Financial Information

Year Ended 30 June 2009

AMIRA International Limited ACN 004 448 266 ABN 60 176 687 975
Level 2 271 William Street Melbourne, 3000 Australia Phone +61 3 8636 9999 Facsimile: +61 3 8636 9900
email amira@amirainternational.com Website www.amirainternational.com.

Directors’ Report

Year Ended 30 June 2009

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 2009.

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 loss for the year was $1,831,358 (2008: loss $2,032,798). This result was after taking into account, impairment on investments of $641,249 (2008: $1,484,855) that are outside the normal operating activity of the AMIRA Group. When these impairment losses are excluded, the operating loss for the year was $1,190,109 (2007: loss $547,943.)

Review of operations

In the year ended 30 June 2009, revenue decreased by $616,019 to $4,902,786. This decrease was primarily due to decreases in management fees as a result of a decrease in the number and value of projects under management. Lower interest income and other income were offset by exchange gains during the year.

During the same period, costs decreased by $815,278 to $6,726,568. When the impact of the impairment of investments is excluded, costs remained relatively flat at $6,085,319. While travel and communications decreased significantly this was offset by higher salaries and wages. Salaries and wages were higher due to new staff engaged during the year in 2007 / 2008 had their costs for a full year reflected in the current year accounts. While the current year salary and wages included restructuring of $213,248 this was principally offset by the reduction of provision for bonus to nil (2008: $200,179).

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 2009 other than the following:

- A revised structure for AMIRA International was implemented, with effect from June 2009. This included a significant reduction of staff, new management and reporting structure, and most importantly a significantly reduced level of fixed costs.

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:

- In September 2009, AMIRA received a settlement from a legal dispute. The net impact of this after taking into account legal costs incurred from 1 July 2009 – 30 September 2009 was $192,000; and
- Since 30 June 2009 to 30 September 2009, the market value of AMIRA's investment has increased by $688,000.

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 losses 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:

- RV Danchin resigned on 1 October 2008;
- RD La Nauze resigned on 1 October 2008 and was reappointed on 3 October 2008;
- CP Treacy resigned on 2 October 2008 and was reappointed on 25 May 2009;
- GD Johnson, JC Salas and SF Burks were appointed on 1 October 2008;
- RW Shaw resigned on 4 February 2009;
- D Whitman resigned on 1 June 2009; and
- RL Krcmarov resigned on 13 August 2009.

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 8.

Company secretary
The qualifications and experience of AMIRA's current and former company secretaries is provided on pages 6 and 7 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 9.

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

Doug Magoon

Doug Magoon
Chairman

Place: Vancouver
Date: 28 October 2009 Vancouver / 29 October 2009 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
R D La Nauze[1]	11 December 1997
P Charlesworth	13 September 2001
A Hathorn	26 September 2003
B E Smith	25 March 2004
W Valery	22 September 2004
M Le Vier	21 September 2006
J Theron	21 September 2006
S R Gilbert	24 April 2008
G Johnson	1 October 2008
J C Salas	1 October 2008
S Burks	1 October 2008
C Treacy[2]	21 September 2006

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.

Dave Olney, BSc (Mineral Science), MAICD
Vice President, Technology, 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.

[1] Resigned 1 October 2008, reappointed 3 October 2008
[2] Resigned 1 October 2008, reappointed 25 May 2009.

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.

Robert D La Nauze, BE (Chem), PhD, FTSE, FAusIMM, CPMan, AMIChemE, FAICD
Consultant
Dr La Nauze joined AMIRA International Limited as a non-executive Director in December 1997. He is the former past Chairman of the Board and is also a member of the Executive Committee.

Peter Charlesworth, CEng, BSc (Eng) (Hons), M I Chem E, CSci
Consultant, Anglo Platinum
Mr Charlesworth joined AMIRA International Limited as a non-executive Director in September 2001. He is a member of the Executive Committee and the Nomination and Membership Committee. He is the Chairman of the Board of AMIRA International Mineral Industrial Research Association (AMIRA Africa). He is also a past Chairman of the Board.

Alex Hathorn, BSc (Mining Eng), FSAIMM
Head of Technical Services, Anglo Coal Global
Mr Hathorn joined AMIRA International Limited as a non-executive Director in September 2003. He is a member of the Board of AMIRA International Mineral Industrial Research Association (AMIRA Africa).

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.

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 is a member of the Finance and Audit Committee and is the Chairman of the Board of AMIRA International North America, Inc.

Johan Theron, BEng (Met), FSAIMM
Group Executive: People, Impala Platinum Ltd
Mr Theron joined AMIRA International Limited as a non-executive Director in September 2006. He is a member of the Board of AMIRA International Mineral Industrial Research Association (AMIRA Africa).

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.

Gary Johnson
Managing Director, Norilsk Process Technology Pty Ltd
Mr Johnson joined AMIRA International Limited as a non-executive Director in October 2008.

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.

Steve Burks, B.Sc Eng (Minerals Processing Option)
Chief Technology Officer, Bateman Engineering Pty Ltd
Mr Burks 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.

Qualifications and experience of the company secretary

Julie Anne Leaver, B Commerce, FCPA and MAICD
Chief Financial Officer and Company Secretary, AMIRA International Limited
Mrs Leaver joined AMIRA on 29 September 2008 and was appointed to the role of Company Secretary on 6 October 2008. She has extensive experience in the mining, electricity generation and telecommunications industries.

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

Former directors

Robert V Danchin, BSc (Hons), MSc, PhD, FAusImm
Consultant Anglo American plc
Dr Danchin joined AMIRA International Limited as a non-executive Director in September 2003 and resigned on 1 October 2008.

Ray Shaw, BSc (Hons), PhD, FTSE, FAusIMM
Former Chief Adviser – Technical Opportunities, Rio Tinto Limited
Dr Shaw joined AMIRA International as a non-executive Director in April 2001 and resigned on 4 February 2009.

Robert Krcmarov, BSc (Hons), MEcon.Geol, FAusIMM, FSEG, MAIG
Senior Vice President Exploration, Barrick Gold Corporation
Mr Krcmarov joined AMIRA International Limited as a non-executive Director in September 2006. He was a member of the Finance and Audit Committee during the financial year ended 30 June 2009 and resigned from the Board on 13 August 2009.

Deming Whitman, BE (Mining), MBA (IMI), FAusIMM, MAICD
Former Chief Executive Officer, AMIRA International Limited
Mr Whitman was the Chief Executive Officer of AMIRA International and became a Director in September 2006. He was a member of the Executive Committee, and a member of the Board of AMIRA International Mineral Industrial Research Association (AMIRA Africa). On 8 May 2009 Mr Whitman decided not to renew his contract of employment with AMIRA and his employment ceased on 25 July 2009 on the termination of his contract.

Former company secretaries

Paul Nowicki, B Business, Graduate Diploma in Accounting, FCPA
Former Financial Controller and Company Secretary, AMIRA International Limited.
Mr Nowicki resigned as Company Secretary on 3 September 2008 and completed his employment with AMIRA on 30 September 2008.

Paul Greenhill, BSc(Hons), PhD, MAusIMM, MAICD
Director –Stakeholder Relations, AMIRA International Limited
Dr Greenhill was appointed interim Company Secretary from 3 September 2008 until 6 October 2008. He first joined the employment of AMIRA on 1 November 1996. He holds the executive position of Director- Stakeholder Relations for AMIRA and is the President and CEO of AMIRA International North America, Inc.

Directors' meetings
During the year ended 30 June 2009, each director attended the following board and committee meetings while a director:

Meetings and attendance during the year ended 30 June 2009										
	Board		Executive Committee		Finance & Audit Committee		Nomination & Membership Committee		Remuneration Committee	
Directors	**Meetings a**	**Attended b**	**Meetings a**	**Attended b**	**Meetings a**	**Attended b**	**Meetings a**	**Attended b**	**Meetings a**	**Attended b**
D H Magoon (Chairman)	6	6	7	7	1	1			1	1
D Olney	6	5	7	6						
J D Pease	6	6	7	6					1	1
R D La Nauze	5	4	7	6	2	2			1	1
P Charlesworth	6	5	7	7						
R W Shaw	4	3	2	2					1	0
A Hathorn	6	6								
B E Smith	6	6	2	1						
R V Danchin	1	1								
M Le Vier	6	6			1	1				
R Krcmarov	6	3			1	1				
W Valery	6	1								
J Theron	6	2								
C P Treacy	2	2	1	1	2	2				
S R Gilbert	6	6	5	5						
G Johnson	5	5								
J C Salas	5	5								
S Burks	5	1								
D Whitman	6	6	6	5						

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

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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

In relation to our audit of the financial report of AMIRA International Limited for the financial year ended 30 June 2009, 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

Denis Thorn
Partner
29 October 2009

Financial Report

Year Ended 30 June 2009

Index to financial report 11

Financial Report

Balance sheet

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Assets					
Current assets					
Cash and cash equivalents	6	5,830,098	3,238,560	5,473,649	3,037,418
Trade and other receivables	7	3,319,853	2,471,701	2,973,164	2,088,193
Loans and receivables	8	-	1,418,250	-	1,418,250
Financial assets at fair value through profit or loss	8	578,840	843,109	578,840	843,109
Other assets	7	57,906	5,811	57,906	5,811
Total current assets		**9,786,697**	**7,977,431**	**9,083,559**	**7,392,781**
Non current assets					
Property, plant and equipment	10	1,015,128	1,120,022	1,006,398	1,113,768
Held to maturity investments	9	932,290	955,110	932,290	955,110
Financial assets at fair value through profit or loss	9	914,988	1,744,150	914,988	1,744,150
Available for sale financial assets at fair value	9	28,000	150,000	28,000	150,000
Total non current assets		**2,890,406**	**3,969,282**	**2,881,676**	**3,963,028**
Total assets		**12,677,103**	**11,946,713**	**11,965,235**	**11,355,809**
Liabilities					
Current liabilities					
Trade and other payables	11	1,354,243	934,530	1,123,284	348,842
Other liabilities	11	1,879,515	140,465	1,879,515	140,465
Provisions	13	737,515	612,993	677,589	601,592
Project balances	12	10,396,391	10,114,848	10,396,391	10,114,848
Total current liabilities		**14,367,664**	**11,802,836**	**14,076,779**	**11,205,747**
Non current liabilities					
Provision	14	3,969	36,445	3,969	19,992
Total non current liabilities		**3,969**	**36,445**	**3,969**	**19,992**
Total liabilities		**14,371,633**	**11,839,281**	**14,080,748**	**11,225,739**
Net assets/(net liabilities)		**(1,694,530)**	**107,432**	**(2,115,513)**	**130,070**
Equity					
Members' interest					
Retained surplus/(deficit)	16	(1,743,178)	88,180	(2,115,513)	130,070
Foreign currency translation reserve		48,648	19,252	-	-
Total equity		**(1,694,530)**	**107,432**	**(2,115,513)**	**130,070**

The above balance sheet should be read in conjunction with the accompanying notes.

Financial Report

Income statement

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Revenues from operations	4	4,902,786	5,518,805	4,890,100	5,517,040
Expenses from operations	5	6,726,568	7,541,846	7,135,683	7,579,261
Surplus/ (deficit) before tax		**(1,823,782)**	**(2,023,041)**	**(2,245,583)**	**(2,062,221)**
Income tax (expense) / credit		(7,576)	(9,757)	-	-
Net surplus/ (deficit) available to members of the parent entity		**(1,831,358)**	**(2,032,798)**	**(2,245,583)**	**(2,062,221)**

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

Financial Report

Statement of changes in equity

Consolidated

	Note	Retained Earnings	Foreign Currency Translation Reserve	Total
		$	$	$
Balance at 1 July 2007		**2,120,978**	**3,516**	**2,124,494**
Add surplus/ (deficit)		(2,032,798)	-	(2,032,798)
Foreign currency translation		-	15,736	15,736
Balance at 30 June 2008	**16**	**88,180**	**19,252**	**107,432**
Net surplus/ (deficit)		(1,831,358)	-	(1,831,358)
Foreign currency translation		-	29,396	29,396
Balance at 30 June 2009	**16**	**(1,743,178)**	**48,648**	**(1,694,530)**

Parent

	Note	Retained Earnings	Foreign Currency Translation Reserve	Total
		$	$	$
Balance at 1 July 2007		**2,192,291**	-	**2,192,291**
Add surplus/ (deficit)		(2,062,221)	-	(2,062,221)
Foreign currency translation		-	-	-
Balance at 30 June 2008	**16**	**130,070**	**-**	**130,070**
Net (deficit)		(2,245,583)	-	(2,245,583)
Foreign currency translation		-	-	-
Balance at 30 June 2009	**16**	**(2,115,513)**	**-**	**(2,115,513)**

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

Financial Report

Cash flow statement

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Cash flow from operating activities					
Receipts relating to projects		19,041,493	18,831,148	19,041,493	18,831,148
Payments relating to projects		(16,099,158)	(14,131,692)	(16,387,124)	(14,091,757)
Receipts relating to subscriptions and other income		1,764,177	1,570,499	856,515	1,570,499
Receipts from sundry income		-	121,229	-	121,230
Interest received		446,011	604,136	433,325	602,074
(Payment)/receipt of income tax		(7,576)	(9,757)	-	-
Payments to other suppliers and employees		(4,911,541)	(5,892,067)	(3,841,639)	(5,569,758)
Net cash flows from/(used in) operating activities	**17**	**233,406**	**1,093,496**	**102,570**	**1,463,436**
Cash from investing activities					
Purchase of financial instruments		-	(920,838)	-	(920,838)
Proceeds from sale/maturity of financial instruments		2,015,251	104,892	2,015,251	104,892
Purchase of property, plant & equipment		(20,543)	(148,873)	(15,619)	(144,994)
Net cash flows from/(used In) investing activities		**1,994,708**	**(964,819)**	**1,999,632**	**(960,940)**
Net increase/(decrease) in cash and cash equivalents		**2,228,114**	**128,677**	**2,102,202**	**502,496**
Net foreign exchange difference		363,424	(6,106)	334,028	(20,962)
Cash and cash equivalents at beginning of period		3,238,560	3,115,989	3,037,418	2,555,884
Cash and cash equivalents at end of period	**6**	**5,830,098**	**3,238,560**	**5,473,648**	**3,037,418**

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

Financial Report

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 2009:

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

Financial Report

AMIRA, the parent entity, employed a Research Director in Vancouver, Canada and another in Santiago, Chile to assist in the development and oversight of the research projects it conducts on behalf of its members. On 25 November 2008, AMIRA International Limited was registered as an extraprovincial society in the Province of British Columbia to facilitate the employment arrangements for the Canadian employee. On 31 August 2009, AMIRA established a Limited Liability Partnership (LLP) in Chile, Asesorias AMIRA International Latin America Limitada (AMIRA Ltda) so that the AMIRA Group may more effectively undertake research for its members' requirements in Chile.

As at 30 June 2009 the AMIRA Group had 26 employees. Of these employees 20 were in Australia, 3 in South Africa, 1 in Denver, USA, 1 in Vancouver, Canada and 1 in Santiago, Chile. This figure did not reflect the impact of restructuring that was announced at the end of June 2009 which reduced the number of Australian staff by 6 positions in July 2009. In addition, the Australian CEO completed his contract with AMIRA by the end of July 2009 and AMIRA's Canadian employee took leave of absence for 12 months from 31 July 2009.

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 2009 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 2009 in accordance with a resolution of the directors on 29 October 2009.

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 2009, the AMIRA Group had a deficit of current assets over current liabilities of $4,580,967 (2008: $3,825,405) and a deficit of net assets of $1,694,530 (2008: surplus $107,432).

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 2009 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 $1.1 million in June 2009. 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 2011 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 investments will 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 114 Segment Reporting;
- 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 not adopted Australian Accounting standards and interpretations that have recently been issued or amended but are not yet effective for the reporting period ended 30 June 2009. These standards are:

- **AASB 101 (Revised) and AASB 2007-8:** Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards. This introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements. This is effective for years commencing on or after 1 January 2009.
- **AASB 127 (Revised)**: Consolidated and separate financial statements. Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction. This is effective for years commencing 1 July 2009.
- **AASB 2008-5, AASB 2008-6**: Amendments and Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the 2008 amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. These standards are effective for years commencing on or after 1 January 2009.
- **AASB 2009-Y**: Amendments to Australian Accounting Standards. These are principally editorial amendments and are not expected to have any major impact. The standard is effective for years commencing 1 July 2009.

AMIRA is yet to determine the impact of these revised standards on its future reporting obligations.

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 2009 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 and the North American entity's functional currency is US dollars and 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 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.

Financial Report

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.

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.

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.

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.

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. There were no employee incentives or bonuses for the year ended 30 June 2009.

2.14.4 Restructuring provision
In June 2009, a restructure of the AMIRA Group was implemented. This included the termination of the employment through redundancy of six Australian employees. The costs of these redundancies were recognised in the accounts as at 30 June 2009 as a restructuring provision.

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.

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.

Financial Report

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.

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	
	2009 $	2008 $	2009 $	2008 $
Operating revenue				
Management fees	2,580,401	3,221,155	2,580,401	3,221,155
Membership and subscriptions	1,571,208	1,570,499	1,571,208	1,570,499
Total operating revenue	**4,151,609**	**4,791,654**	**4,151,609**	**4,791,654**
Other income				
Interest	400,943	626,250	388,257	624,484
Sundry income	16,206	121,229	16,206	121,230
Net gain/(loss) on foreign exchange	334,028	(20,328)	334,028	(20,328)
Total other income	**751,177**	**727,151**	**738,491**	**725,386**
Total revenue	**4,902,786**	**5,518,805**	**4,890,100**	**5,517,040**

Financial Report

5 Expenses

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Operating expenses - before depreciation and amortisation and impairment				
Salaries and employee benefits	3,846,963	3,190,274	3,174,619	2,775,773
Travel and communications	632,994	1,368,476	550,341	1,259,891
Consultants	582,618	618,593	543,934	580,956
Administration	603,495	627,356	528,595	613,986
Bad and doubtful debts expense	293,812	124,292	1,164,655	353,788
North American marketing	-	-	409,302	383,006
Net (gain) on disposal of fixed assets	282	(45)	280	(45)
Total- operating expenses – before depreciation and amortisation and impairment	**5,960,164**	**5,928,946**	**6,371,726**	**5,967,355**
Net impairment and fair value movement of investments				
Impairment relating to:				
Available for sale securities	122,000	650,000	122,000	650,000
Held to maturity investments	22,820	44,890	22,820	44,890
Net impairment	**144,820**	**694,890**	**144,820**	**694,890**
Net loss / (gain) on financial assets at fair value through profit or loss relating to:				
• CDOs	496,165	761,050	496,165	761,050
• Hybrid securities	264	28,915	264	28,915
Total net loss / (gain) on financial assets at fair value through profit or loss	**496,429**	**789,965**	**496,429**	**789,965**
Total net impairment/ fair value movement	**641,249**	**1,484,855**	**641,249**	**1,484,855**
Depreciation and amortisation				
Building	25,666	25,625	25,666	25,625
Office equipment and software	99,489	102,420	97,042	101,426
Total – depreciation and amortisation	**125,155**	**128,045**	**122,708**	**127,051**
Total expenses	**6,726,568**	**7,541,846**	**7,135,683**	**7,579,261**

Financial Report

6 Current assets – cash and cash equivalents

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Cash at bank and on hand	2,127,351	1,827,931	1,770,902	1,626,789
Deposits at call	3,702,747	1,410,629	3,702,747	1,410,629
Total	**5,830,098**	**3,238,560**	**5,473,649**	**3,037,418**

7 Current assets – trade and other receivables and other assets

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Trade receivables	3,481,615	2,023,500	3,155,430	2,023,500
Allowance for impairment	(410,613)	(46,000)	(410,613)	(46,000)
Net trade receivables	**3,071,002**	**1,977,500**	**2,744,817**	**1,977,500**
Add other receivables				
Sundry debtors	37,495	384,983	16,991	1,475
Interest receivable	18,600	63,668	18,600	63,668
Net receivable – goods and services tax	192,756	45,550	192,756	45,550
Intercompany balances				
Amounts owed from subsidiaries	-	-	-	-
Total trade and other receivables	**3,319,853**	**2,471,701**	**2,973,164**	**2,088,193**
Other assets				
Prepayments	57,906	5,811	57,906	5,811
Total other assets	**57,906**	**5,811**	**57,906**	**5,811**

The African and North American entities do not have the income generating ability to repay amounts advanced to them by AMIRA. Consequently the amounts owed by them to AMIRA have been regarded as impaired in the current year and eliminated on consolidation.

8 Current assets - loans and receivables, financial assets at fair value through profit or loss and available for sale securities

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
8.1 Loans and receivables				
Commercial paper	-	1,418,250	-	1,418,250

Financial Report

8.2 Securities and shares

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
CDOs at cost	500,000	500,000	500,000	500,000
Movement in fair value	(181,355)	(14,350)	(181,354)	(14,350)
Hybrid securities at cost	192,098	386,374	192,098	386,374
Movement in fair value	(29,179)	(28,915)	(29,178)	(28,915)
Net financial assets at fair value	**481,566**	**843,109**	**481,566**	**843,109**
8.3 Equity security at fair value	97,274	-	97,274	-
Net financial assets at fair value	**578,840**	**843,109**	**578,840**	**843,109**

AMIRA purchased certain securities and shares prior to 30 June 2007:

CDOs

- The CDO held at 30 June 2009 is an ANZ, Echo Funding 16 that cost $500,000. It has a maturity date of 6 April 2010. In the prior year, as the maturity date was greater than 12 months, this investment was included under non-current investments.
- The CDO held at 30 June 2008 was purchased from the Commonwealth Bank for $500,000. This matured on 4 June 2009 and was recovered in full.

Hybrid and equity securities

- These investments in hybrid securities and shares have no fixed maturity date. The balance of hybrid and equity securities on hand at 30 June 2009 (Cost $289,373) were sold on 21 September 2009 for $301,477.

- In March 2009, one of the securities was compulsorily redeemed by the issuer at cost for $97,000.

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

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
9.1 Held to maturity investments				
Unsubordinated floating rate notes	1,000,000	1,000,000	1,000,000	1,000,000
Impairment	(67,710)	(44,890)	(67,710)	(44,890)
Net held to maturity investments	**932,290**	**955,110**	**932,290**	**955,110**

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

- CBA FRN purchased on 12 December 2007 for $500,000; has a maturity date of 25 May 2012; and
- CBA FRN purchased on 28 September 2006 for $500,000; has a maturity date of 21 January 2011.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
9.2 Financial assets at fair value				
Collateralised debt obligations (CDOs)	2,000,000	2,500,000	2,000,000	2,500,000
Fair value movement	(1,085,012)	(755,850)	(1,085,012)	(755,850)
Net financial assets at fair value	**914,988**	**1,744,150**	**914,988**	**1,744,150**

Details of these investments purchased from ANZ are as follows:

- Averon CPP Ltd for $500,000; maturity 20 June 2013.
- Echo Funding 18 for $500,000; maturity 20 June 2011; and
- Prelude Eur CDO (referred to as Credit Sail) for $1,000,000; maturity 30 December 2011.

The cost of the CDOs held at 30 June 2008 included the above ANZ products as well as Echo Funding 16 that cost $500,000 and has a maturity date of 6 April 2010. In the accounts for the year ended 30 June 2009, Echo Funding 16 is included under current assets as it has a maturity date of less than 12 months.

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.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
9.3 Equity security at cost	1,000,000	1,000,000	1,000,000	1,000,000
Impairment	(972,000)	(850,000)	(972,000)	(850,000)
Net value of available for sale securities	**28,000**	**150,000**	**28,000**	**150,000**

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.

Financial Report

9.4 Summary of investments – current and non current	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
8 Current				
8.2 Financial assets at fair value through profit or loss	481,566	843,109	481,566	843,109
8.3 Equity securities at cost	97,274	-	97,274	-
9 Non current				
9.1 Held to maturity investments	932,290	955,110	932,290	955,110
9.2 Financial assets at fair value through profit or loss	914,988	1,744,150	914,988	1,744,150
9.3 Equity securities at cost	28,000	150,000	28,000	150,000
Total investments	**2,454,118**	**3,692,369**	**2,454,118**	**3,692,369**

10 Non current assets – property, plant and equipment

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Carrying values				
Building				
At cost	1,025,000	1,025,000	1,025,000	1,025,000
Accumulated depreciation	(132,606)	(106,940)	(132,606)	(106,940)
Net book value	**892,394**	**918,060**	**892,394**	**918,060**
Office equipment and software				
At cost	282,105	1,000,879	273,375	994,625
Accumulated depreciation	(159,371)	(798,917)	(159,371)	(798,917)
Net book value	**122,734**	**201,962**	**114,004**	**195,708**
Total net book value for property, plant and equipment	**1,015,128**	**1,120,022**	**1,006,398**	**1,113,768**

AMIRA obtained a valuation of its building in July 2009 from a qualified valuer to ensure there was no impairment as at 30 June 2009. In the opinion of the valuer the building was valued at $1,100,000 at both June 2009 and the date of the valuation. Therefore no adjustment is required to the carrying value of these office premises in Melbourne, Australia.

During the year ended 30 June 2009, a major review of the asset register was conducted so that office equipment and software that was fully depreciated and no longer in use was removed from the asset register. The net impact of the carrying value is nil; gross values have reduced to reflect these write offs.

Financial Report

11 Current liabilities – trade and other payables and other liabilities

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Trade and other payables				
Trade creditors	1,194,422	774,245	963,463	188,557
Accruals	159,821	160,285	159,821	160,285
Total – trade and other payables	**1,354,243**	**934,530**	**1,123,284**	**348,842**
Other liabilities				
Project sponsor calls received in advance	469,058	140,465	469,058	140,465
Unearned subscription revenue	1,410,457	-	1,410,457	-
Total – other liabilities	**1,879,515**	**140,465**	**1,879,515**	**140,465**

12 Current liabilities – project balances

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Total project balances	**10,396,391**	**10,114,848**	**10,396,391**	**10,114,848**

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

13 Current liabilities – provisions

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Annual leave	259,880	147,508	199,954	136,107
Long service leave	264,387	265,306	264,387	265,306
Bonus	-	200,179	-	200,179
Restructuring	213,248	-	213,248	-
Total – current provisions	**737,515**	**612,993**	**677,589**	**601,592**

14 Non current liabilities – employee benefits provisions

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Long service leave	3,969	36,445	3,969	19,992
Total- non current provisions	**3,969**	**36,445**	**3,969**	**19,992**
Total current and non current employee benefit provisions	**741,484**	**649,438**	**681,558**	**621,584**

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	
	2009	2008	2009	2008
	$	$	$	$
Opening balance	88,180	2,120,978	130,070	2,192,291
Net surplus/ (deficit)	(1,831,358)	(2,032,798)	(2,245,583)	(2,062,221)
Closing balance	**(1,743,178)**	**88,180**	**(2,115,513)**	**130,070**

17 Cash flow statement reconciliation

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Operating surplus/ (deficit)	(1,831,358)	(2,032,798)	(2,245,583)	(2,062,221)
Impairment and fair value movement of financial instruments	641,249	1,484,855	641,249	1,484,855
Profit on sale of property, plant and equipment	282	(45)	280	(45)
Foreign exchange loss/(gain)	(334,028)	20,328	(334,028)	20,328
Depreciation of fixed assets				
• Office equipment and software	99,489	102,420	97,042	101,426
• Building	25,666	25,625	25,666	25,625
Changes in assets and liabilities				
(Increase)/ decrease trade receivables	(1,093,502)	1,740,390	(767,317)	1,627,658
(Increase)/ decrease sundry debtors	347,489	(383,507)	(15,516)	-
(Increase)/ decrease prepayments	(52,095)	307	(52,095)	307
(Increase)/ decrease interest receivable	45,068	(22,114)	45,068	(22,410)
Increase/(decrease) project balances	281,543	458,594	281,543	458,594
Increase/(decrease) trade creditors and accruals	419,713	(242,875)	774,443	(85,143)
(Increase)/ decrease GST receivable	(147,206)	73,015	(147,206)	73,015
Increase/(decrease) in income tax payable	-	-	-	-
Increase/(decrease) in other liabilities	1,739,050	(214,228)	1,739,050	(214,228)
Increase/(decrease) employee entitlements	92,046	83,529	59,974	55,675
Net cash flows used in operating activities	**233,406**	**1,093,496**	**102,570**	**1,463,436**

Financial Report

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.

20 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 8.2, 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 $1,889,096 as at 30 September 2009 (compared to $1,233,633 as at 30 June 2009).

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

21 Auditor's remuneration

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Amounts received or due and receivable by Ernst & Young for:				
• audit of the financial report	41,200	43,750	41,200	43,750
• other services	-	2,833	-	2,833
Total	**41,200**	**46,583**	**41,200**	**46,583**

Financial Report

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 2009 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: 28 October 2009 / 29 October 2009 (Melbourne, Australia)

ERNST & YOUNG

Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
www.ey.com/au

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

Report on the Financial Report

We have audited the accompanying special purpose financial report of AMIRA International Limited, which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement 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 judgement, 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.

Basis for Auditor's Qualified Opinion

A limitation of scope of our work exists for the reasons described below.

Global financial markets have experienced a period of high volatility initially led by events in the United States housing market, primarily sub prime loans, which has impacted the value, recoverability, liquidity, cash flow and rates of returns of many financial assets including Collateralised Debt Obligations ("CDO"s) and certain other managed funds.

As at 30 June 2009 AMIRA International Limited's investment portfolio included $1,234,000 of CDO investments held at fair value through the income statement (shown in notes 8 and 9) that have been impacted by this market volatility. The impact on individual securities depends on their degree of exposure to the markets. The income statement for the year ended 30 June 2009 includes fair value decrements of $496,165 (2008 fair value decrement: $761,050).

There is insufficient evidence available to ascertain whether the fair values have been appropriately calculated. Therefore, it is also not possible to determine whether the fair value decrements/increments for the 2009 and 2008 years are appropriately calculated.

These circumstances have resulted in our inability to obtain sufficient appropriate audit evidence to satisfy ourselves as to the fair value and recoverability of $1,234,000 of AMIRA International Limited's total investment portfolio and the associated fair value decrements recorded in the income statement.

ERNST & YOUNG

Auditor's Qualified Opinion

In our opinion, except for the effects of such adjustments if any, as might have been determined to be necessary on the financial statements had the limitation on the scope of our work as described above in the paragraph titled Basis for Auditor's Qualified Opinion not existed, the financial report of AMIRA International Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the financial position of AMIRA International Limited and the consolidated entity at 30 June 2009 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

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2 to the financial report, including negative current assets and negative net assets, there is a material uncertainty as to whether the company and consolidated entity will be able to continue as going concerns and therefore whether they will be able to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded amounts or to the amounts or classification of assets or liabilities that might be necessary should they not be able to continue as going concerns.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
Melbourne
29 October 2009