Financial Information

Year Ended 30 June 2011

AMIRA International Limited ACN 004 448 266 ABN 60 176 687 975
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Directors' Report

Year Ended 30 June 2011

Directors' Report

The directors present their report on the consolidated entity (AMIRA Group) consisting of AMIRA International Limited and the entities that it controlled during and at the end of the year ended 30 June 2011.

Principal activity

AMIRA's principal activity during the year was to promote research in fields of interest to the minerals industry through the development, brokerage and oversight of collaboratively funded research and development projects.

Results of operations

AMIRA's profit for the year was $776,455 (2010: $1,946,741). This result was after taking into account, revaluation of investments of $413,748 (2010: $800,276) that are outside the normal operating activity of the AMIRA Group. When these impairment losses are excluded, the operating profit for the year was $362,707 (2010: $1,146,465).

Review of operations

In the year ended 30 June 2011, revenue increased by $13,549 to $5,122,292.

During the same period, costs increased by $1,188,510 to $4,336,665. Most notably, salaries and employee benefits increased by $880,205 due to additional temporary staffing requirements to implement strategic objectives. Travel and communications increased by $172,641 due to increased overseas activity by senior management. Bad and doubtful debts offset the above expenses by $158,683 reflecting the collection of invoices written off in prior years.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of AMIRA during the fiscal year ended 30 June 2011 other than the following:

Significant events after the balance date

The directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years AMIRA's operations, the results of those operations, or the state of AMIRA's affairs except for the following:

- Since 30 June 2011 to 31 August 2011, the market value of AMIRA's investment has decreased by $5,150.

Likely developments in future years

The directors have revised the strategy and operating structure of the business to ensure AMIRA offers efficient and cost effective solutions to meet its members' on-going requirements for collaborative research during both the current economic downturn and for the long term future.

It is the intention of directors that AMIRA reduces its operating costs and that the business continues as a going concern.

Details of directors

Changes to the directors of AMIRA International Limited during the financial year and up to the date of this report were:

- M Le Vier resigned on 27 October 2010
- F Burgess resigned on 18 November 2010
- M Du Plessis appointed on 18 November 2010
- R Costa appointed on 18 November 2010

Information about the directors is provided as follows and forms part of this report:

- Names of directors and details of their qualifications, experience and special responsibilities are provided on pages 3-5 and
- Number of board and committee meetings and attendance by directors at these meetings is provided on page 6.

Company secretary
The qualifications and experience of AMIRA's current and former company secretary is provided on page 5 and forms part of this report.

Directors' and officers' indemnity and insurance
AMIRA maintains a directors' and officers' insurance policy to cover losses for which the director or officer is not otherwise indemnified by AMIRA. The insurance policy does not extend to situations where liability arises out of:

- The improper use of position or information to gain any profit or advantage or cause detriment to the company;
- Conduct involving a wilful breach of duty in relation to any company; and
- Any criminal, dishonest or fraudulent acts or omissions.

Auditor independence and non-audit services
The directors have received a declaration of auditor independence from the auditor of AMIRA International Limited and this is given on page 7.

This report is made in accordance with a resolution of the directors.

Doug Magoon

Doug Magoon, Chairman

Place: Vancouver
Date: 19 October 2011 Vancouver / 20 October 2011 Melbourne

Directors' Information

***The Directors at the date of this report are*:**

Name	Initial Appointment
DH Magoon	16 March 2005
D Olney	21 September 2006
J Pease	26 September 2003
B E Smith	25 March 2004
W Valery	22 September 2004
S R Gilbert	24 April 2008
J C Salas	1 October 2008
C Treacy[1]	21 September 2006
N Plint	25 November 2009
P Kondos	25 November 2009
M Henderson	25 November 2009
K Hoots	25 November 2009
A Paverd	25 November 2009
I Willis	21 January 2010
R Costa	18 November 2010
M Du Plessis	18 November 2010

A brief biography for each of the current Directors is as follows:

Douglas H Magoon, BSc Eng, PEng, MCIM
Technical Adviser, Teck
Mr Magoon joined AMIRA International Limited as a non-executive Director in March 2005 and was appointed Chairman in October 2008. He is Chairman of the Executive Committee, Nomination & Membership Committee and the Remuneration Committee. He is a member of the Finance and Audit Committee and a member of the Board of AMIRA International North America, Inc. He was appointed as the Executive Chairman on 24 June 2009. He resigned as Executive Chairman on 22 April 2010.

Dave Olney, BSc (Mineral Science), MAICD
Vice President, Projects, Mining and Refining, Alcoa World Alumina
Mr Olney joined AMIRA International Limited as a non-executive Director in September 2006 and was appointed Senior Vice Chairman in October 2008. He is a member of the Executive Committee and the Remuneration Committee.

Joe Pease, BEng (Met Hons), BEc, MAusIMM, MCIM
General Manager – Xstrata Technology, Xstrata Copper Australia
Mr Pease joined AMIRA International Limited as a non-executive Director in September 2003 and was appointed Deputy Vice Chairman in October 2008. He is a member of the Executive Committee and the Remuneration Committee.

[1] *Resigned 1 October 2008, reappointed 25 May 2009*.

Brian Smith, BSc (Hons), PhD
Global Manager Research & Development, BHP Billiton Ltd
Dr Smith joined AMIRA International Limited as a non-executive Director in March 2004. He resigned from the Executive Committee on 1 October 2009.

Walter Valery, PhD, B.E., M.Eng.Sc, FAusIMM
Senior Vice President - Global, Metso Process Technology & Innovation, Metso Minerals (Australia) Limited.
Dr Valery joined AMIRA International Limited as a non-executive Director in September 2004.

S Rick Gilbert, BSc
Vice President Technology & Product Development,
Freeport McMoRan Mining Company
Mr Gilbert joined AMIRA International Limited as a non-executive Director in April 2008. He is a member of the Executive Committee and on the Board of AMIRA International North America, Inc.

Juan Carlos Salas, BSc, PhD
Manager of Innovation, Antofagasta Minerals S.A.
Dr Salas joined AMIRA International Limited as a non-executive Director in October 2008.

Calvin P Treacy, BE (Mech), MBA
Consultant
Mr Treacy joined AMIRA International as a non-executive Director on September 2006 and resigned on 2 October
2008. He was then reappointed as an Executive Director 25 May 2009. Mr Treacy is a member of the Finance and Audit Committee and became Chair of this Committee in October 2008. He chaired this Committee as a consultant from October 2008 until his reappointment to the Board on 25 May 2009. He resigned his role as Executive Director on 22 April 2010.

Neville Plint, PhD MBA
Head Research & Development, Anglo Platinum

Dr Plint joined AMIRA International as a non-executive Director in November 2009. He is Chairman of the AMIRA International Africa Board.

Peter Kondos,
Senior Manager Research & Development, Barrick Gold Corporation
Dr Kondos joined AMIRA International as a none-executive Director in November 2009.

Mick Henderson
Product Development Manager, Russell Mineral Equipment Pty Ltd
Mr Henderson joined AMIRA International as a non-executive Director in November 2009.

Kent Hoots, B.S. Industrial Engineering
Vice President Asia Pacific, Boart Longyear Pty Ltd
Mr Hoots joined AMIRA International as a non-executive Director in November 2009.

Aubrey Paverd, B.Sc (Hons), M.Sc,. PhD
Director, Compania De Minas Buenaventura
Dr Paverd joined AMIRA International as a non-executive Director in November 2009.

Ian Willis, BA (Hons) MSc (Applied Geology)
Regional Head of Exploration (Asia Australia), Anglo American Exploration (Australia) Pty Ltd
Mr Willis joined AMIRA International as a non-executive Director in January 2010.

Marinus Du Plessis, MSc Technology Management, BSc Hons Tech Management, BSc Hons Geo-Technical Engineering, BSc Geology NDIP Metallurgical Engineering, SMP (Senior Management Program)
Manager, Technical Advisory & Innovation Technolgy, Exxaro Resources Limited
Mr Du Plessis joined AMIRA International as a non-executive Director in November 2010.

Renato Costa, MBA Hydrometallurgy
General Manager of Technology Australia, Vale Australia
Mr Costa joined AMIRA International as a non-executive Director in November 2010.

Qualifications and experience of the company secretary

Daniel Vertes, BCom, BEco, CPA
Financial Controller, AMIRA International Limited
Mr Vertes joined AMIRA on 22 June 2010 and was appointed to the role of Company Secretary on 22 July 2010. He has extensive experience in ASX and NASDAQ public company reporting.

Brief details of former directors and former company secretaries are as follows:

Former directors

Marc Le Vier, BSc, MSc, Met Engr, SME, MMSA
Senior Director, Metallurgical Research & Development Services, Newmont Mining Corporation
Mr Le Vier joined AMIRA International Limited as a non-executive Director in September 2006. He was a member of the Finance and Audit Committee and is the Chairman of the Board of AMIRA International North America, Inc.

Fran Burgess, MBA, BSc Technology (Mineral Processing), BApp Economics, BApp Science (Environmental Management)
Group Manager Metallurgy, Minerals & Metals Group Ltd
Mrs Burgess joined AMIRA International as a non-executive Director in November 2009.

Directors' meetings

During the year ended 30 June 2011, each director attended the following board and committee meetings while a director:

	2010 / 2011 Meetings Attended							
	Board		Executive Committee		Finance & Audit Committee		Remuneration Committee	
Directors	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended
D H Magoon (Chairman)	5	5	6	5	2	1	2	2
D Olney	5	5	6	5				
J Pease	5	4	6	4			2	2
B E Smith	5	4						
W Valery	5	2					2	0
M Le Vier *(Resigned 27 October 2010)*	2	2	2	1	1	0		
R Gilbert	5	5	6	5				
C Treacy	5	5	6	5	2	2		
G Johnson *(Resigned 5 July 2010)*	0							
J C Salas	5	5	4	2			2	2
F Burgess *Resigned 18 November 2010*	3	3						
N Plint	5	4	4	4	1	0	2	1
P Kondos	5	4			1	0		
M Henderson	5	4						
K Hoots	5	5					2	2
A Paverd	5	4	4	4	1	1	2	2
I Willis	5	5						
M du Plessis *(Appointed 18 November 2010)*	2	2						
R Costa *(Appointed 18 November 2010*	2	2						
W Stange	5	5	6	6	2	2	2	2

Column a: number of meetings held while a director and a member of the committee
Column b: number of meetings attended while a director and a member of the committee

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Auditor's Independence Declaration to the Directors of AMIRA International Limited

In relation to our audit of the financial report of AMIRA International Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn

Partner
Melbourne
20 October 2011

Financial Report

Year Ended 30 June 2011

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Financial Report

Statement of financial position

	Note	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
Assets					
Current assets					
Cash and cash equivalents	6	9,419,913	6,612,215	9,032,920	6,300,845
Trade and other receivables	7	4,554,078	4,058,315	5,249,496	4,474,583
Financial assets at fair value through profit or loss	8	907,200	379,752	907,200	379,752
Held to maturity investments	8	998,120	980,920	998,120	980,920
Other assets	7	52,370	37,518	52,370	37,518
Available for sale financial assets at fair value	8	150,000	35,000	150,000	35,000
Total current assets		**16,081,681**	**11,122,800**	**16,390,106**	**11,227,698**
Non current assets					
Property, plant and equipment	10	1,304,115	974,647	1,280,782	966,512
Financial assets at fair value through profit or loss	9	323,450	1,069,350	323,450	1,069,350
Total non current assets		**1,627,565**	**3,024,917**	**1,604,232**	**3,016,782**
Total assets		**17,709,247**	**14,147,717**	**17,994,338**	**14,244,480**
Liabilities					
Current liabilities					
Trade and other payables	11	1,842,945	1,483,880	1,729,307	1,481,681
Other liabilities	11	1,882,141	1,956,489	1,882,141	1,956,489
Provisions	13	614,624	388,059	560,122	321,094
Project balances	12	12,050,481	10,238,961	11,883,306	10,418,092
Total current liabilities		**16,390,191**	**14,067,390**	**16,054,876**	**14,177,356**
Non current liabilities					
Provision	14	15,575	11,182	15,575	11,182
Total non current liabilities		**15,575**	**11,182**	**15,575**	**11,182**
Total liabilities		**16,405,766**	**14,078,571**	**16,070,451**	**14,188,538**
Net assets/(net liabilities)		**1,303,480**	**69,146**	**1,923,887**	**55,942**
Equity					
Members' interest					
Retained surplus/(deficit)	16	849,686	73,231	1,543,722	55,942
Gain on asset revaluation		380,165	-	380,165	-
Foreign currency translation reserve		73,629	(4,085)	-	-
Total equity		**1,303,480**	**69,146**	**1,923,887**	**55,942**

The above statement of financial position should be read in conjunction with the accompanying notes.

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Statement of Comprehensive Income

		Consolidated		Parent	
	Note	2011 $	2010 $	2011 $	2010 $
Continuous operations					
Revenues from operations	4	5,122,292	5,108,743	5,140,160	4,752,423
Expenses from operations	5	4,336,665	3,148,155	3,652,380	2,580,968
Surplus/ (deficit) before tax		**785,627**	**1,960,588**	**1,487,780**	**2,171,455**
Income tax (expense) / credit		(9,172)	(13,847)	-	-
Net surplus/ (deficit) available to members of the parent entity		**776,455**	**1,946,741**	**1,487,780**	**2,171,455**
Other comprehensive income for the period net of tax		77,715	(52,734)	-	-
Total comprehensive income for the period net of tax		**854,170**	**1,894,007**	**1,487,780**	**2,171,455**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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Statement of changes in equity

Consolidated

	Note	Retained Earnings	Foreign Currency Translation Reserve	Gain on asset revaluation	Total
		$	$		$
Balance at 30 June 2009	**16**	**(1,873,510)**	**48,648**		**(1,824,862)**
Net surplus (deficit)		1,946,741	-	-	1,946,741
Foreign currency translation		-	(52,734)	-	(52,734)
Balance at 30 June 2010	**16**	**73,231**	**(4,086)**	-	69,145
Net surplus (deficit)		776,455	-	-	776,455
Gain on asset revaluation		-	-	380,165	380,165
Foreign currency translation		-	77,715	-	77,715
Balance at 30 June 2011		**849,686**	**73,629**	**380,165**	**1,313,480**

Parent

	Note	Retained Earnings	Foreign Currency Translation Reserve	Gain on asset revaluation	Total
		$	$	$	$
Balance at 30 June 2009	**16**	**(2,115,513)**	**-**	**-**	**(2,115,513)**
Net surplus (deficit)		2,171,455	-	-	2,171,455
Foreign currency translation		-	-	-	-
Balance at 30 June 2010	**16**	**55,942**	**-**	**-**	**55,942**
Net surplus (deficit)		1,487,780	-	-	1,487,780
Gain on asset revaluation		-	-	380,165	380,165
Foreign currency translation		-	-	-	-
Balance at 30 June 2011		**1,543,722**	**-**	**380,165**	**1,923,887**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Cash flow statement

	Note	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
Cash flow from operating activities					
Receipts relating to projects		18,612,478	16,314,128	17,693,505	16,009,428
Payments relating to projects		(14,525,471)	(15,863,917)	(14,152,864)	(15,613,939)
Receipts relating to subscriptions and other income		2,628,397	2,409,239	2,523,150	2,093,964
Receipts from sundry income		252	378,340	-	378,251
Interest received		408,062	317,450	403,106	311,805
(Payment)/receipt of income tax		(9,172)	(7,424)	-	-
Payments to other suppliers and employees		(5,077,710)	(3,368,634)	(4,232,994)	(2,488,852)
Net cash flows from/(used in) operating activities	**17**	**2,036,836**	**179,182**	**2,233,903**	**690,657**
Cash from investing activities					
Proceeds from sale/maturity of financial instruments		500,000	801,659	500,000	801,659
Purchase of property, plant & equipment		(37,578)	(68,432)	(16,110)	(64,814)
Proceeds from sale of property, plant & equipment		-	742	-	742
Advances to related parties		-	-	(202,145)	(602,710)
Net cash flows from/(used In) investing activities		**462,422**	**733,969**	**281,745**	**134,877**
Net increase/(decrease) in cash and cash equivalents		**2,499,258**	**913,151**	**2,515,648**	**825,534**
Net foreign exchange difference		308,439	(131,034)	216,427	1,663
Cash and cash equivalents at beginning of period		6,612,215	5,830,098	6,300,845	5,473,648
Cash and cash equivalents at end of period	**6**	**9,419,912**	**6,612,215**	**9,032,920**	**6,300,845**

The above cash flow statement should be read in conjunction with the accompanying notes.

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Notes to the financial statements

1. Corporate information
1.1 Structure

AMIRA International Limited (**AMIRA** or **the Parent entity**) operates for and on behalf of its members. Under AMIRA's constitution, no income or property may be distributed, paid or transferred to its members either directly or indirectly. In the event of the winding up of the company, the liability per member is limited by guarantee to $10. The company does not have share capital but rather members' funds. AMIRA's income is exempt from Australian taxation under the provisions of Section 50-5 of the Income Tax Assessment Act (1997) as amended. Refer to note 2.16 for further information.

AMIRA earns income principally through membership and management fees.

- **Membership fees**: Membership to AMIRA is available to individuals or groups who are interested in AMIRA's activities after application and approval by the AMIRA board. Group members are further categorised as follows:
  - Companies are assigned category A, B or C which is determined by the market capitalisation of the member companies;
  - Companies who are explorers fall into category E;
  - Companies who are suppliers are regarded as category S members; and
  - Companies who are admitted for membership under special circumstances are assigned category K status.

  A sub category of class of membership may contain different rights and obligations to the rest of the class of membership including, but not limited to, different or no voting rights. A member may choose to participate in a research project. When a member becomes a sponsor of a project it is required to remain a member of AMIRA, and pay the assigned annual membership fees, throughout the project life.

- **Project management fees**: AMIRA arranges the development and oversight of collaborative research projects for its members who operate in the global mineral and associated industries. For these services, AMIRA earns a management fee over the life of the project.

  A project typically runs for three years.

  Members who sponsor a project, commit funds prior to the commencement of the project. Sponsors are required to pay these project amounts to AMIRA in annual instalments for the project duration.

  For each project, AMIRA arranges for external research bodies to undertake the required research in accordance with the specific requirements of the sponsors to that project. AMIRA pays the research bodies after it receives the annual sponsorship instalments from the project sponsors. A sponsor defaulting on their payment of a project commitment, results in a direct reduction in the funds available for research bodies to complete their work for the project. AMIRA has no obligation to make payments if a sponsor defaults.

AMIRA operations include the following entities that it controlled (the AMIRA Group) during and at the end of the financial year ended 30 June 2011:

- AMIRA International Mineral Industrial Research Association (AMIRA Africa) incorporated in South Africa;
- AMIRA International North America, Inc (AMIRA North America) incorporated in Salt Lake City, Utah, USA; and
- Asesorias AMIRA International Latin America Limitada incorporated in Santiago, Chile.

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As at 30 June 2011 the AMIRA Group had 21 employees. Of these employees 16 were in Australia, 2 in South Africa, 1 in Denver, USA and 2 in Santiago, Chile.

Preparation of financial statements
The financial statements of the AMIRA Group have been prepared on the basis of Australian Accounting Standards and in accordance with the Australian Corporations Act.

AMIRA does not consider that it is a **"**reporting entity" as defined in Australian Accounting Statement of Accounting Concepts (SAC 1) for the following reasons:

- The users of the financial statements are its members and not the public at large;
- AMIRA is accountable to its members and not third parties for its performance and use of its funds, people and services; and
- Other than AMIRA members, there are no additional users, of the information contained in AMIRA's financial statements that could not ordinarily request access to such information.

As AMIRA is not a "reporting entity", it has elected to prepare special purpose financial reports for the year ended 30 June 2011 rather than the general purpose financial reports.

The impact of AMIRA preparing special purpose reports rather than general purpose reports is as follows:

- The accounting standards related to measurement (ie the determination of the results in the Income Statement and the Balance Sheet) still apply; and
- The disclosures or notes to the accounts are more onerous and prescriptive for a reporting entity that has to prepare general purpose reports. Note 2.2 provides more information.

Directors have authorised the issue of this financial report of AMIRA for the year ended 30 June 2011 in accordance with a resolution of the directors on 18 October 2011.

2 Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Special purpose financial report

The financial report is a special purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board. The financial report has also been prepared on an historical cost basis, except for certain financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars.

2.1.2 Going concern basis

This financial report has been prepared on a going concern basis that assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of operations.

As at 30 June 2011, the AMIRA Group had a deficit of current assets over current liabilities of $308,511 (2010: $2,979,590) and a surplus of net assets of $1,303,480 (2010: $69,146).

AMIRA has been able to meet its operating cash requirements from cash at bank and cash on deposit with banks and meet all debts as and when they fall due since 30 June 2011 and to the date of this report.

AMIRA considers it will be able to continue as a going concern for the following reasons:

- **Structural change**: The directors of AMIRA International have put in place a business plan and budget to ensure the organization operates in a surplus position, thus ensuring the business continues to be viable. This revised structure for AMIRA International was implemented, with effect from June 2009, and included a significant reduction of staff, new management and reporting structure, and most importantly a significantly reduced level of fixed costs.

- **Investment policy**: The board has also acted to ensure that all Australian funds since 2008 have been invested conservatively with only the four major Australian banks in cash on deposit or cash at call.

- **Ability to liquidate a non-current asset**: AMIRA owns a strata title floor of a building in Melbourne that was valued at $1.225 million in December 2010. The building is unencumbered and may be mortgaged or sold to improve the liquidity of the Group. If this occurred, AMIRA would be required to rent or lease office accommodation for its Melbourne office.

AMIRA has modelled its projected cash flows for the period ending 30 June 2012 based on a conservative level of new business activity as well as the continued oversight of existing projects. This modelling indicates that AMIRA anticipates remaining cash positive during this period and therefore should continue as a going concern. Any amounts redeemed from funds held in CDO's will be additional to this and will increase the cash balance available to AMIRA.

2.2 Compliance with International Financial Reporting Standards (IFRS)

The financial report is not in compliance with IFRS as AMIRA has elected to prepare a special purpose financial report rather than general purpose financial report on the basis that it is not a reporting entity as defined in Australian Accounting Standards and concepts.

The directors have prepared the financial report in accordance with all Accounting Standards and mandatory reporting requirements in Australia with the following exceptions that relate to disclosure requirements:

- AASB 7 Financial Instruments: Disclosures;
- AASB 112 Income Taxes;
- AASB 116 Property, Plant and Equipment;
- AASB 117 Leases;
- AASB 124 Related Party Disclosures; and
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets

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2.3 New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AMIRA has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. AMIRA has elected to present one statement.

2.4 Basis of consolidation

The consolidated financial statements consist of the financial statements of AMIRA International Limited and the entities it controlled during and at the end of the year 30 June 2011 as outlined under note 1.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, AMIRA has eliminated in full, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions.

2.5 Foreign currency translation

2.5.1 Functional currency translation

The functional and presentation currency of AMIRA International Limited is Australian dollars ($). The African entity’s functional currency is South African Rand, the North American entity’s functional currency is US dollars and the South American entity’s functional currency is Chilean Pesos. These are translated to presentation currency as below.

2.5.2 Transactions and balances

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

2.5.3 Translation of group companies functional currency to presentation currency

The results of the North American, South American and African subsidiaries are translated into Australian dollars at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in the African and North American subsidiaries are taken to the foreign currency translation reserve.

2.6 Cash and cash equivalents – refer note 6

Cash and cash equivalents in the balance sheet consist of cash at banks and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

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2.7 Trade and other receivables – refer note 7

Trade receivables are recognised at cost and are generally payable within 30 days of invoice. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group may not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 120 days overdue are considered objective evidence of impairment.

2.8 Investments and other financial assets – refer notes 8 and 9

Investments and financial assets in the scope of "AASB 139 Financial Instruments: Recognition and Measurement" are categorised as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets**.** The classification depends on the purpose for which the investments were acquired. The designation of each financial asset is re-evaluated at each financial year end.

When financial assets are initially recognised, they are measured at fair value, plus in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

2.8.1 Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet. Collateralised debt obligations (CDOs) with maturities after 12 months are classified as non current.

In most cases, fair value is determined by reference to an active market. However, in the case of the financial products referred to as Collateralised Debt Obligations (CDOs), AMIRA has been unable to determine independently the fair value. AMIRA has therefore relied on the advice from the issuer to determine the carrying value of these financial assets. At the present time, there is no liquid market for these ANZ products.

2.8.2 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held for an indefinite period, such as bonds, are measured at amortised cost.

This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

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2.8.3 Available-for-sale securities

Available for sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as either financial assets at fair value through profit or loss or held-to maturity investments. After initial recognition at cost, available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

2.9 Property, plant and equipment – refer note 10

Property, plant and equipment are carried at historical cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land – not depreciated;
- Building – 40 years;
- Furniture, fixtures and fittings - 5 years; and
- Computer equipment and software – 3 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

2.10 Impairment of non-financial assets other than goodwill

AMIRA conducts an annual review of asset values that is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have been reversed.

2.11 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether or not the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

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2.12 Trade and other payables and other liabilities – refer note 11

Trade and other payables are carried at cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments for these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

2.13 Project balances – refer note 12

This account represents:

- The amount that is due and payable within the next 12 months to principally external parties for research undertaken in accordance with agreed project milestones. This amount is only payable after the project sponsors have made their annual commitment payment for the project to AMIRA; and
- The unearned revenue of AMIRA for project management fees. This amount is amortised after the commencement of a project over the remaining life of the project.

2.14 Provisions – refer notes 13 and 14

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate may be made of the amount of the obligation.

AMIRA has provisions for the following:

2.14.1 Wages, salaries, annual leave and personal leave

Liabilities for wages and salaries, and annual leave that the Group expects to settle within 12 months of the reporting date are recognised for employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Personal leave expense is recognised when the leave is taken and is measured at the rates paid or payable. Personal leave is not payable on termination of employment.

2.14.2 Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made for services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

2.14.3 Employee incentives

Liabilities for employee incentives or bonuses expected to be settled within 12 months of the reporting date are recognised for employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

2.15 Revenue recognition – refer note 4

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue may be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

2.15.1 Membership fees

AMIRA generally invoices its members on an annual basis for the financial year at the fees set by the board for each level or category of membership (refer note 1). The income for membership is recognised as earned over the year in which it is levied.

2.15.2 Management fees

AMIRA earns management fees for the development and oversight of projects. Each project's value is determined by the amount that sponsors agree to commit to the project over the project life. This is generally 3 years and this total value of a new project is referred to as "new business". The fees earned by AMIRA are calculated at an agreed % on the value of new business gained during the period. The difference between AMIRA's management fees and the amount committed and paid by the sponsors, represents the amount payable to the researchers for the project.

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Management fees in a given year consist of:

- Development fees on new business; and
- Oversight fees on continuing business (ie projects in progress).

AMIRA recognises the development fee as revenue in the period in which a project commences. The date of commencement is the date when AMIRA has received sufficient sponsor agreements from its members giving an irrevocable commitment to fund the project on an annual basis over the life of the project. The development fee is 50% of the total management fees that will apply to that project over its life.

The oversight fees on continuing businesses revenue are recognised in the profit and loss on an amortised basis of equal monthly instalments over the expected life of the project.

2.15.3 Subscription fees
AMIRA earns revenue by providing on-line access to an encyclopaedia of ore deposits (www.datametallogenica.com). This project (referred to as DM) is designed to be self funding. Where costs incurred in maintaining the data base exceed subscriptions received, the excess is charged against the project balances ledger. The project balance has a credit balance remaining from an earlier external project on DM. When the surplus arises, there is an agreement made by the sponsors that the balance may be used for the future activities of DM.

2.15.4 Interest revenue
Revenue is recognised as and when interest accrues from the funds invested.

2.15.5 Dividends
Revenue is recognised when a dividend is declared.

2.16 Income tax and other taxes

2.16.1 Income tax
Earnings of the parent entity AMIRA are exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. The African entity, AMIRA South Africa is also a tax exempt body. In AMIRA North America, taxes are levied at the rate of 15% on taxable income that is computed as costs incurred plus 10%.

2.16.2 Other taxes
Revenue, expenses and assets are recognised net of the amount of the goods and services tax (GST) except:

- When the GST incurred is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivable and payable that are stated inclusive of GST.
  The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivable or payables in the balance sheet.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances. This forms the basis of the determination of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management have identified the following critical accounting policies from which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

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3.1 Significant accounting judgements

Revenue recognition

AMIRA recognises revenue in accordance with its policy as outlined in note 2.15.

3.2 Significant accounting estimates and assumptions

Valuation of investments

Certain AMIRA investments are recorded at fair value. Where there is an active trading market for the investments, the market value at balance date has been considered to equate to the fair value of the asset.

AMIRA purchased its investments in prior years. In these cases, the fair value of the financial instruments has been assessed as equal to the value provided by the banks in their portfolio statements of market value issued to AMIRA as at balance date. This advice is based on the premise that the financial instruments will be held to maturity. AMIRA intends to hold these investments to maturity. In the case of the CDOs held by AMIRA there is no liquid market for redemption prior to the maturity dates.

4 Revenue – operating revenue and other income

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Operating revenue				
Management fees	2,334,082	2,560,617	2,319,200	2,304,498
Membership and subscriptions	2,052,031	1,741,080	2,085,304	1,646,612
Total operating revenue	**4,386,113**	**4,301,697**	**4,404,504**	**3,951,110**
Other income				
Interest	408,062	336,131	403,106	330,486
Sundry income	116,377	469,252	116,123	469,164
Net gain/(loss) on foreign exchange	211,740	1,663	216,427	1,663
Total other income	**736,179**	**807,046**	**735,656**	**801,313**
Total revenue	**5,122,292**	**5,108,743**	**5,140,160**	**4,752,423**

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5 Expenses

	Consolidated		Parent	
	2011	2010	2011	2010
	$	$	$	$
Operating expenses - before depreciation and amortisation and impairment				
Salaries and employee benefits	3,312,317	2,432,112	2,673,726	1,782,897
Travel and communications	692,985	520,345	540,408	426,796
Consultants	287,079	152,508	238,457	152,508
Administration	529,873	717,476	405,736	612,932
Bad and doubtful debts expense	(158,683)	18,287	(158,683)	18,287
North American marketing	-	-	284,479	283,862
Net (gain) on disposal of fixed assets	-	(2)	-	(2)
Total- operating expenses – before depreciation and amortisation and impairment	**4,663,571**	**3,840,726**	**3,984,123**	**3,277,282**
Net impairment and fair value movement of investments				
Impairment relating to:				
Available for sale securities	(115,000)	(7)	(115,000)	(7)
Held to maturity investments	(17,200)	(48,630)	(17,200)	(48,630)
Net impairment	**(132,200)**	**(48,637)**	**(132,200)**	**(48,637)**
Net loss / (gain) on financial assets at fair value through profit or loss relating to:				
• CDOs	(281,548)	(751,639)	(281,548)	(751,639)
Total net loss / (gain) on financial assets at fair value through profit or loss	**(281,548)**	**(751,639)**	**(281,548)**	**(751,639)**
Total net impairment/ fair value movement	**(413,748)**	**(800,276)**	**(413,748)**	**(800,276)**
Depreciation and amortisation				
Building	-	31,871	-	31,871
Office equipment and software	86,842	75,834	82,005	72,089
Total – depreciation and amortisation	**86,842**	**107,705**	**82,005**	**103,960**
Total expenses	**4,336,665**	**3,148,155**	**3,652,380**	**2,580,968**

6 Current assets – cash and cash equivalents

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Cash at bank and on hand	2,908,715	608,641	2,521,722	297,271
Deposits at call	6,511,198	6,003,574	6,511,198	6,003,574
Total	**9,419,913**	**6,612,215**	**9,032,920**	**6,300,845**

7 Current assets – trade and other receivables and other assets

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Trade receivables	4,731,650	4,274,361	4,448,816	4,087,919
Allowance for impairment	(97,767)	(437,750)	(97,767)	(437,750)
Net trade receivables	**4,633,883**	**3,836,611**	**4,351,049**	**3,650,169**
Add other receivables				
Sundry debtors	26,344	2,190	26,344	2,190
Interest receivable	10,081	36,122	10,081	36,122
Net receivable – goods and services tax	(116,230)	183,392	(116,230)	183,392
Intercompany balances				
Amounts owed from subsidiaries	-	-	978,252	602,710
Total trade and other receivables	**4,554,078**	**4,058,315**	**5,249,496**	**4,474,583**
Other assets				
Prepayments	52,370	37,518	52,370	37,518
Total other assets	**52,370**	**37,518**	**52,370**	**37,518**

8 Current assets - financial assets at fair value through profit or loss, held to maturity investments and available for sale securities

8.1 Financial assets at fair value through profit or loss

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
CDOs at cost	1,000,000	500,000	1,000,000	500,000
Movement in fair value	(92,800)	(120,248)	(92,800)	(120,248)
Net financial assets at fair value	**907,200**	**379,752**	**907,200**	**379,752**

CDOs

The CDO held at 30 June 2011 is an ANZ, Prelude Eur CDO (referred to as Credit Sail) that cost $1,000,000. It has a maturity date of 30 December 2011. In the prior year, as the maturity date was greater than 12 months, this investment was included under non-current investments.

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8.2 Held to maturity investments

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Held to maturity investments				
Unsubordinated floating rate notes	1,000,000	-	1,000,000	-
Impairment	(1,880)	-	(1,880)	-
Net held to maturity investments	**998,120**	**-**	**998,120**	**-**

Held to maturity investments refer to unsubordinated floating rate notes (FRNs) purchased by AMIRA from the Commonwealth Bank:

- CBA FRN purchased on 28 September 2006 for $500,000; has a maturity date of 28 September 2011; and
- CBA FRN purchased on 12 December 2007 for $500,000; has a maturity date of 25 May 2012.

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
8.3 Equity security at cost	1,000,000	1,000,000	1,000,000	1,000,000
Impairment	(850,000)	(965,000)	(850,000	(965,000)
Net value of available for sale securities	**150,000**	**35,000**	**150,000**	**35,000**

In October 2005, AMIRA purchased 1,000,000 units at $1 each in Max Trust (ASX code MXQ) formerly Allco Max Securities & Mortgage Trust (ASX code AXQ). These units have declined in the value since 2006 and recovery of the investment is considered to be extremely limited.

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9 Non-current assets – held to maturity investments and financial assets at fair value through profit or loss

	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
9.1 Held to maturity investments				
Unsubordinated floating rate notes	-	1,000,000	-	1,000,000
Impairment	-	(19,080)	-	(19,080)
Net held to maturity investments	**-**	**980,920**	**-**	**980,920**

	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
9.2 Financial assets at fair value				
Collateralised debt obligations (CDOs)	500,000	1,500,000	500,000	1,500,000
Fair value movement	(176,550)	(430,650)	(176,550)	(430,650)
Net financial assets at fair value	**323,450**	**1,069,350**	**323,450**	**1,069,350**

The investment purchased from ANZ is an Averon CPP Ltd for $500,000 with a maturity of 20 June 2013.

In most cases, fair value is determined by reference to an active market. However, in the case of the financial products referred to as Collateralised Debt Obligations (CDOs), AMIRA has been unable to determine independently the fair value. AMIRA has therefore relied on the advice from the issuer to determine the carrying value of these financial assets. At the present time, there is no liquid market for these ANZ products.

9.3 Summary of investments – current and non current	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
8 Current				
8.1 Financial assets at fair value through profit or loss	907,200	379,752	907,200	379,752
8.2 Held to maturity investments	998,120	-	998,120	-
8.3 Equity securities at cost	150,000	35,000	150,000	35,000
9 Non current				
9.1 Held to maturity investments	-	980,920	-	980,920
9.2 Financial assets at fair value through profit or loss	323,450	1,069,350	323,450	1,069,350
Total investments	**2,378,770**	**2,465,022**	**2,378,770**	**2,465,022**

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10 Non current assets – property, plant and equipment

	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
Carrying values				
Building				
At cost	1,225,000	1,031,050	1,225,000	1,031,050
Accumulated depreciation	-	(158,326)	-	(158,326)
Net book value	**1,225,000**	**872,724**	**1,225,000**	**872,724**
Office equipment and software				
At cost	368,437	337,129	345,104	328,994
Accumulated depreciation	(289,322)	(235,206)	(289,322)	(235,206)
Net book value	**79,115**	**101,923**	**55,782**	**93,788**
Total net book value for property, plant and equipment	**1,304,115**	**974,647**	**1,280,782**	**966,512**

AMIRA obtained a valuation of its building in December 2010 from a qualified valuer to ensure there was no impairment as at 30 June 2011. In the opinion of the valuer the building was valued at $1,225,000 at the date of the valuation. Therefore no adjustment is required to the carrying value of these office premises in Melbourne, Australia.

11 Current liabilities – trade and other payables and other liabilities

	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
Trade and other payables				
Trade creditors	1,739,593	1,426,925	1,625,955	1,424,726
Accruals	103,352	56,955	103,352	56,955
Total – trade and other payables	**1,842,945**	**1,483,880**	**1,729,307**	**1,481,681**
Other liabilities				
Project sponsor calls received in advance	59,593	180,134	59,593	180,134
Unearned subscription revenue	1,822,548	1,776,355	1,822,548	1,776,355
Total – other liabilities	**1,882,141**	**1,956,489**	**1,882,141**	**1,956,489**

12 Current liabilities – project balances

	Consolidated 2011 $	Consolidated 2010 $	Parent 2011 $	Parent 2010 $
Total project balances	**12,050,481**	**10,238.961**	**11,883,306**	**10,418,092**

This balance represents the amount owed by AMIRA to researchers as well as unearned management fees – refer note 1.1 Project management fees.

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13 Current liabilities – provisions

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Annual leave	216,669	187,099	162,167	148,122
Long service leave	191,976	200,960	191,976	172,972
Bonuses	205,979	-	205,979	-
Total – current provisions	**614,624**	**388,059**	**560,122**	**321,094**

14 Non current liabilities – employee benefits provisions

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Long service leave	15,575	11,182	15,575	11,182
Total- non current provisions	**15,575**	**11,182**	**15,575**	**11,182**
Total current and non current employee benefit provisions	**630,199**	**399,241**	**575,697**	**332,276**

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15 Contributed equity

There is no share capital as the company is a company limited by the guarantee of its members that is capped at $10 per member.

16 Retained earnings

	Consolidated		Parent	
	2011	2010	2011	2010
	$	$	$	$
Opening balance	73,231	(1,873,510)	55,942	(2,115,513)
Net surplus/ (deficit)	776,455	1,946,741	1,487,780	2,171,455
Closing balance	**849,686**	**73,231**	**1,543,722**	**55,942**

17 Cash flow statement reconciliation

	Consolidated		Parent	
	2011	2010	2011	2010
	$	$	$	$
Operating surplus/ (deficit)	776,455	1,946,741	1,487,780	2,171,455
Impairment and fair value movement of financial instruments	(413,748)	(800,276)	(413,748)	(800,276)
Profit on sale of property, plant and equipment	-	(2)	-	(2)
Profit on sale of investments	-	(12,285)	-	(12,285)
Foreign exchange loss/(gain)	(299,920)	(1,663)	(216,427)	(1,663)
Depreciation of fixed assets				
• Office equipment and software	86,842	31,871	82,005	31,871
• Building	-	75,834	-	72,089
Changes in assets and liabilities				
(Increase)/ decrease trade receivables	(726,645)	(765,609)	(874,277)	(905,353)
(Increase)/ decrease sundry debtors	(24,154)	35,305	(24,154)	14,801
(Increase)/ decrease prepayments	(14,852)	20,388	(14,852)	20,388
(Increase)/ decrease interest receivable	26,041	(17,522)	26,041	(17,522)
Increase/(decrease) project balances	1,811,520	(157,430)	1,465,214	21,701
Increase/(decrease) trade creditors and accruals	359,065	79,724	247,626	358,397
(Increase)/ decrease GST receivable	299,622	9,364	299,622	9,364
Increase/(decrease) in other liabilities	(74,348)	76,974	(74,348)	76,974
Increase/(decrease) employee entitlements	230,958	(342,232)	243,421	(349,282)
Net cash flows used in operating activities	**2,306,836**	**179,182**	**2,233,903**	**690,657**

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18 Superannuation contributions
No AMIRA Group employees are members of a defined benefit superannuation fund or plan. AMIRA expenses the employer superannuation contributions as incurred to accumulation plans. The amounts paid depend on the relevant legislative requirements in the country where each employee reside and on the individual employment contract that an employee has with its employer.

19 Events after balance date

Since balance date, the global financial markets have generally improved and market values of investments held as advised by the issuers, CBA and ANZ have increased. (Refer notes 8.1, 9.1 and 9.2).

The most volatile of these investments are those products issued by ANZ. ANZ have stated that the market value of the ANZ products held by AMIRA has increased to $1,364,100 as at 31 August 2011 (compared to $1,230,650 as at 30 June 2011).

AMIRA recognises that there is still significant risk associated with these products and will continue to monitor these investments on a regular basis.

20 Auditor's remuneration

	Consolidated		Parent	
	2011 $	2010 $	2011 $	2010 $
Amounts received or due and receivable by Ernst & Young for:				
• audit of the financial report	43,500	57,500	43,500	57,500
Total	**43,500**	**57,500**	**43,500**	**57,500**

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Directors' declaration

In the opinion of the directors of AMIRA International Limited:

- The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - Complying with the relevant Australian Accounting Standards to the extent described in note 2, and Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    - Giving a true and fair view of the Company's and the consolidated Group's financial position as at 30 June 2011 and of their performance for the financial year ended on that date.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Doug Magoon
Chairman

Place: Vancouver

Date: 19 October 2011 / 20 October 2011 (Melbourne, Australia)

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Independent auditor's report to the member of AMIRA International Limited

We have audited the accompanying special purpose financial report of AMIRA International Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising 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 and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members. 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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 met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion the financial report of AMIRA International Limited is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the financial position of AMIRA International Limited and the consolidated entity as at 30 June 2011 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and

- complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and complying with the Corporations Regulations 2001.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
Melbourne
20 October 2011