Financial Information

Year Ended 30 June 2017

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Directors' Report

Year Ended 30 June 2017

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 2017.

Principal activity

AMIRA's principal activity during the year was to provide solutions to members' challenges through the development, brokerage and oversight of collaboratively funded research and development projects.

Results of operations

AMIRA's deficit for the year was $265,293 (2016: surplus $175,071).

Review of operations

In the year ended 30 June 2017, revenue decreased by $614,742 from previous year's $2,853,365 to current year's $2,238,623.

During the same period, costs decreased by $174,378 from previous year's $2,678,294 to current year's $2,503,916. Most notably, salaries and employee benefits decreased by $155,339 due to a reduction in staff numbers and travel, consultant and admin costs decreased by $19,039 due to a reduction of office overheads.

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 2017.

Events arising since the end of the reporting period

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the group's operations in future financial years;
- the results of those operations in future financial years; or
- the group's state of affairs in future financial years.

Likely developments in future years

The Directors are reviewing the strategy 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 as much as possible without affecting the ability to deliver the services to members 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:

- A Paverd resigned on 01 Dec 2016
- J Ndlovu resigned on 01 Dec 2016
- J Russell resigned on 23 Feb 2017
- C Moorhead resigned on 23 Feb 2017
- R Butcher resigned on 11 May 2017

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 4-6; and
- Number of board and committee meetings and attendance by directors at these meetings is provided on page 7.

Company secretary
The qualifications and experience of AMIRA's company secretary are 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 8.

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

Stephen Grocott, Chairman

Place: Melbourne

Date: 19 October, 2017

Directors' Information

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

Name	Initial Appointment
W Valery	22 September 2004
I Sandl	16 November 2011
J Cucuzza	14 November 2012
L Mello	4 December 2013
Peter Kanck	18 November 2014
A Harris	25 November 2015
C Wijins	25 November 2015
S Grocott	21 April 2016

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

Dr Stephen Grocott (Chair), PhD Physical & Inorganic Chemistry
Chief Advisor – Process Development at Rio Tinto
Dr Grocott joined AMIRA International Limited as a non-executive Director in April 2016. Dr Grocott was appointed as chairman of AMIRA board in Dec 2016. He is a member of Finance & Audit Committee.

Dr Walter Valery, BEng, M.Eng.Sc, PhD, FAusIMM
Global Director Consulting and Technology, Hatch
Dr Valery joined AMIRA International Limited as a non-executive Director in September 2004.

Ian Sandl, BSc Geology / Geophysics
General Manager, Exploration Asia Pacific, Teck Resources Ltd
Mr Sandl joined AMIRA International Limited as a non-executive Director in November 2011.

Giuseppe (Joe) Cucuzza, BSc (Hons) Geophysics, MSc Geology, MEI (Swin)
Managing Director, AMIRA International Limited
Mr Cucuzza joined AMIRA International Limited as an Executive Director in November 2012.

Dr Luiz Mello, MD, PhD
Executive Manager of Technology and Innovation, Vale
Dr Mello joined AMIRA International Limited as a non-executive Director in December 2013.

Peter Kanck, M.B.A.
Senior Manager - Technology Development and Integration, Boart Longyear Limited
Mr Kanck joined AMIRA International Limited as a non-executive Director in November 2014.

Dr Anthony Harris, BSc (Hon) Earth Science, PhD Earth Science
Principal Geologist, Newcrest Mining Limited
Dr Harris joined AMIRA International Limited as a non-executive Director in November 2015.

Dr Chris Wijns, BSc Geophysics, MSc Geophysics, PhD Geodynamics
Group Geophysicist, First Quantum Minerals Limited
Dr Wijns joined AMIRA International Limited as a non-executive Director in November 2015.

Qualifications and experience of the company secretary

Giuseppe (Joe) Cucuzza is acting Company Secretary
BSc (Hons) Geophysics, MSc Geology, MEI (Swin)
Mr Cucuzza joined AMIRA in 1988 and took on the role of Acting Company Secretary when the previous incumbent left the company in October 2015.

Former 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 in July 2010. Daniel left AMIRA in October 2015, however Daniel is consulting to AMIRA in financial matters and reviewing board paper.

Brief details of former directors are as follows:

Former directors

Dr Aubrey Paverd, BSc (Hons), M.Sc., PhD
Compania De Minas Buenaventura
Dr Paverd joined AMIRA International Limited as a non-executive Director in November 2009. Dr Paverd was appointed Chairman in November 2013. He is a member of the Executive Committee and Finance & Audit Committee. Mr Aubrey resigned on 1 December 2016

Dr John Russell, B. Eng. (Mech), Doctor of Engineering (honoris causa)
Managing Director & General Manager, Russell Mineral Equipment
Dr Russell joined AMIRA International Limited as a non-executive Director in November 2012. Mr Russell resigned on 23 Feb 2017

Richard Butcher, MSc Engineering, Mining Engineering, SAIMM & CIM, MIMMM, AusIMM
Executive Vice President-Technical, Gold Fields Ltd
Mr Butcher joined AMIRA International Limited as a non-executive Director in November 2014. Mr Butcher resigned on 11 May 2017

Colin Moorhead, BSc (Hon) Geology, FAusIMM, MAICD
Independent (Non Member)
Mr Moorhead joined AMIRA International Limited as a non-executive Director in November 2014. Mr Moorhead resigned on 23 Feb 2017

July Ndlovu, BSc Metallurgical Eng, MBL
CEO of Coal Business, Anglo American Coal South Africa
Mr Ndlovu joined AMIRA International Limited as a non-executive Director in November 2014. Mr Ndlovu resigned on 1 December 2016

Joe Pease, BEng (Met Hons), BEc, MAusIMM, MCIM
Independent (Non Member)
Mr Pease joined AMIRA International Limited as a non-executive Director in September 2003. He is a member of the Executive Committee. Mr Pease resigned on 7 July 2016

Gavin Yeates, BSc (Hon)
Independent (Non Member)
Mr Yeates joined AMIRA International Limited as a non-executive Director in May 2014. Mr Yeates was appointed Vice-Chairman in November 2014. Mr Yeates resigned on 30 June 2016.

Directors' Meetings

During the year ended 30 June 2017, each director attended the following board and committee meetings while a director:

2016 / 2017 Meetings Attended				
	Board		Finance & Audit Committee	
Directors	Meetings	Attended	Meetings	Attended
S Grocott (Current Chair) *appointed Chair on 1 December 2016*	6	6	2	2
A Paverd (Former Chair) *resigned 1 December 2016*	3	3	1	1
J Pease *resigned 7 July 2016*	1	0		
W Valery	6	3		
I Sandl	6	4		
J Russell *resigned 1 December 2016*	3	0		
J Cucuzza (Managing Director)	6	6	2	2
L Mello	6	2		
R Butcher *resigned 23 February 2017*	4	2		
P Kanck	6	6		
J Ndlovu *resigned 7 July 2016*	1	0		
C Moorhead *resigned 1 December 2016*	3	1		
C Wijns	6	5		
A Harris	6	5		

Board Meeting	Finance & Audit Committee Minutes
7 July 2016	13 October 2016
20 October 2016	18 July 2017
30 November 2016 - 2 December 2016	
23 February 2017	
11 May 2017 - 12 May 2017	
29 June 2017	

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Amira International Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B A Mackenzie
Partner - Audit & Assurance

Melbourne, 19 October 2017

Financial Report

Year Ended 30 June 2017

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Statement of profit or loss and other comprehensive income

	Note	Consolidated 2017 $	2016 $
Revenues from operations	4	2,238,623	2,853,365
Expenses from operations	5	2,503,916	2,678,294
(Deficit)/Surplus before tax		**(265,293)**	**175,071**
Income tax benefit		-	-
Net (deficit)/surplus available to members of the parent entity		**(265,293)**	**175,071**
Other comprehensive income			
Item that may be reclassified subsequently to the profit & loss			
Exchange differences on translating foreign operations		36,538	5,079
Item that will not be reclassified to the profit & loss			
Gain on revaluation of buildings	8	364,187	-
Total other comprehensive income for the year		**400,725**	**5,079**
Total comprehensive income/(loss) for the period net of tax		**135,432**	**180,150**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Note	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current assets			
Cash and cash equivalents	6	4,668,854	5,851,640
Trade and other receivables	7	2,389,770	2,513,579
Other assets	7	28,803	21,441
Total current assets		**7,084,427**	**8,386,660**
Non-current assets			
Property, plant and equipment	8	1,612,109	1,286,009
Total non-current assets		**1,612,109**	**1,286,009**
Total assets		**8,696,535**	**9,672,669**
Liabilities			
Current liabilities			
Trade and other payables	9	1,005,124	2,089,474
Bank Borrowings	9	260,621	190,037
Other liabilities	9	1,395,443	1,507,227
Provisions	11	306,750	570,228
Project balances	10	3,393,382	3,113,783
Total current liabilities		**6,361,321**	**7,470,749**
Non-current liabilities			
Provision	12	29,868	32,005
Total non-current liabilities		**29,868**	**32,005**
Total liabilities		**6,391,189**	**7,502,754**
Net assets/(net liabilities)		**2,305,346**	**2,169,915**
Equity			
Members' interest			
Retained surplus	14	1,494,216	1,759,509
Gain on asset revaluation		856,139	491,952
Foreign currency translation reserve		(45,009)	(81,546)
Total equity		**2,305,346**	**2,169,915**

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

Statement of changes in equity

Consolidated

	Note	Retained Earnings	Foreign Currency Translation Reserve	Gain on Asset Revaluation	Total
		$	$	$	$
Balance at 30 June 2015	14	**1,584,438**	**(86,626)**	**491,952**	**1,989,765**
Net surplus		175,071	-	-	175,071
Exchange diff on translating foreign operations		-	5,079	-	5,079
Balance at 30 June 2016	**14**	**1,759,509**	**(81,547)**	**491,952**	**2,169,915**
Net surplus/(deficit)		(265,293)			(265,293)
Exchange diff on translation foreign operations			36,538		36,538
Gain on asset revaluation				364,187	364,187
Balance at 30 June 2017	**14**	**1,494,216**	**(45,009)**	**856,139**	**2,305,346**

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

Statement of Cash flows

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flow from operating activities			
Receipts relating to projects		5,354,056	5,655,869
Payments relating to projects		(5,763,720)	(5,394,359)
Receipts relating to subscriptions and other income		1,522,044	1,484,995
Receipts from sundry income		180,738	70,443
Interest received		84,323	111,598
(Payment)/receipt of income tax		-	-
Payments to other suppliers and employees		(2,545,520)	(2,836,472)
Net cash flows from/(used in) operating activities	**15**	**(1,168,079)**	**(907,926)**
Cash from investing activities			
Purchase of property, plant & equipment		(5,427)	(12,723)
Net cash flows from investing activities		**(5,427)**	**(12,723)**
Net increase/(decrease) in cash and cash equivalents		**(1,173,506)**	**(920,649)**
Net foreign exchange difference		(12,280)	52,273
Cash and cash equivalents at beginning of period		5,851,640	6,720,016
Cash and cash equivalents at end of period	**6**	**4,665,854**	**5,851,640**

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

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 suppliers are regarded as category S members

Other membership categories include:

- Companies who are explorers fall into category E;
- 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 from one to four 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 2017:

- 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.

As at 30 June 2017 the AMIRA Group had 11.6 Full time equivalent (FTE) employees. Of these employees, 7.6 FTE were in Australia, 1.6 FTE in South Africa, 1 FTE in Denver, USA and 1.4 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 2017 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 (i.e. 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 2017 in accordance with a resolution of the directors on 19 October 2017.

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 and building which 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 2017, the AMIRA Group had a surplus of current assets over current liabilities of $723,106 (2016: $915,911) and a surplus of net assets of $2,305,347 (2016: $2,169,915).

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 2017 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 have approved a strategy for growth that will see the engaging of new personnel in order to position AMIRA for the expected turnaround of the industry. This will require investment and could potentially lead to deficits in the coming year. The Directors believe that AMIRA has sufficient financial strength in its balance sheet to absorb the possible deficit. This will be effective as of 1 July 2017.
- **Investment policy**: The board has also acted to ensure that all Australian funds since 2008 have been invested conservatively with only the major National Australia 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 $1.6 million in June 2017. 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 2018 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 Collateralised Debt Obligations (CDOs) 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

2.3 New accounting standards and interpretations

The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2016.

None of the amendment have had a significant impact on the company

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 2017.

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 the reporting date.

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 nine, six and three months 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.

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 180 days overdue may considered objective evidence of impairment.

2.9 Property, plant and equipment – refer note 8

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

Subsequently increases in the carrying amounts arising on revaluation of buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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/hardware development – 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

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 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.

2.12 Trade and other payables and other liabilities – refer note 9

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 10

This account represents:

- The amount that is due and payable within the next 12 months principally to 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 11 and 12

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 the 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. The life of the projects vary from 1 - 4 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.

Management fees in a given year consist of:

- Development fees on new business; and
- Oversight fees on continuing business (i.e. 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.dmgeode.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. This subscription is included AMIRA membership pack.

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

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.

2.17 Comparative figures

Certain balances have been reclassified in the prior year to conform to current year presentation.

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.

3.1 Significant accounting judgements

Revenue recognition

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

Fair Value Measurement

Management uses valuation techniques to determine the fair value of non-financial assets carried at fair value. This involves developing estimates and assumptions consistent with how market participants would price the property. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

4 Revenue – operating revenue and other income

	Consolidated 2017 $	Consolidated 2016 $
Operating Revenue		
Management Fees	756,820	1,059,866
Membership and subscriptions	1,288,250	1,572,917
Total operating revenue	**2,045,070**	**2,632,783**
Other income		
Interest	93,121	137,475
Sundry income	148,165	36,834
Net gain/(loss) on foreign exchange	(47,733)	46,273
Total other income	**193,553**	**220,582**
Total revenue	**2,238,623**	**2,853,365**

5 Expenses

	Consolidated 2017 $	Consolidated 2016 $
Operating expenses - before depreciation and amortisation and impairment		
Salaries and employee benefits	1,850,436	2,005,775
Travel and communications	204,513	268,609
Consultants	78,855	87,074
Administration	325,514	267,323
Total- operating expenses – before depreciation and amortisation and impairment	**2,459,318**	**2,628,781**
Depreciation and amortisation		
Building	31,687	32,500
Office equipment and software	12,911	17,013
Total – depreciation and amortisation	**44,598**	**49,513**
Total expenses	**2,503,916**	**2,678,294**

6 Current assets – cash and cash equivalents

	Consolidated 2017 $	Consolidated 2016 $
Cash at bank and on hand	1,760,207	1,439,520
Deposits at call	2,905,647	4,412,120
Total	**4,665,854**	**5,851,640**

7 Current assets – trade and other receivables and other assets

	Consolidated 2017 $	Consolidated 2016 $
Trade receivables	2,368,966	2,504,014
Net trade receivables	**2,368,966**	**2,504,014**
Add other receivables		
Sundry debtors	6,081	4,613
Interest receivable	12,621	3,823
Net receivable – goods and services tax	2,102	1,129
Total trade and other receivables	**2,389,770**	**2,513,579**
Other assets		
Prepayments	28,803	21,441
Total other assets	**28,803**	**21,441**

8 Non-current assets – property, plant and equipment

	Consolidated 2017 $	Consolidated 2016 $
Carrying values		
Building		
At cost	1,267,500	1,316,419
Accumulated depreciation	(31,687)	(48,919)
Building revaluation	364,187	-
Carrying amount	**1,600,000**	**1,267,500**
Office equipment and software		
At cost	61,913	160,401
Accumulated depreciation	(49,805)	(141,892)
Carrying amount	**12,109**	**18,509**
Total carrying amount for property, plant and equipment	**1,612,109**	**1,286,009**

9 Current liabilities – trade and other payables and other liabilities

	Consolidated 2017 $	Consolidated 2016 $
Trade and other payables		
Trade creditors	1,198,822	2,058,919
Accruals	66,923	30,555
Total – trade and other payables	**1,265,745**	**2,089,474**
Total – Bank Borrowings (*)	**260,621**	**190,037**
Other liabilities		
Project sponsor calls received in advance	37,840	37,840
Unearned subscription revenue	1,357,603	1,469,387
Total – other liabilities	**1,395,443**	**1,507,227**

(*) Bank borrowings represent the credit card balance at the reporting date which is settled in full monthly on the due date and consequently there is not finance charge related to the balance.

10 Current liabilities – project balances

	Consolidated	
	2017	**2016**
	$	**$**
Total project balances	**3,393,382**	**3,113,783**

This balance represents the amount owed by AMIRA to researchers as well as unearned management fees – refer note 2.15.2 Project management fees.

11 Current liabilities – provisions

	Consolidated	
	2017	**2016**
	$	**$**
Annual leave	110,270	145,555
Long service leave	196,480	200,995
Bonuses	-	113,678
Other provisions	-	110,000
Total – current provisions	**306,750**	**570,228**

12 Non-current liabilities – employee benefits provisions

	Consolidated	
	2017	**2016**
	$	**$**
Long service leave	29,868	32,005
Total- non-current provisions	**29,868**	**32,005**
Total current and non-current employee benefit provisions	**336,618**	**602,233**

13 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.

14 Retained earnings

	Consolidated	
	2017	**2016**
	$	**$**
Opening balance	1,759,509	1,584,438
Net surplus/(deficit)	(265,293)	175,071
Closing balance	**1,494,216**	**1,759,509**

15 Cash flow statement reconciliation

	Consolidated 2017 $	Consolidated 2016 $
Operating surplus/(deficit)	(265,293)	175,071
Foreign exchange loss/(gain)	47,734	(46,274)
Depreciation of fixed assets		
• Office equipment and software	31,687	32,500
• Building	12,911	17,013
Changes in assets and liabilities		
(Increase)/ decrease trade receivables	135,048	934,440
(Increase)/ decrease sundry debtors	(1,468)	(1,698)
(Increase)/ decrease prepayments	(7,362)	11,263
(Increase)/ decrease interest receivable	(8,798)	24,995
Increase/(decrease) project balances	279,599	(3,117,259)
Increase/(decrease) trade creditors, bank borrowings & accruals	(1,013,766)	1,126,087
Increase/(decrease) GST receivable	(973)	195,817
Increase/(decrease) in other liabilities	(111,783)	(173,486)
Increase/(decrease) employee entitlements	(265,615)	(86,395)
Net cash flows generated (used) in operating activities	**(1,168,079)**	**(907,926)**

16 Related party transactions

During the year AMIRA International Limited charged its U.S.A. subsidiary, AMIRA North America Inc. $32,573 (USD$25,000) for general administrative costs. AMIRA North America Inc. charged its parent, AMIRA International Limited $341,752 (USD$257,608) for general administrative costs. Both transactions were **non cash in nature and eliminated** upon consolidation.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

17 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.

18 Parent Entity information

Information relating to AMIRA International Limited ('the Parent Entity')

	2017 $	2016 $
Statement of financial position		
Current assets	6,317,913	7,899,383
Total assets	7,928,605	9,181,113
Current liabilities	6,146,211	7,413,791
Total liabilities	6,176,079	7,445,796
Net assets	1,752,526	1,735,317
Retained earnings	1,243,364	436,467
Asset revaluation reserve	856,140	491,953
Total equity	1,752,526	1,735,317
Statement of profit or loss and other comprehensive income		
(Deficit)/Surplus for the year	(346,977)	806,897
Other comprehensive income	-	-
Total comprehensive (loss)/income	(346,977)	806,897

19 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

20 Auditor's remuneration

	Consolidated	
	2017	**2016**
	$	**$**
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd. for:		
• audit of the financial report	33,500	33,500
Total	**33,500**	**33,500**

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 2017 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.

Stephen Grocott
Chairman

Place: Melbourne

Date: 19 October, 2017

Independent Auditor's Report

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Independent Auditor's Report
to the Members of Amira International Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Amira International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note1; and

b Complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and the needs of the Members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B A Mackenzie
Partner - Audit & Assurance

Melbourne, 19 October 2017