedrock platinum mineralisation. Many holes will be expended in just locating platinum rather than delineating an ore body.
4. Statistical shortcomings in assays will be a constant source of variance as the Platina ore type is likely not well suited to modern assay expectations. This means to create a correct interpretation for grade and distribution we need to reduce this problem as much as current methods allow. The likely metallurgical simplicity of the ore offsets the statistical assay problem.
5. Unlike drilling in the Alaskan style intrusions with low grade, fine disseminated platinum, drilling in this Platina mineralisation will have holes that hit mineralisation

and holes that have no platinum at all. It will be more like drilling gold where you hit the lode or you miss it.

The Proposed Drill Program

This is planned to commence in the second half of January 06. Central Exploration Drilling has Rimfire on their program list for this time.

The majority of holes will be 48 to 56m long at 60 degree dip. Some holes will need to be around 100m in length due to access restraints.

A total of 3000m is planned and detailed hole locations are being formulated.

The Bingara Diamond Project – Exploration Observations designed to make a difference

This project has a close parallel to the platinum occurrence at Fifield, with respect to the inability of past explorers to pursue and find a bedrock source of the alluvial minerals, in this case Diamonds. When prospectors and geologists were unable to find the bedrock source of the Diamonds at Copeton-Bingara, then the observation of alluvial diamonds was attributed to comments such as “The diamonds come from some other far away place deposited by a glacier in the Permian ice age”.

The general view that I heard from kimberlitic diamond experts is that the entrenched antagonism towards the subduction diamond model will only change if there is irrefutable proof that the alluvial macro diamonds have a local bedrock source.

Whilst I have worked on Diamond geology on a few occasions, Rimfire is in an enviable position of having the world leading expertise of Jane Barron and Larry Barron, consulting to the Company on subduction Diamonds.

Jane and Larry Barron will shortly be publishing a major paper on subduction diamonds in the important North American Journal, Economic Geology. This is titled "Eclogitic and ultrahigh-pressure-crustal Garnets and their relationship to Phanerozoic subduction diamonds, Bingara area, New England Fold Belt, Eastern Australia".

This paper, using results that are central within Rimfire’s historic exploration efforts, will help establish the credibility of exploration for subduction diamonds.

My view is consistent with Rimfire’s interpretation of the proximal source of diamonds at Bingara. The glacial diamond transport theory has no credence in the location of diamonds in the Bingara district. The macro diamonds have a local source. The exploration challenges and risks are; Can we find it? Can we prove we have found it? Is it economic?

To advance this project on a modest budget in a short time frame means that Rimfire must adopt a different approach. Rimfire needs to establish that the bedrock has diamonds. This is very difficult with macro diamonds as the sample cost is huge. We need to drill holes and test for micro diamonds in rock. If we find micro diamonds the credibility of the subduction diamond model will be established because we already have the macro diamonds in alluvial sampling and the micro diamonds will indicate that the macro diamonds also have a local bedrock source.

The combination of Rimfire's results to date of :

- Macro diamonds in stream sediment samples
- Numerous geophysical anomalies of interest
- Extensive studies of key diamond indicator minerals (High Sodium Eclogitic Garnet), in large quantities and narrow dispersion, proximal to the geophysical features
- Recognition of the subduction model for diamond formation conditions

gives the Company confidence to pursue the project.

The diamond exploration data (garnet grains and diamonds) is being assembled into a data base package that allows overlays with magnetics, topography radiometrics and geology. Geological field work will be carried out on key areas. A probable auger drilling program on important areas where outcrop is poor may be required to fill in important knowledge gaps. The result of all this will be selection of the best areas for drilling and micro diamond analysis.

The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves 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.