

Friday, 28<sup>th</sup> October 2016  
Company Announcement Office  
Australian Securities Exchange

## **Rimfire Enters into Significant Transaction with New Gold Inc. at Fifield NSW**

Rimfire Pacific Mining NL (ASX:RIM) ("Rimfire" or "The Company") is pleased to announce execution of subscription, earn-in and joint venture agreements with Australian subsidiaries of New Gold Inc. ("New Gold") (TSX:NGD) (NYSE MKT:NGD), a Canadian TSX listed, gold producer and developer. Key elements of the agreements are as follows:

- **Immediate A\$0.5 million equity investment in Rimfire shares at 2.1 cents (the 2016 SPP price).**
- **Subject to New Gold securing FIRB approval and Ministerial consents, minimum spend on the Fifield tenements by New Gold of A\$2 million within the first year, with no withdrawal right.**
- **New Gold may elect to spend a further A\$5 million within the first three years, to earn a 51% interest in the Fifield tenements (New Gold total expenditure at Fifield A\$7 million).**
- **New Gold may elect to spend an additional A\$5 million within the first five years, to earn an additional 19% interest and form an unincorporated exploration, development and mining joint venture (Rimfire 30%: New Gold 70%), (New Gold total expenditure at Fifield A\$12 million). If this further funding of A\$5 million is not completed by New Gold within the first five years, an unincorporated exploration, development and mining joint venture will form (Rimfire 49%: New Gold 51%).**
- **Should the current Sorpresa gold and silver mineral resource ultimately be mined and processed, New Gold would pay Rimfire additional monies up to A\$5 million.**
- **In recognition of Rimfire's outstanding technical work, Rimfire will have direct spending control of 15% of the first A\$7 million funded by New Gold, to continue its exploration work at Fifield contemporaneously with New Gold's exploration activities at Fifield.**

Rimfire's Managing Director and CEO, John Kaminsky, said "We are very pleased that New Gold, a CAD\$2.7 billion company, has recognised the great potential at our Fifield leases and is keen to examine that, providing financial and technical resources to accelerate the discovery work on our numerous prospects".

John Kaminsky also noted, "During a number of visits to Fifield we have established a strong respect for the New Gold technical team and look forward to working with them over the coming years. It is a great credit to Colin Plumridge, our Principal Geologist, and the Rimfire team, that New Gold will allocate directly to Rimfire, 15% of the expenditure for the A\$2 million New Gold initial funding and 15% on any further funds incurred by New Gold (to an aggregate of A\$7 million) to earn a 51% interest".

New Gold's, Mark Petersen, Vice President, Exploration, stated "We are excited to work with the Rimfire team as the Fifield Project demonstrates large-scale, world-class discovery potential in a geologic setting very familiar to us".

New Gold has commented that, "The project is strategically positioned along the prolific Lachlan Transverse Zone, host to several established mining operations including the Cadia and North Parkes copper-gold mines, both of which share strong geologic characteristics with New Gold's New Afton copper-gold mine in Kamloops, British Columbia".

Details of key elements in the Farm out agreements are outlined in the attached Appendix.

A handwritten signature in black ink, appearing to read "J. Kaminsky", with a stylized flourish at the end.

**JOHN KAMINSKY**  
CEO and Managing Director

## About New Gold

New Gold is an intermediate gold mining company. The company has a portfolio of four producing assets and two significant development projects. The New Afton Mine in Canada, the Mesquite Mine in the United States, the Peak Mines in NSW, Australia and the Cerro San Pedro Mine in Mexico, provide the company with its current production base.

In addition, New Gold owns 100% of the Rainy River and Blackwater projects, both in Canada, as well as a 4% gold stream on the El Morro project located in Chile. New Gold's objective is to be the leading intermediate gold producer, focused on the environment and social responsibility. For further information on the company, please visit [www.newgold.com](http://www.newgold.com).

## About Rimfire Pacific Mining

Rimfire Pacific Mining is an ASX listed (code: RIM) resources exploration company that has its major emphasis focused at Fifield in central NSW, located within the world class copper-gold corridor, the Lachlan Transverse Zone (LTZ).

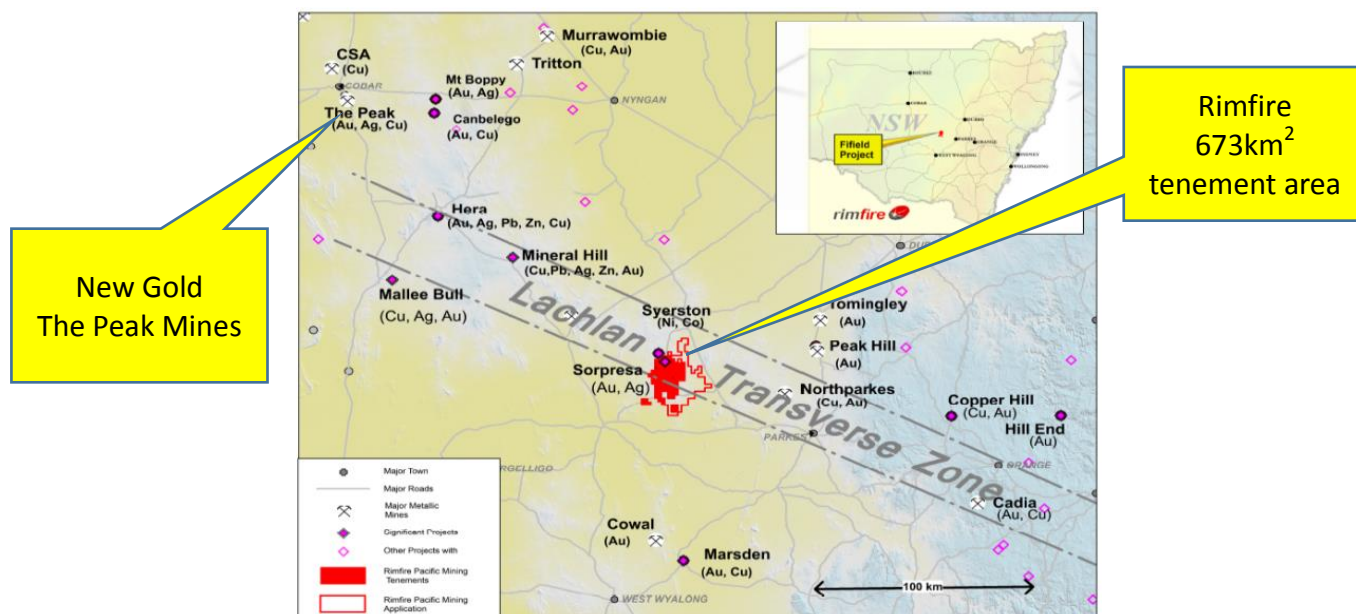
Whilst Fifield is historically recognised as Australia's largest dedicated Platinum producing area 120 years ago, the Company has now established multiple project areas of importance involving hard rock Gold (Au), Silver (Ag), Copper (Cu) and Platinum (Pt) within an extensive prospective 35km<sup>2</sup> area at Fifield which is part of the broader contiguous 673 km<sup>2</sup> tenement position held.

In 2010, the Company reached an important milestone with the Sorpresa project greenfields gold and silver discovery in the Fifield district. Since 2011 further examination provided conclusive evidence that there is an greater than 18km<sup>2</sup> area of similar geology around Sorpresa, of which less than 10% has been tested. The Company delivered its maiden JORC 2012 compliant resource in Dec 2014.

Subsequent district exploration within a 6km radius of Sorpresa has provided evidence that the "Wider Sorpresa Area" of 35km<sup>2</sup> is now considered a significant gold mineralised system of considerable promise. More recently a copper signature has also been established to the East. The company considers the mineralised potential in the district to be multi-million ounce gold equivalent in future discoveries.

The Company has committed to pursue a **prospect portfolio strategy** of developing the regional prospects at Fifield to suitable stages, in parallel with the Sorpresa gold and silver project area.

The discovery and development potential will be pursued in an aggressive and responsible manner, remaining flexible as necessary, recognising the need to add value to its project areas. The broader vision is to successfully deliver positive resource project outcomes that are suitable for mining within the Fifield district. For further information on the company, please visit [www.rimfire.com.au](http://www.rimfire.com.au).



## Appendix

### Key terms

Rimfire has entered into a comprehensive suite of legally binding documents with New Gold regulating an earn-in and exploration, development and mining joint venture relationship between New Gold and Rimfire, whereby:

- ❑ New Gold immediately subscribes for a placement of 23.8 million Rimfire shares to the value of A\$500,000 at A\$0.021 each, representing approximately 2.5% shareholding in RIM, subject to voluntary escrow for 12 months;
- ❑ New Gold must incur exploration expenditure of A\$2 million on Rimfire's Fifield Project within 1 year of the effective date when all conditions are satisfied including FIRB approval and Ministerial approvals (**Effective Date**); no interest is earned if New Gold withdraws at this stage; Rimfire has direct control of 15% of this funding on exploration activities at Fifield;
- ❑ New Gold may elect to incur further exploration expenditure of A\$5 million on Rimfire's Fifield Project within 3 years of the Effective Date, to earn a 51% interest in the Fifield Project tenements; Rimfire has direct control of 15% of this funding on exploration activities at Fifield;
- ❑ New Gold may then elect to incur further exploration expenditure of A\$5 million on Rimfire's Fifield Project tenements within 5 years of the Effective Date to earn an additional 19% (total 70%) interest in the Fifield Project tenements; if the additional A\$5 million is incurred, an unincorporated Fifield Joint Venture for exploration, development and mining forms, where Rimfire will have a 30% Joint Venture Interest and New Gold will have a 70% Joint Venture Interest. If New Gold does not incur the additional A\$5 million, Rimfire will have a 49% Joint Venture Interest and New Gold will have a 51% Joint Venture Interest;
- ❑ Rimfire may incur its own expenditure of up to A\$3 million on the Fifield Project (without any obligation to do so) before New Gold has earned a 51% interest; any such expenditure will be credited in favour of Rimfire against the first A\$3 million of cash calls for pro rata contributions to joint venture expenditure made after New Gold has earned its interest in the Fifield Joint Venture;
- ❑ Both parties agree to an Area of Interest comprising 5km from the boundaries of the current Fifield Project area, so that any future tenement acquisitions within the Area of Interest must be included in the Fifield Joint Venture area;
- ❑ New Gold will manage the Joint Venture; during the Joint Venture phase, most decisions are made by simple majority votes of a management committee based on percentage Joint Venture Interest held. Some decisions require 85% majority approval such as divestment of substantially all Joint Venture assets; approval of annual budgets less than the previous year's budget, and establishing a working capital reserve in excess of certain pre-agreed amounts;
- ❑ Industry standard assignment provisions, dilution formula, cash call, cross charges and dispute resolution by Sydney arbitration regimes apply; all contracts with related party entities must be on arm's length terms regardless of the quantum of Joint Venture Interests held by the parties;
- ❑ From the Effective Date Rimfire agrees to provide certain technical services to New Gold at cost for a minimum period of 6 months;
- ❑ Where a Joint Venture Interest reduces to 10% or less, the majority Joint Venture Interest holder may require the other party to convert its Joint Venture Interest to a 2% net smelter return royalty (which may be reduced within 2 years of commercial production commencing to a 1% net smelter return, for a cash payment of A\$5 million);
- ❑ In some cases, default may result in forced sale to the other party at fair market value (to be independently determined);
- ❑ Where commercial production eventuates under a mine plan including Rimfire's current Sorpresa Mineral Resource, New Gold must make a A\$5 million cash payment to Rimfire provided New Gold holds at least a 51% Joint Venture Interest at the time; where New Gold holds a lesser interest the quantum of the cash payment reduces on a proportionate basis according to a formula and gold/silver actually produced and will be paid based on the number of gold and silver ounces that are produced;
- ❑ A New Gold subsidiary is appointed on a no-profit basis to manage the sales process for all Joint Venture product for New Gold and Rimfire on the same terms.