



EVERY DAY MINE SERVICES LIMITED

ABN 12 124 279 750

ANNUAL REPORT 2010

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Chairman's Report

On behalf of the Board I present the 2010 Financial Year annual report of Every Day Mine Services Limited ("EDMS" or "the Company").

After what started with a first half of great promise and renewal, the result for the 2010 financial year was extremely disappointing and well short of both the Board's and the stock market's expectations. Notwithstanding this poor result the Board look ahead with confidence in the ability of the new management team and their strategic plan to deliver EDMS back to profitability on a sustainable basis.

A range of issues combined over the second half of the year to significantly impact the results of EDMS.


- Wet weather impacted results for our Queensland operations in the first quarter and New South Wales in the fourth quarter resulted in many rigs being put on standby for an extended amount of time
- Contractual disputes weighed heavily on some key projects which resulted in the standing down of rigs while such disputes were settled
- Management processes had some inherent inefficiencies the results of which were not identified until the end of the financial year, resulting in a significant write-down of inventories
- An unacceptably high level of equipment breakdown in the second half of the year effected rig utilisation
- The business operations were affected by having to replace both the CEO and CFO roles respectively during the last quarter

Following the resignation of Ashley Pattison, the former CEO, the Board recognised the need to bring in an external CEO with strong operations experience. After a nationwide search, the Board in April 2010 announced the appointment of Mr Stephen McCoy as CEO. Following this appointment, Mr Paul Brenton was appointed CFO and Company Secretary. After his initial assessment of the business operations, Mr McCoy identified the need to strengthen the operations management of EDMS and appointed Mr Stephen Earp, General Manager Assets and Logistics, and Mr Tony Glass, General Manager Energy.

The new management team have moved to address issues such as improving client relationships and contractual terms, efficiency of management and financial processes and implementing a more stringent asset maintenance program. We expect to see the results of these management improvements reflected in the financial results over the course of the year with full understanding that results from such changes will take some time to take effect. EDMS is of course significantly impacted by the amount of activity in the resources sector. We expect activity to remain strong over the course of the 2011 Financial Year and believe the management changes will leave the company well placed to take advantage of a strong resources sector.

As part of the reorganisation of EDMS, Mr Roger Jackson, the founder of the business, stepped down from his role as Technical Director, an executive role. Mr Jackson will remain a Non-executive Director, and as the main shareholder of EDMS, a key supporter of the Company. The Board would like to thank both Mr Jackson and Mr Pattison for their contribution and hard work during their tenure as Executives of the Company. In the case of Mr Jackson, we also look forward to his ongoing involvement as a Non-executive Director.

Finally, I would like to extend, on behalf of the board, our sincerest thanks to our hard working employees who have continued to contribute to the Company during difficult circumstances. I am confident that EDMS will continue to improve and evolve as a challenging and rewarding workplace that provides employees with exciting career opportunities.



Tom Henderson
Director
(on behalf of the Chairman)

Managing Director's Report

EDMS experienced a mixed year in 2010, an increase in confidence in the Australian resources sectors as the global economy shook off the effects of the GFC provided an increase in activity for the above ground drill fleet in the latter part of the first half and the early part of the second half of the year.

The second half of the year also saw conditions improve in the base metals sector and this translated into an increase in activity for the EDMS labour hire and maintenance services operations in this sector. Underground drilling was somewhat slower to materialise and initial opportunities were heavily contested in the market.

The second half of the year was severely impacted by long periods of inclement weather, equipment breakdown and significant periods of idle time. The idle time occurred as a result of regulatory approval delays on existing projects and the inactive periods between demobilising from a project and mobilising to the next project.

Tendering of work increased substantially during the last quarter of the financial year with award of those tenders flowing through in the first and second quarters of FY10.

EDMS has strengthened its balance sheet during the financial year and post year end via \$3.45 million in equity raisings to existing shareholders and cornerstone investors. Proceeds were used to repay term debt, for fleet expansion and acquisitions.

While additions were made to the drill fleet, delays in delivery and commissioning of this equipment resulted in little revenue being generated in the year from these acquisitions.

During these tough times, EDMS has not lost sight of the importance of safety within our operations and while not LTI free, having had one lost time injury during the year our performance in this area is ahead of the drilling industry best practice.

Financial Statements

Revenue

Group revenue for the full year was \$26.9 million, an increase of 15.9 per cent on the corresponding period.

This time last year, EDMS had 25 rigs operating with 18 clients in 15 different locations on base metal projects. Today, the business has 18 rigs working with 6 clients in 5 geographical locations. Only 4 of these rigs are exposed to base metals.

Revenue contribution by Every Day Mine Service Operations Pty Ltd was hardest hit with DTH rigs being contracted sporadically during 2009/10 and both batch plants scaling operations back during this period also.

The diversification into coal saw a majority of the surface fleet back in work by year end and EDMS subsidiary Australian Gas Drilling (AGD) securing work in the gas sector in late 2009 and into 2010. The underground drills worked inconsistently over the entire year.

Loss

Net loss after tax attributable to equity holders was \$4.1 million. This represents a 68% decrease from the prior year's result. Contributing to the loss was a number of one-off items including:

- Loss totaling \$1.384 million from write off of inventory
- Loss totaling \$0.197 million for write off of Mine Mixers investment;

Managing Director's Report (Continued)

Interest

Net interest expense increased to \$1.34 million in 2009/10 up from \$0.69 million in the prior year.

Cash flow and balance sheet

Cash used in operations was (\$5.946m), up from (\$0.132m) in the prior period.

Capital expenditure totaled \$9.279 million for the year, compared to \$3.093 million in the prior period. The majority of this expenditure was incurred on rig upgrades and ancillary gear for use in the coal and energy sectors.

Mining outlook

The mining services sector has been hit hard over the past eighteen months although, the outlook is optimistic with recent price rises in base metals and the return of growth in China's demand for commodity imports such as coal, iron ore and copper.

This optimism continues to crystallise as feasibility studies and exploration programs in the market place. While these opportunities are strongly contested, the increase in demand is translating into sustainable work with the opportunity to realise acceptable margins.

The Group has recently seen an increase in tendering opportunities as activity in the base metal sector continues to improve with confidence. This activity has also translated into increased activity in the underground drilling and services provided by the Company.

Strategy

A new Executive Management team has been assembled focusing on building sustainable revenue growth and improving the return on assets, and increasing the commercial outcomes of current and future contract arrangements.

This team has developed and is implementing a strategy that builds on the existing business, identifies and develops additional opportunities through more rigorous processes and strengthening the core delivery systems.

The company is now in the late stages of a re-organisation which will see the group better placed to convert opportunities in the Energy and Metals sectors in Australia.



Stephen McCoy
Managing Director

Director's Report

Your directors present their report on the Group consisting of Every Day Mine Services Limited and the entities it controlled at the end of, or during, the period under review from 1 July 2009 to 30 June 2010.

Principle activities

EDMS is the holding company of the Group. The Group has three operating Subsidiaries: G.O.S. Drilling Pty Ltd (GOS), Australian Gas Drilling Pty Ltd (AGD) and Every Day Mine Services Operations Pty Ltd (EDMSO), all of which provide contracting services to the mining industry and which are headquartered in Rutherford, NSW.

The various divisions of EDMS and its precursors have been successfully servicing the mining sector in NSW since 1995 and have a combined staff of more than 160 people with both divisions having an enviable reputation with their clients. EDMS caters to the mining industry with a focus on niche services for exploration, mining and contracting companies that do not have specialised equipment and the qualified employees to perform themselves. The Group predominantly operates throughout NSW and Queensland. There are specific synergies within the Group which enable the resources, expertise and market positioning of each operating company to be available to the other companies in the Group.

EDMS has traditionally provided services to a wide range of companies with producing hard-rock mines that produce metals such as copper, gold, lead, zinc and silver. More recently, EDMS has expanded its commodity exposure to the energy sector including coal and coal gasification.

Dividend paid or recommended

No dividends have been declared or paid during the period under review.

Review of Operations

Information on the operations and financial position of the Group are set out in the Managing Director's Report on pages 3 to 4.

Significant changes in State of Affairs

There was no significant change in the state of affairs of the Group during the financial year.

After balance sheet date events

Since balance date, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Director's Report (Continued)

Environmental regulations

The Group operations are subject to State and Commonwealth environmental legislation. The Group monitors environmental issues, has appropriate environmental licenses for its operations and has environmental management procedures and is committed to reducing the impact of its operations on the environment. Our clients have obligations under environmental regulations and are reliant upon the Group to assist them to ensure its operations comply with those regulations.

As a mining services Group, EDMS undertakes to uphold environmental sustainability as a cornerstone of its operations. Our goal is to understand and respect the environment, land, cultural and social structures of the communities in which we operate. The Group continues to reduce its environmental footprint to protect and preserve the environment of the locations where we work.

Information on Directors

The following persons were directors of the Group during the period under review and up to the date of this report:

Mr Craig Burton BJuris, LLB, MAICD (appointed 23 September 2009)
Chairman, Aged 47

Mr Burton is an experienced and active investor in emerging projects and businesses, both public listed and private, with a focus on the base metals, oil and gas and mining services sectors. He is a co-founder of two ASX 200 companies – Mirabela Nickel Limited and Panoramic Resources Limited. He has a Bachelor of Laws degree from the University of Western Australia and is a member of the Australian Institute of Company Directors.

Mr Burton is currently Chairman of Mirabela Nickel Ltd and a Non-Executive Director of Capital Drilling Limited and Everyday Mining Services Limited.

Other current directorships Mirabela Nickel Ltd, and Capital Drilling Limited,

Former directorships in last three years: Exco Resources Ltd, Rewards Group Limited, Wildhorse Energy Limited and Matra Petroleum plc

Special responsibilities: Chairman of the Board, Chairman - Remuneration Committee

Interests in shares and options

26,234,453 ordinary shares in EDMS

5,000,000 options over ordinary shares in EDMS

Stephen McCoy MBA, B.Bus (Admin), MAuslmm (appointed 1 June 2010)
Managing Director, age 50

Mr McCoy has over 20 years experience in the mining services industry. Mr McCoy has held Senior Management roles with Hitachi, Allens Services and Orica Mining Services including Director and Chairman of Orica PNG as well as President of Roberts and Schaefer Australia. Mr McCoy is also a member of the Australian Institute of Management and a member of the Australasian Institute of Mining and Metallurgy.

Other current directorships - None

Special responsibilities: Company Secretary

Interests in shares and options

Nil ordinary shares in EDMS

Nil options over ordinary shares in EDMS

Directors Report (Continued)

Tom Henderson ICAA, FINSIA, AICD (appointed 23 September 2009)

Non-executive Director, age 44

Mr Henderson is a Chartered Accountant and the former Head of Corporate Finance at Deloitte in Perth. Mr Henderson left the Deloitte partnership in 2006 to pursue a number of private interests he has in the mining services and industrial sectors. Mr Henderson has expertise in the provision of advisory services to the resources and services industry and in the recapitalisation of listed vehicles.

Other current directorships - None

Special responsibilities: Chairman – Audit and Risk Committee

Interests in shares and options

11,625,000 ordinary shares in EDMS

3,000,000 options over ordinary shares in EDMS

Roger Alan Jackson BSc (Geol), Dip Ed, Grad Dip Fin Man - MAusIMM, AHIA, ADIA (appointed 6 March 2007, resigned as Executive Director 25 June 2010, appointed Non-executive Director 25 June 2010)

Non-executive Director, age 45

Mr Jackson completed a science degree majoring in geology and geophysics and also holds a Graduate Diploma in Financial Management from the University of New England. Prior to 1995 he held a variety of roles in construction and teaching, including the creation of a School Board endorsed High School Certificate in Mining. Mr Jackson founded G.O.S. Drilling Pty Ltd (GOS) in 1995 as a geological services and contracting company and is also the founder of Every Day Mine Services Operations (EDMSO), specialising in shotcrete production and delivery, underground construction, pump services and other mine services. During the late 1990's, Mr Jackson also founded two industrial and mining hire equipment businesses in Cobar and Gympie which were eventually sold to Coates Hire. Mr Jackson is a long standing Member of the Institute of Miners and Metallurgists and a member of the Australian Drilling Institute and a member of the Australian Institute of Company Directors.

Other current directorships - None

Former directorships in last three years: Augur Resources Limited

Special responsibilities: Nil

Interests in shares and options

49,739,500 ordinary shares in EDMS

1,700,000 options over ordinary shares in EDMS

Declan Thomas Franzmann B. Eng (Mining), MAusIMM (appointed 27 March 2007)

Non-executive Director, age 43

Mr Franzmann has more than 17 years' experience as a professional mining engineer and has gained significant operational and technical experience with mining and consulting companies. In 2005 Mr Franzmann established Crosscut Consulting, a resource engineering business providing mine planning and management services. Mr Franzmann holds formal Mine Manager's qualifications in Western Australia, Queensland and New South Wales, and he is a Member of the Australasian Institute of Mining and Metallurgy.

Other current directorships: Lachlan Star Resources Limited, Luiiri Gold Limited

Former directorships in last three years: None

Special responsibilities: Member - Audit and Risk committee, Member - Remuneration Committee

Interests in shares and options

1,586,160 ordinary shares in EDMS

1,100,000 options over ordinary shares in EDMS

Directors Report (Continued)

Peter John Bradfield LLB (Melbourne), FAICD (appointed 6 March 2007, resigned 30 September 2009)
Chairman, age 67

Ashley Jon Pattison B. Bus, ICAA, FINSIA (appointed 21 April 2008, resigned 31 May 2010)
Managing Director and Company Secretary, age 34

Joshua Simon Rogers Member AICD (appointed 6 March 2007, resigned 30 September 2009)
Non-Executive Director, age 40

Meetings of directors

Name	Date of appointment / (resignation)	Full meetings of Directors		Audit and Risk		Remuneration	
		A	B	A	B	A	B
Peter Bradfield	(30 September 2009)	4	3	1	1	-	-
Ashley Pattison	(31 May 2010)	10	10	2	2	1	1
Roger Jackson		11	11	-	-	-	-
Declan Franzmann		11	11	2	2	1	1
Joshua Rogers	(30 September 2009)	2	3	-	-	-	-
Craig Burton	23 September 2009	8	8	-	-	1	1
Tom Henderson	23 September 2009	8	8	1	1	-	-
Stephen McCoy	1 June 2010	2	1	-	-	-	-

A= Number of meetings attended

B= Number of meetings held during the time the director held office or was a member of the committee during the year.

Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the Directors of the Group (as named above), the Group secretary and all executive officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 60 of the annual report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Directors Report (Continued)

Remuneration report

Remuneration of Directors and Officers

This report outlines the remuneration arrangements in place for Directors and other key management personnel of EDMS.

Directors

Peter Bradfield	Chairman (Non-executive)
Craig Burton	Chairman (Non-executive)
Ashley Pattison	Managing Director
Stephen McCoy	Managing Director
Roger Jackson	Non-executive
Tom Henderson	Non-executive
Declan Franzmann	Non-executive
Joshua Rogers	Non-executive

Key management

Brad Marquart	Chief Financial Officer
Mark Verster	Chief Financial Officer
Paul Cobley	Chief Financial Officer
Peter Dunoon	Chief Financial Officer
Adam Rice	NSW Operations Manager
Anthony Quirk	GOS Manager – QLD
Jason Peachey	GOS Manager – NSW
Dirk De Hamer	AGD Manager
Michael (Joe) Jeffery	EDMSO Manager

The Group has established a remuneration committee which has adopted a remuneration charter. The charter provides that the fees and emoluments paid to Directors shall be approved in advance by Shareholders. The salary and emoluments paid to officers shall be approved by the Board. Executive officers and the managing director shall enter into service agreements which shall not exceed three years in duration (but shall be renewable). Consultants shall be engaged as required pursuant to service agreements. The Group shall ensure that fees, salaries and emoluments shall be in line with general standards for public listed companies of the size and type of the Group and that they shall not be excessive. All salaries of Directors and statutory officers shall be disclosed in the Annual Report of the Group each year.

The Board believes that individual salary negotiation is more appropriate than formal remuneration policies, and external advice and market comparisons are sought where necessary. The Group discloses the fees and remuneration paid to all Directors as required by the Corporations Act. The Board recognises that the attraction and retention of high calibre executives is critical to generating shareholder value. The Australian Directors and executives receive a superannuation guarantee contribution required by the government which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares issued to Directors and executives are valued at the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group. Each member of the executive team has signed a formal contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract sets out the specific formal job description.

Directors Report (Continued)

Under EDMS' Constitution, the Directors shall be paid remuneration for their ordinary services as Directors a fixed sum to be divided amongst them in such proportion and manner as the Directors agree and, in default of agreement, equally. The total aggregate amount that may be paid to the Directors is currently set at \$500,000 per annum. Director's fees are currently set at the following amounts per annum:

Each non-executive Director receives fees of \$40,000 per annum (plus GST) and the Chairman of the Board of Directors will receive \$80,000 per annum (plus GST). Payments of Directors' fees will be in addition to any payments to Directors in any employment capacity. A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

Performance-based Remuneration – For the Year Ended 30 June 2010

The elements of the Directors and Company and Group executives' remuneration which are dependent on performance conditions are:

Ashley Pattison, Managing Director

Pursuant to the terms of his Executive Service Agreement, Mr Pattison was entitled to a key performance indicator (KPI) cash bonus at the completion of each financial year if certain KPIs were achieved. The KPI are as follows;

- Achievement of financial year budgeted earnings per share (EPS) as released to ASX, results in 10% cash bonus of total salary package payable.
- Achievement of between 100% and 120% of budgeted EPS, results in 20% cash bonus of total salary package payable.
- Achievement of over 121% of budgeted EPS, results in 30% cash bonus of total salary package payable.

Mr Pattison forfeited the above on resignation on 31 May 2010.

Roger Jackson, Technical Director

Pursuant to the terms of his Executive Service Agreement, Mr Jackson was entitled to a key performance indicator (KPI) cash bonus at the completion of each financial year if certain KPIs were achieved. The KPI are as follows;

- Achievement of financial year budgeted earnings per share (EPS) as released to ASX, results in 7.5% cash bonus of total salary package payable.
- Achievement of between 100% and 120% of budgeted EPS, results in 12.5% cash bonus of total salary package payable.
- Achievement of over 121% of budgeted EPS, results in 20% cash bonus of total salary package payable.

Mr Jackson forfeited the above on resignation on 25 June 2010.

Directors Report (Continued)

Stephen McCoy, Managing Director

Pursuant to the terms of his Executive Service Agreement commencing 1 June 2010, Mr McCoy may be entitled to a key performance indicator (KPI) cash bonus at the completion of each financial year if certain KPIs are achieved. The KPIs are as yet to be determined and approved by the board.

Details of remuneration for the period ended 30 June 2010

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency and capital management

The names and positions held of the parent entity Directors are disclosed under Information on Directors above, with the dates of directorship disclosed for each Directors. During the period there were 9 employees that held roles of 6 positions in addition to the Executive Directors that are considered to meet the criteria of key management personnel.

Details of the remuneration of each Director and Key Management Personnel of Every Day Mine Services and its Subsidiaries, including their personally related entities, are set out below:

Directors Report (Continued)

JUNE 2010		POSITION	TENURE (IF NOT FULL YEAR SERVED)	SALARY, FEES & COMMISSIONS	SUPER	OTHER	OPTIONS	TOTAL
DIRECTORS								
Bradfield	Peter	Chairman	Resigned 30 September 2009	21,500	1,350	-	-	22,850
Burton	Craig	Chairman	Appointed 23 September 2009	30,000	-	-	-	30,000
Franzmann	Declan	Non- Executive Director		34,902	675	-	-	35,577
Henderson	Tom	Non- Executive Director	Appointed 23 September 2009	56,667	-	-	-	56,667
Jackson	Roger	Non-Executive Director		275,911	22,918	19,533	-	318,362
McCoy	Stephen	Managing Director	Appointed 1 Jun 2010	25,000	2,250	-	-	27,250
Pattison	Ashley	Managing Director	Resigned 31 May 2010	249,501	20,348	7,837	-	277,686
Rogers	Joshua	Non- Executive Director	Resigned 30 September 2009	10,000	675	-	-	10,675
TOTAL				703,481	48,216	27,370	-	779,067
KEY MANAGEMENT								
Cobley	Paul	Chief Financial Officer	Appointed 7 April 2010. Resigned 4 June 2010	43,359	-	-	-	43,359
De Hamer	Dirk	AGD General Manager	Appointed 30 November 2009	81,501	7,335	-	-	88,836
Dunoon	Peter	Chief Financial Officer	Appointed 7 June 2010	26,000	-	-	-	26,000
Jeffery	Michael (Joe)	EDMSO General Manager		115,268	10,374	-	-	125,642
Marquart	Bradley	Chief Financial Officer	Resigned 24 December 2009	88,013	7,921	-	-	95,934
Peachey	Jason	GOS General Manager - NSW		125,333	11,280	-	-	136,613
Quirk	Anthony	GOS General Manager - QLD	Resigned 1 December 2009	111,976	10,078	-	-	122,054
Rice	Adam	NSW Operations Manager		161,192	11,540	6,130	-	178,862
Verster	Mark	Chief Financial Officer	Appointed 11 January 2010, Resigned 9 April 2010	45,000	4,050	-	-	49,050
TOTAL				797,642	62,578	6,130	-	866,350

Directors Report (Continued)

JUNE 2009		POSITION	TENURE (IF NOT FULL YEAR SERVED)	SALARY, FEES & COMMISSIONS	SUPER	OTHER	OPTIONS	TOTAL
DIRECTORS								
Bradfield	Peter	Non- Executive Director		60,000	5,400	-	-	65,400
Franzmann	Declan	Non- Executive Director		30,000	2,700	-	-	32,700
Jackson	Roger	Executive Director		223,013	20,017	-	-	243,030
Pattison	Ashley	Managing Director		224,336	20,190	-	-	244,526
Rogers	Joshua	Non- Executive Director		30,000	2,700	-	-	32,700
TOTAL				567,349	51,007	-	-	618,356
KEY MANAGEMENT								
Jeffery	Michael (Joe)	Cobar Manager	Appointed 10 November 2008	70,735	6,366	-	-	77,101
Marquart	Bradley	Chief Financial Officer		140,000	12,603	-	8,452	161,055
Peachey	Jason	NSW Manager		115,000	10,521	-	-	125,521
Quirk	Anthony	QLD Manager		125,673	11,932	-	8,452	146,057
Summerfield	Jason	GOS General Manager	Resigned 14 December 2008	78,428	7,010	-	-	85,438
TOTAL				529,836	48,432	-	16,904	595,172

No Director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Executive Share Option Plan

During the last two financial years, the following share-based payment arrangements were in existence:

	Opening Balance 1 July 08	Options Acquired	Options Cancelled	Balance 30 June 09	Balance 1 July 09	Options Acquired	Options Transferred	Options Cancelled	Balance 30 June 10
Roger Jackson	600,000	-	-	600,000	600,000	1,100,000	-	-	1,700,000
Ashley Pattison	-	-	-	-	-	3,000,000	-	(3,000,000)	-
Joshua Rogers	300,000	-	-	300,000	300,000	800,000	-	(800,000)	300,000
Declan Franzmann	300,000	-	-	300,000	300,000	800,000	-	-	1,100,000
Peter Bradfield	500,000	-	-	500,000	500,000	1,150,000	-	(1,150,000)	500,000
Brad Marquart	-	200,000	-	200,000	200,000	-	-	(200,000)	-
Craig Burton	-	-	-	-	-	6,000,000	(1,000,000)	-	5,000,000
Tom Henderson	-	-	-	-	-	3,000,000	-	-	3,000,000
Anthony Quirk	150,000	200,000	-	350,000	350,000	-	-	(350,000)	-
Jason Summerfield	150,000	-	(150,000)	-	-	-	-	-	-
Kim Griffiths	150,000	-	(150,000)	-	-	-	-	-	-
	2,150,000	400,000	(300,000)	2,250,000	2,250,000	15,850,000	(1,000,000)	(5,500,000)	11,600,000

Details of the options method of valuation is disclosed in note 24.

Directors Report (Continued)

Executives and senior employees receiving options under the first round issued on 14 May 2007 are entitled to the beneficial interest under the option when the performance condition (length of service beyond 14 May 2009) is met only if they continue to be employed with the Group at that time.

The Directors approved the issue of a second round of options to key management of the Group and its subsidiaries pursuant to the Plan in July 2009. Details of the options issued are disclosed in note 20.

Options

At the date of this report, the options listed below are unexercised:

	Issue Date	Exercise Date	Exercise Price	Bal 1 Jul 08 \$'000	Options Granted \$'000	Options Cancelled \$'000	Bal 30 Jun 09 \$'000	Bal 1 Jul 09 \$'000	Options Granted \$'000	Options Cancelled \$'000	Bal 30 Jun 10 \$'000
Directors and Key Management	29 Jun 07	29 Jun 12	\$0.50	2,150	-	(300)	1,850	1,850	-	(950)	900
Carmichael Capital Partners	29 Jun 07	30 Jun 10	\$0.40	678	-	-	678	678	-	-	678
Employee Share Option Plan	20 Jul 08	29 Jun 12	\$0.41	-	1,300	(400)	900	900	850	(1,550)	200
Directors and Key Management	7 Jul 09	6 Jul 14	\$0.064	-	-	-	-	-	5,150	(4,150)	1,000
Directors and Key Management	30 Oct 09	30 Jun 14	\$0.064	-	-	-	-	-	9,000	-	9,000
				2,828	1,300	(700)	3,428	3,428	15,000	(6,650)	11,778

Non Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of amounts paid to the auditor, PKF, are set out below. Details of the amounts paid to the auditor of the Group, PKF, and its related practices for audit and non-audit services provided during the year are set out below:

Audit services

Audit and review of financial report \$81,500

Other Services


Taxation

-

\$81,500

This Directors report is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,


Tom Henderson
Director
Perth, 30 September 2010

Corporate Governance Statement

The Directors are responsible for the overall corporate governance of the Group and are committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the Directors' accountability to Shareholders.

The Board has resolved to adopt a Corporate Governance Policy (Policy) as required under the ASX Listing Rules which are substantially embodied in the ASX guideline document titled 'Corporate Governance Principles and Recommendations' issued by the ASX Corporate Governance Council in 2007. The Group will seek to follow the Best Practice Recommendations where appropriate for its size and operation.

The following policies and procedures have been adopted by the Group and are available from the Group upon request.

Structure of the Board

Under the Constitution of the Group, the Board of Directors may comprise between three and nine Directors. The Group currently has five Directors. The Board shall meet regularly, retain full and effective control over the Group and monitor the executive management. The Chairman shall not also be the Managing Director. The Board shall include non-executive Directors of sufficient calibre and number for their views to carry significant weight in Board decisions and such non-executive Directors shall, so far as is practicable, have expertise in mining matters.

There shall be an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary, at the Group's expense, and all Directors shall have access to the advice and services of the Group Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that the Group complies with applicable rules and regulations. The majority of Directors shall be independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment, apart from their fees and shareholdings. Directors' service contracts will not exceed three years without Shareholders' approval. There shall be full and clear disclosure of Directors' total emoluments, including share options and the emoluments paid to Directors shall be approved by Shareholders.

Management and Oversight

The Board is responsible for the overall Corporate Governance of the Group including its strategic direction and goals, the management framework of the Group, including a system of internal control, business risk management and the establishment of appropriate ethical standards. The Board has appointed an audit and risk committee and will appoint qualified consultants to advise the Board in appropriate cases as the need arises. As the Group grows in size the Board will review its Corporate Governance Policy to ensure continuing compliance with best business practice. There is a standing invitation to all board members to attend committee meetings as observers.

Code of Conduct

The Group has adopted a code of conduct stipulating that the Group, its Directors, employees, contractors and consultants shall operate within accepted corporate ethical standards and in compliance with its legal and regulatory obligations. The Directors will use the power of their office only for proper purposes and discharge their duties in good faith and act honestly. They acknowledge that they owe a fiduciary relationship to the Group and its shareholders. Directors shall act with skill, care and diligence expected of Directors of public companies and no director shall take improper advantage of nor make improper use of information gained through his/her position whilst in possession of market sensitive information that has not been released to the ASX. All Directors must disclose to the Board any actual or potential conflicts of interest that may exist or might reasonably be thought to exist between the interest of the Director and the interests of any other parties in carrying out the activities of the Group.

Corporate Governance Statement (continued)

Integrity in Financial Reporting

The Group has established an audit and risk committee comprising two non-executive directors. The audit and risk committee is responsible for the financial management of the Group and compliance with all relevant accounting standards. The Group has adopted an audit and risk charter which outlines the principles by which the Group will manage its audit and risk compliance. In addition the audit and risk committee oversees the preparation and presentation of the Group's financial results and reviews the remuneration and accounting practices of the Group and its officers and the performance of the auditor. In addition the chief executive officer (or equivalent) and the chief financial officer (or equivalent) state in writing to the board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards. They must also state that such statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board, and that the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Continuous and Relevant Disclosure

The Group has adopted a continuous disclosure policy to comply with its continuous disclosure obligations once listed on the ASX. The aims of this policy are to assess new information and co-ordinate any disclosure or releases to the ASX, or any advice required in relation to that information, in a timely manner and to provide an audit trail of the decisions regarding disclosure obligations to substantiate compliance with the Group's continuous disclosure and to ensure that employees, consultants, associated entities and advisers of the Group understand their obligation to bring material information to the attention of the Chairman of the Board. The Group shall make appropriate announcements to Shareholders via the ASX to ensure that all Shareholders are kept informed of developments in the Group's affairs.

Rights of Shareholders

The Group has adopted a Shareholder communication policy. The policy reflects the Board's requirement that Shareholders should be fully informed about the Group and that Shareholders should have access to the latest information available in a timely manner. The Group shall also ensure that all Shareholders have a right to participate in the affairs of the Company and in particular to encourage their attendance at and to ask and have answered relevant questions at General Meetings of the Company, any correspondence or enquires from Shareholders shall be answered promptly and they shall be kept informed of all significant developments in the affairs of the Group.

Management of Risk

The primary vehicle for the management of corporate risk will be the audit and risk committee appointed by the Board. It shall be an additional function of that committee that it shall review systems of internal control and areas of significant operational, financial or property risk and ensure arrangements are in place to contain such risks to acceptable levels. In addition the Group shall ensure that appropriate insurance policies are kept current to cover all potential risks and has implemented Directors' and officers' professional indemnity insurance.

Performance of Directors and Officers

The Group has adopted the Every Day Mine Services Ltd Employee Share Option Plan which is intended to reward Directors and officers with options to purchase Shares in the Group.

Remuneration of Directors and Officers

The Group has established a remuneration committee which has adopted a remuneration charter. The charter provides that the fees and emoluments paid to Directors shall be approved in advance by Shareholders. The salary and emoluments paid to officers shall be approved by the Board. Executive officers and the managing director shall enter into service agreements which shall not exceed three years in duration (but shall be renewable). Consultants shall be engaged as required pursuant to service agreements. The Group shall ensure that fees, salaries and emoluments shall be in line with general standards for public listed companies of the size and type of the Group and that they shall not be excessive. All salaries of Directors and statutory officers shall be disclosed in the Annual Report of the Group each year.

Corporate Governance Statement (continued)

Recognition of Interests of Shareholders

The Group has adopted a Shareholder communication policy. All Shareholders shall be kept informed of major developments in the affairs of the Group by ASX announcements and copies of other reports and releases shall be available to all Shareholders upon request (where not otherwise required by regulation to be distributed). The Board shall seek Shareholder approvals for any new issues of shares or options and shall, where possible, recommend bonus shares and dividend distributions to Shareholders in line with the Group's financial achievements. Shareholders will be encouraged to attend all general meetings of the Group and to ask questions of the Board in relation to the Group's affairs there at. The Group will use its best endeavors to ensure that any correspondence or enquires from shareholders is answered promptly and Shareholders shall be kept informed of all significant developments in the affairs of the Group.

ASX BEST PRACTICE RECOMMENDATIONS

Pursuant to the ASX Listing Rules, the Group advises that based upon the information set out above, it does comply with the following Best Practice Recommendations, issued by the ASX Corporate Governance Council, except as noted below,

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Directors are responsible for the overall corporate governance of the Group and are committed to the principles underpinning best practice in corporate governance, applied in a manner that meets ASX standards and best addresses the Directors' accountability to shareholders

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Group has provided a summary of its process for evaluating the performance of senior executives in this Statement.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

As set out above, the Group complies with this requirement.

Recommendation 2.1: A majority of the board should be independent Directors.

The Board considers that one of the five Directors is an independent non-executive Director. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances. The Directors are aware of the recommendations of this provision, however based on the current Boards requirements to enable effective management of the company, the company has not been in a position to fully comply with the recommendations.

Recommendation 2.2: The chair should be an independent director.

As set out above, the Group's chairperson, Mr Craig Burton is not considered to be an independent Director. The Directors are aware of the recommendations of this provision, however based on the current Boards requirements to enable effective management of the company, the company has not been in a position to fully comply with the recommendations.

Recommendation 2.3: The roles of the chair and chief executive officer should not be exercised by the same individual.

The role of the chairperson has been fulfilled by Mr Craig Burton and the role of Chief Executive Officer has been fulfilled by Mr Stephen McCoy.

Recommendation 2.4: The board should establish a nomination committee.

The functions to be performed by a nomination committee under the ASX Best Practice Recommendations are currently performed by the full Board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances.

Corporate Governance Statement (continued)

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Group has provided a summary of its process for evaluating the performance of the board, its committees and individual directors, in this Statement.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

One of the matters to be included in the corporate governance section of the Annual Report pursuant to the Guide to reporting on Principle 2 is “the names of members of the nomination committee and their attendance at meetings of the committee”. As stated above, the Board does not consider it appropriate for the Group to establish a nomination committee and therefore this information has not been included in the annual report or otherwise made publicly available.

In all other respects, the Group has complied with the disclosure requirements contained in the Guide to reporting on Principle 2 by the inclusion of information in this Statement, but has not otherwise made the information publicly available.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- 3.1.1 the practices necessary to maintain confidence in the company’s integrity
- 3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- 3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

As set out above, the Group has adopted a Code of Conduct, which reflects policies that were in place during the reporting period.

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

As set out above, the Group has adopted a securities trading policy.

Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Group has made available a summary of its Code of Conduct and securities trading policy in this statement, but has not otherwise made this information publicly available.

Recommendation 4.1: The board should establish an audit committee.

As set out above the Board has established an Audit and Risk committee.

Recommendation 4.2: The audit committee should be structured so that it:

- 4.2.1 consists only of non-executive directors
- 4.2.2 consists of a majority of independent directors
- 4.2.3 is chaired by an independent chair, who is not chair of the board
- 4.2.4 has at least three members

The Audit committee consists of one Non-executive Independent Director and one Non-executive Director. Having regard to the skill set of the Non-executive Director, the board has deemed it appropriate for the Non-executive Director to be a member of the Audit committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group’s circumstances. The Directors are aware of the recommendations of this provision, however based on the current Boards requirements to enable effective management of the company, the company has not been in a position to fully comply with the recommendations.

Corporate Governance Statement (continued)

Recommendation 4.3: The audit committee should have a formal charter.

The Audit committee has a formal charter. The Board also adheres to the Group's Code of Conduct and procedures to ensure independent judgement in decision making, as set out in relation to ASX Best Practice Recommendation 2.1. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Group has provided a summary of its compliance with this Statement.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

As set out above, the Group has adopted a continuous disclosure policy, which reflects policies that were in place during the reporting year.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Group has provided a summary of its continuous disclosure policy in this Statement.

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

As set out above, the Group has adopted a communications policy, which reflects policies that were in place during the reporting year.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Group has provided a summary of its compliance with this Statement.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

As set out above, the Board has established policies on risk oversight and management.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

As set out above, the Group complies with this requirement.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

As set out above, the Group complies with this requirement.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Group has provided relevant information in this Statement upon recognising and managing risk, but has not otherwise made a description of its risk management policy and internal compliance and control system publicly available.

Corporate Governance Statement (continued)

Recommendation 8.1: The board should establish a remuneration committee.

As noted above, the Group has established a Remuneration Committee.

Pursuant to the ASX Listing Rules, the Group advises that it does not comply with the following Best Practice Recommendations, issued by the ASX Corporate Governance Council. Reasons for the Group's non-compliance are detailed below. The Directors are aware of the recommendations of this provision, however based on the current Boards requirements to enable effective management of the company, the company has not been in a position to fully comply with the recommendations.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Group's remuneration policies are referred to above.

Recommendation 8.3: Companies should provide the information indicated in the Guide to reporting on Principle 8.

The Group has provided a summary of its compliance with this Statement.

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Financial Report

Statement of Comprehensive Income for financial year ended 30 June 2010

	Note	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
Revenue	5	26,882	23,165
Other income	6	1,569	257
Consumables		(8,505)	(12,265)
Employee benefits expenses	7	(15,589)	(11,900)
Administration expenses		(2,717)	(1,871)
Finance costs	7	(1,337)	(687)
Depreciation and amortisation expense	7	(4,063)	(4,513)
Impairment	7	(345)	(7,045)
Loss before income tax		(4,105)	(14,859)
Income tax benefit	8	-	2,104
Net loss for the year		(4,105)	(12,755)
Other comprehensive income/(loss)			
Other comprehensive income net of taxation		-	-
Total comprehensive loss for the period		(4,105)	(12,755)
Total comprehensive loss attributable to equity holders of the parent company		(4,105)	(12,755)
Earnings per share for loss attributable to ordinary equity holders of the company – cents/share			
- Basic loss per share	27	(2.0)c	(9.5)c
- Diluted loss per share	27	(2.0)c	(9.5)c

The accompanying notes form part of the financial statements.

Statement of Financial Position as at 30 June 2010

	Note	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
Current assets			
Cash and cash equivalents	9	184	664
Trade and other receivables	10	6,490	2,378
Inventories	11	6,135	4,783
Available-for-sale financial assets	12	3	149
TOTAL CURRENT ASSETS		12,812	7,974
Non-current assets			
Property, plant and equipment	14	23,160	19,047
Deferred tax asset	8	5,113	2,948
Intangible assets	15	3	3
TOTAL NON-CURRENT ASSETS		28,276	21,998
TOTAL ASSETS		41,088	29,972
Current liabilities			
Trade and other payables	16	3,400	4,024
Bank overdraft	9	3,423	2,953
Borrowings	18	2,982	1,979
Taxation	8	-	257
Provisions	17	853	478
TOTAL CURRENT LIABILITIES		10,658	9,691
Non-current liabilities			
Borrowings	18	7,006	5,296
Deferred Tax	8	3,117	940
Provisions	17	102	-
TOTAL NON-CURRENT LIABILITIES		10,225	6,236
TOTAL LIABILITIES		20,883	15,927
NET ASSETS		20,205	14,045
EQUITY			
Contributed equity	19	32,956	24,566
Option reserve	20	1,984	109
Accumulated losses		(14,735)	(10,630)
TOTAL EQUITY		20,205	14,045

The accompanying notes form part of the financial statements.

Statement of changes in equity for the financial year ended 30 June 2010

	Ordinary shares	Accumulated losses	Option reserve	Total
	\$ '000	\$ '000	\$ '000	\$ '000
CONSOLIDATED				
Balance 1 July 2008	22,903	2,125	80	25,108
Comprehensive loss for the year	-	(12,755)	-	(12,755)
Transactions with owners in their capacity as owners:				
Options issued to employees	-	-	29	29
Shares issued during the year	1,863	-	-	1,863
Share issue costs	(103)	-	-	(103)
Net movement in deferred tax on share issue costs	(97)	-	-	(97)
Balance at 30 June 2009	24,566	(10,630)	109	14,045
Balance 1 July 2009	24,566	(10,630)	109	14,045
Comprehensive loss for the year	-	(4,105)	-	(4,105)
Transactions with owners in their capacity as owners:				
Options issued to employees	-	-	380	380
Options issued for capital raising	-	-	1,495	1,495
Shares issued during the year	10,002	-	-	10,002
Share issue costs	(1,936)	-	-	(1,936)
Net movement in deferred tax on share issue costs	324	-	-	324
Balance at 30 June 2010	32,956	(14,735)	1,984	20,205

The accompanying notes form part of the financial statements.

Statement of Cash Flows for the financial year ended 30 June 2010

	Note	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		23,212	28,234
Payments to suppliers and employees		(27,584)	(27,679)
		<u>(4,372)</u>	<u>555</u>
Interest received		9	6
Interest paid		(1,337)	(693)
Income tax paid		(246)	-
Net cash used in operating activities	21	<u>(5,946)</u>	<u>(132)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		2,001	1,049
Purchase of plant and equipment		(9,279)	(3,093)
Proceeds from sale of property		-	397
Net cash used in investing activities		<u>(7,278)</u>	<u>(1,647)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		9,561	1,760
Borrowings raised / (repaid)		2,713	(1,678)
Net cash received from financing activities		<u>12,274</u>	<u>82</u>
Net decrease in cash and cash equivalents		(950)	(1,697)
CASH AT THE BEGINNING OF THE YEAR		(2,289)	(592)
CASH AT THE END OF THE YEAR	9	<u>(3,239)</u>	<u>(2,289)</u>

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Every Day Mine Services Limited (“the company”) is a public company listed on the Australian Securities Exchange, incorporated and operating in Australia.

Every Day Mine Services Limited’s registered office and its principal place of business is 20 Farrier Place, Rutherford, NSW, 2320

Every Day Mine Services Ltd is the holding company of the Group. The Group comprises the head entity Every Day Mine Services Limited and its three wholly owned subsidiaries: G.O.S. Drilling Pty Ltd, Every Day Mine Services Operations Pty Ltd and Australian Gas Drilling Pty Ltd, all of which provide contracting services to the mining industry. These financial statements cover both the Company and the Group.

The financial statements are presented in English and Australian dollars.

The financial report was authorised for issue by the directors on 30th September 2010.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Interpretations, adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001.

Compliance with Australian Accounting Standards ensures that the financial report of both the Company and the Group complies with International Financial Reporting Standards (“IFRS”).

(b) Basis of measurement

The financial report has been prepared on the historical cost basis except for available-for-sale financial assets which are carried at fair value.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- property, plant and equipment
- share based payments
- provisions

(d) Financial statement presentation

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a statement of changes in equity. All non-owner changes in equity must now be presented in the Statement of Comprehensive Income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the year ended 30 June 2010. Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The effects of all transactions between the entities within the Group have been eliminated.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(b) Business combinations

The purchase method of accounting is used to account for all business combinations except those deemed to be Group re-organisations, where control is not transitory. These are accounted for at cost, regardless of whether equity instruments or other assets are acquired.

Purchase price method

- (i) Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination.
- (ii) Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence of and valuation methods provide a more reliable measure of fair value.
- (iii) Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired

Cost method

- (i) In applying the cost price, the purchase price is measured as the carrying value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Transaction costs arising on the issue of equity instruments are recognised directly in equity.
- (ii) Where equity instruments are issued in a business combination, the value of equity instruments is determined with reference to the net asset value of the business acquired.
- (iii) Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their carrying value at the date of acquisition, irrespective of the extent of any minority interest.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Business combinations are accounted for when effective control passes to the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, the date that the Group commits to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire, are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Accounting for finance income and expense in relation to financial instruments is disclosed in the income statement.

Non-derivative financial instruments are classified, recognised and measured as follows:

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such on initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes in fair value are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or determined to be impaired, at which time the accumulative gain or loss previously reported in equity is recognised in profit or loss.

(d) Property, plant and equipment

(i) Initial recognition

Drilling Plant and equipment

Every Day Mine Services Operations Pty Limited, G.O.S. Drilling Pty Limited and Australian Gas Drilling Pty Limited apply the revaluation model to drilling plant and equipment in accordance with the provisions contained in AASB 116 "Property, Plant and Equipment". Revaluation surpluses recognised by the subsidiaries up to the date of acquisition formed part of the cost of the investment of the subsidiaries. Drilling plant and equipment recognised at revalued amounts in the financial statements of the subsidiaries at acquisition represents the cost to the Group. Revaluations have been and will be performed by external independent professional valuers and will be made regularly to ensure the difference between the revaluation amount and carrying amount is not material. Revaluation surpluses will be recognised directly in equity and devaluations will first be offset against revaluation surpluses with the difference recognised directly in profit and loss for the period.

The initial cost of drilling equipment includes expenditure that is directly attributable to the acquisition of the item together with costs associated with the refurbishment or adaptation necessary to operate the asset to a specific requirement or design.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Motor vehicles

Motor vehicles are stated at cost less accumulated depreciation and impairment.

Depreciation

Depreciation is provided for on drilling plant and equipment and motor vehicles. Depreciation is calculated on a straight line basis so as to write off the cost of each asset over its expected useful life to its estimated residual value.

The depreciable amount of all fixed assets is depreciated over their useful lives to the Group commencing from the time the asset is held ready for use.

(ii) Depreciation

Depreciation is provided on all property, plant and equipment so as to write off assets progressively over their useful economic lives and is calculated on the prime cost method. The expected useful lives are as follows:

Plant and equipment	7 years
Motor vehicles	5 years
Buildings	40 years
Office equipment	3 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iii) Disposal and derecognition

An item of property, plant or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the period.

(e) Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial measurement investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

(f) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of businesses acquired. Following initial recognition, goodwill is not amortised but is measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trademarks

Trademarks have been deemed to have an infinite useful life and are carried at cost less accumulated impairment losses. Trademarks are tested for impairment on an annual basis. Where an indicator of impairment exists, the asset is written down to its estimated value.

Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their acquisition date value less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which have been estimated at 5 years.

Intellectual property

The initial cost of intellectual property includes expenditure that is directly attributable to the acquisition of the item together with costs associated with further developing the asset.

Intellectual property is carried at cost less accumulated amortisation and impairment losses. The assets are amortised on a straight line basis over its useful life of 3 to 5 years

(g) Assets acquired under hire purchase arrangements

Fixed assets acquired under hire purchase agreements are recognised where substantially all the risks and benefits incidental to the ownership of the asset, are transferred to the Group. Upon initial recognition, the asset and the corresponding liability, is recognised in the Statement of Financial Position at an amount equal to the lower of the fair value and the present value of the minimum payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments are allocated between the reduction of the liability and the interest expense for the period.

Other leases are operating leases. Assets subject to operating leases are not recognised in the Statement of Financial Position and lease payments are recognised as operating lease expenses in the profit or loss for the period.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is determined with reference to replacement cost of inventory held for use in the supply of services.

(i) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

If evidence of impairment exists, individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets that share similar credit risk characteristics, are assessed collectively.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available- for-sale financial asset previously recognised in equity is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate and recognised in profit or loss.

An impairment loss can be reversed if the reversal can be related objectively to an event occurring after the impairment was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in equity.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount in respect of goodwill and indefinite life intangibles is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset or group of assets that generate cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee benefits

Short term benefits

Liabilities for employees' entitlements to wages and salaries, annual leave and other employee entitlements expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long-term benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs discounted to determine its present value.

Share-based payments

The value of options granted under the employee option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable. At each Statement of Financial Position date, the group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Comprehensive Income with a corresponding adjustment to equity.

(k) Provisions

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 can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Revenue recognition

The Group provides mining services on a contractual and ad hoc basis. Contracts are not fixed price contracts but define services and applicable rates to be charged. The Group has entered into a number of short and long term contracts for the provision of services. The contract terms range from 3 months to 5 years. Revenue from the provision of contracted and other revenue is recognised when:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of GST.

(m) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the Statement of Financial Position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all deductible temporary timing differences except for those arising:

- on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- in relation to differences associated with investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity, and the same taxation authority, the Australian Taxation Office.

(n) Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at 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 ruling at the Statement of Financial Position date.

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the parent, excluding any costs of servicing equity, other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Change in accounting policy

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting. This has resulted in the increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. There has been no impact to the measurement of the company's assets and liabilities. Comparatives for 2009 have been restated.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Level of Rounding used

Amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars in accordance with Australia Securities and Investments Commission Class Order 98/100.

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

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010 but have not been applied in preparing this financial report:

Analysis of changes – Accounting Standards

The following standards are considered applicable to the Group and will be adopted during the first annual reporting period after the effective date of each pronouncement.

Australian Accounting Standards

AASB No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
9	Financial Instruments	Dec 2009	1 Jan 2013
1053	Application of Tiers of Australian Accounting Standards	June 2010	1 Jul 2013
2009 – 5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 Jan 2010
2009 – 8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	Jul 2009	1 Jan 2010
2009 – 10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	Oct 2009	1 Feb 2010
2009 – 12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Dec 2009	1 Jan 2011
2010 – 2	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	June 2010	1 Jul 2013
2010 – 3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	June 2010	1 Jul 2010
2010 – 4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	June 2010	1 Jul 2011

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Australian Interpretations

Int No.	Title	Issue Date	Operative Date (Annual reporting periods beginning on or after)
19	Extinguishing Financial Liabilities with Equity Instruments	Dec 2009	1 Jul 2010

Main features of newly issued or amended Australian Accounting Standards

The following standards should be adopted by an entity during the first annual reporting period commencing after the effective date of each pronouncement. In certain circumstances earlier adoption may be permitted, refer to the full pronouncements for further detail.

AASB 9 Financial Instruments

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The IASB plans to complete its work on financial liabilities during 2010 and will issue requirements for financial liabilities that will be included in AASB 9 in due course.

The main changes from AASB 139 are described below.

Financial assets are classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. Application guidance has been included in AASB 9 on how to apply the conditions necessary for amortised cost measurement.

AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Hybrid contracts with financial asset hosts are classified and measured in their entirety in accordance with the classification criteria. Embedded derivative assets that are separated from financial liability or non-financial hosts in accordance with AASB 139 are to be accounted for in accordance with AASB 9.

Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.

Investments in contractually linked instruments that create concentrations of credit risk (tranches) are classified and measured using a 'look through' approach. Such an approach looks to the underlying assets generating cash flows and assesses the cash flows against the classification criteria (discussed in (a) above) to determine whether the investment is measured at fair value or amortised cost.

Financial assets are reclassified when there is a relevant change in the entity's business model changes.

Directors have been unable to determine the effect of these changes on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 1053 Application of Tiers of Australian Accounting Standards

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- (a) Tier 1: Australian Accounting Standards; and
- (b) Tier 2: Australian Accounting Standards – Reduced Disclosure

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

- (a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and
- (b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

- (a) for-profit private sector entities that do not have public accountability;
- (b) all not-for-profit private sector entities; and
- (c) public sector entities other than the Australian Government and State, Territory and Local Governments.

Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:

- (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
- (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

AASB 2009-5 Amendments Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

AASB 2009-5 results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to accounting standards.

The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The subjects of the principal amendments to the Standards are set out in the preface to the standard.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]

AASB 2009-8 clarifies the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.

The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]

The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

The amendment to AASB 8 requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

These amendments have no major impact on the requirements of the amended pronouncements.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

The subjects of the principal amendments to the Standards are set out below:

AASB 3 Business Combinations

- Measurement of non-controlling interests
- Unreplaced and voluntarily replaced share-based payment awards
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008)

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

The subjects of the principal amendments to the Standards are set out below:

AASB 1 First-time Adoption of Australian Accounting Standards

- Accounting policy changes in the year of adoption
- Revaluation basis as deemed cost
- Use of deemed cost for operations subject to rate regulation

AASB 7 Financial Instruments: Disclosures

- Clarification of disclosures

AASB 101 Presentation of Financial Statements

- Clarification of statement of changes in equity

AASB 134 Interim Financial Reporting

- Significant events and transactions

Interpretation 13 Customer Loyalty Programmes

- Fair value of award credits

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Impairment of property plant and equipment

The Group tests at each reporting date annually whether there are indicators of impairment in relation to property, plant and equipment, where an indicator is identified the recoverable amount of the cash generating unit is determined. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 14 for details of these assumptions and the potential impact of changes to the assumptions.

c. Impairment of intangible assets

The Group tests at each reporting date whether there are indicators of impairment in relation to intangible assets, where an indicator is identified the recoverable amount of the cash generating unit is determined. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumptions.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
5. REVENUE		
Revenue from services	26,882	23,165
	<u>26,882</u>	<u>23,165</u>
6. OTHER INCOME		
Interest Income	9	-
Profit on sale of assets	1,097	-
Sundry income	463	257
	<u>1,569</u>	<u>257</u>
7. EXPENSES		
Depreciation and Amortisation		
Land and buildings	19	19
Motor vehicles	254	521
Office Equipment	79	66
Plant and equipment	3,711	3,670
Amortisation of customer contracts	-	237
	<u>4,063</u>	<u>4,513</u>
Finance costs		
Interest expense – bank and other loans	219	334
Other finance charges - lease liability	1,118	353
	<u>1,337</u>	<u>687</u>
Employee benefits expense		
Non-executive Directors' remuneration	156	131
Salaries and wages	14,517	11,020
Superannuation costs	916	749
	<u>15,589</u>	<u>11,900</u>
Rental – operating leases		
Premises	187	300
Motor Vehicles	531	354
	<u>718</u>	<u>654</u>
Impairment losses		
Plant and equipment	-	5,143
Intangibles	199	1,902
Available-for-sale financial asset	146	-
	<u>345</u>	<u>7,045</u>
Loss on disposal of fixed assets		
Plant and equipment	-	255

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
8. INCOME TAX		
The major components of income tax expense/(benefit):		
Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax charge	-	-
<i>Deferred income tax</i>		
Tax benefit of estimated tax losses from operating activities	(2,028)	(1,898)
Relating to origination and reversal of temporary differences	2,028	(206)
Income tax (benefit) reported in the Statement of Comprehensive Income	-	(2,104)
Reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate.		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax from continuing operations	(4,105)	(14,859)
Tax at the Group's statutory income tax rate of 30%	(1,232)	(4,457)
Non deductible expenses	207	2,380
Tax benefit of estimated tax losses from operating activities	(2,028)	(1,898)
Unused tax losses and offsets not recognised as deferred tax asset	1,025	1,109
Movement attributable to timing differences	2,028	762
Aggregate income tax benefit	-	(2,104)

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX (continued)

Deferred income tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2008	Movement during the year	Balance at 30 June 2009
CONSOLIDATED			
Deferred tax assets			
Leave entitlements	114	(35)	79
Other	33	111	144
Tax losses	399	1,898	2,297
Share issue costs	525	(97)	428
Gross deferred tax assets	1,071	1,877	2,948
Deferred tax liabilities			
Consumables	993	442	1,435
Prepaid insurance	18	(17)	1
Customer Contracts	142	(142)	-
Property, plant and equipment	186	(420)	(234)
Other	-	(262)	(262)
Gross deferred tax liabilities	1,339	(399)	940

	Balance at 1 July 2009	Movement during the year	Balance at 30 June 2010
CONSOLIDATED			
Deferred tax assets			
Leave entitlements	79	(43)	36
Other	144	(144)	-
Tax losses	2,297	2,028	4,325
Share issue costs	428	324	752
Gross deferred tax assets	2,948	2,165	5,113
Deferred tax liabilities			
Consumables	1,435	406	1,841
Prepaid insurance	1	7	8
Property, plant and equipment	(234)	1,343	1,109
Other	(262)	421	159
Gross deferred tax liabilities	940	2,177	3,117

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
Income tax liability		
Opening balance	257	257
Charge for the period	-	-
Payments made	(257)	-
Balance at 30 June	-	257

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX (continued)

Every Day Mine Services Limited and its wholly-owned subsidiaries have formed a tax consolidation Group.

On formation of the tax consolidation Group, the entities entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned subsidiaries in the case of a default by the head entity, Every Day Mine Services Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Every Day Mine Services Limited for any current tax payable assumed and are compensated by Every Day Mine Services Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Every Day Mine Services Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
9. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	184	664
Bank overdraft	(3,423)	(2,953)
Balances as per the statement of cash-flows	<u>(3,239)</u>	<u>(2,289)</u>

Risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in note 25. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Banking Covenant

The Group has the following Banking covenants in place relating to the banking facilities;

- a. The Group will maintain a net worth not less than 45% of Total Tangible Assets
- b. The Group will not borrow or raise funds (other than to repay the facilities in full) without the prior written consent of the bank.
- c. The Group will ensure that earnings before interest, tax, depreciation and amortisation for each quarterly period is not less than the amount set out below;

Financial period Quarter ending	\$'000's	YTD \$'000's
September 2009	1,200	1,200
December 2009	1,200	2,400
March 2010	1,100	3,500
June 2010	1,800	5,300

The Group has complied with all covenants except for the earnings before interest, tax, depreciation and amortisation covenant above in the 30 June 2010 quarter.

Financing Facility

The Group has a receivables finance facility in place with its bankers, totaling \$6,000,000. This facility allows the Group to draw funding, to a maximum of 80%, against each outstanding debtors invoice. The advances from the bank are repaid upon receipt from the debtor. At 30 June 2010 the Group had drawn against this facility a total of \$3,326,038.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated 2010	Consolidated 2009
	\$ '000	\$ '000
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	5,968	2,299
Prepayments	498	57
Sundry debtors	24	22
	<u>6,490</u>	<u>2,378</u>
Trade receivable reconciliation		
At 30 June 2010	5,968	2,299
Provision for impairment recognised during year	-	(324)
Receivables written off during the year	-	324
	<u>5,968</u>	<u>2,299</u>

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Past due but not impaired

As of 30 June 2010, trade receivables of \$916,000 (2009 - \$169,000) were past due but not impaired. These relate to 8 customers for whom there is no recent history of default.

Trade receivable aging analysis

0 – 3 Months	5,052	2,130
3 – 6 months	880	169
Over 6 months	36	-
	<u>5,968</u>	<u>2,299</u>

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amounts are assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 25 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. INVENTORIES

At cost – consumables	<u>6,135</u>	<u>4,783</u>
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Consumables comprises drill rods and related goods used in the provision of mining services.

12. AVAILABLE FOR SALE FINANCIAL ASSETS

Shares in Australian listed entity	<u>3</u>	<u>149</u>
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Available-for-sale financial instruments consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate. The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market.

Risk exposure

Information about the Group's exposure to price risk is provided in note 25.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS IN CONTROLLED ENTITIES

	Country of incorporation	Percentage of equity interest held by the parent	INVESTMENT 2010 \$'000s	INVESTMENT 2009 \$'000
Every Day Mine Services Operations Pty Limited	Australia	100%	973	973
G.O.S. Drilling Pty Limited	Australia	100%	1,210	1,210
Australian Gas Drilling Pty Limited	Australia	100%	-	-
			<u>2,183</u>	<u>2,183</u>
Less: Provision for impairment			<u>(2,183)</u>	<u>(2,183)</u>
			<u>-</u>	<u>-</u>

Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
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14. PROPERTY, PLANT AND EQUIPMENT

Freehold Land and Buildings

At cost	797	1,200
Accumulated depreciation	(32)	(44)
	<u>765</u>	<u>1,156</u>

Motor Vehicles

At cost	1,425	1,279
Accumulated depreciation	(929)	(675)
	<u>496</u>	<u>604</u>

Office Equipment

At Cost	338	299
Accumulated depreciation	(174)	(93)
	<u>164</u>	<u>206</u>

Plant and equipment

At cost	35,468	28,053
Accumulated depreciation	(9,126)	(5,829)
Impairment losses	(4,607)	(5,143)
	<u>21,735</u>	<u>17,081</u>

Total Property, plant and equipment

Cost	38,028	30,831
Accumulated depreciation	(10,261)	(6,641)
Impairment losses	(4,607)	(5,143)
Total written down value	<u>23,160</u>	<u>19,047</u>

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT(continued)

Reconciliation

Reconciliation of the carrying amount of fixed assets for the current financial year is set out below:

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
Freehold Land and Buildings		
Opening carrying value	1,156	1,586
Disposals	(373)	(411)
Depreciation expense	(18)	(19)
Written down value at 30 June	<u>765</u>	<u>1,156</u>
Motor Vehicles		
Opening carrying value	604	2,080
Additions	146	122
Disposals	-	(1,077)
Depreciation expense	(254)	(521)
Written down value at 30 June	<u>496</u>	<u>604</u>
Office Equipment		
Opening carrying value	206	135
Additions	37	137
Depreciation expense	(79)	(66)
Written down value at 30 June	<u>164</u>	<u>206</u>
Plant and Equipment		
Opening carrying value	17,081	22,827
Additions	9,096	3,093
Disposals	(730)	(26)
Impairment losses	-	(5,143)
Depreciation expense	(3,712)	(3,670)
Written down value at 30 June	<u>21,735</u>	<u>17,081</u>
Total Property, Plant and Equipment	<u><u>23,160</u></u>	<u><u>19,047</u></u>

The bank has a fixed and floating charge over all unencumbered assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment

As a result of testing for indicators of impairment Management identified that the net assets of the Group were higher than the market capitalisation of the Group. In accordance with AASB 136 the Group has calculated the recoverable amount of each cash-generating unit, and where the recoverable amount of the cash generating unit is lower than its carrying value the cash generating unit has been written down to its recoverable amount.

For the purposes of impairment testing the following is considered a cash generating units:

- Underground drilling division
- Surface drilling division; and
- Mining services

The recoverable amount of the cash generating unit has been based on the higher of its fair value less costs to sell and value in use. Fair value less costs to sell has been based on similar market transactions. Value in use has been calculated using a discounted cash flow forecast, for two years and with a pre tax discount rate of 14% being used to determine the net present value of the future cash flows. Revenue is forecast using a Rig utilisation basis.

Sensitivity Analysis

If the discount rate was decreased to 12% the recoverable amounts of the cash generating units would still be in excess of their carrying values. As a result of the above, no impairment losses were recognised in the year ended 30 June 2010.

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
15. INTANGIBLE ASSETS		
Customer contracts		
At cost	-	475
Impairment	-	(238)
Accumulated amortisation	-	(237)
	<hr/>	<hr/>
	-	-
Intellectual Property		
At cost	199	-
Impairment	(199)	-
	<hr/>	<hr/>
	-	-
Trademarks		
At cost	3	3
Accumulated impairment	-	-
	<hr/>	<hr/>
	3	3
Goodwill		
At cost	-	1,664
Impairment	-	(1,664)
	<hr/>	<hr/>
	-	-

Goodwill relates to the acquisition of the Silver City and Central Exploration businesses, Every Day Mine Services Operations Pty Limited and G.O.S Drilling Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS (continued)

Impairment test for intellectual property

Intellectual property ("IP") relates to the Mine Mixers process which was acquired from RTL Corporation Limited. The IP was considered fully impaired by Management as the focus will be on developing the Group's core operations and for the foreseeable future resources will not be invested in developing the Mine Mixers business.

As a result of the above, an impairment loss amounting to \$199k was recognised in the year ended 30 June 2010. The impairment loss has been disclosed in intangibles above.

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
16. PAYABLES		
Trade Payables	2,119	2,377
Other payables	1,281	1,647
	<u>3,400</u>	<u>4,024</u>
17. PROVISIONS		
Employee entitlements		
Employee benefits	853	478
	<u>853</u>	<u>478</u>
Amounts not expected to be settled within the next 12 months		
Employee entitlements include accruals for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months.		
Movement in employee provisions		
Balance 1 July	478	375
Charge to profit and loss	375	103
Balance 30 June	<u>853</u>	<u>478</u>
Non Current Employee entitlements		
Employee benefits	102	-
	<u>102</u>	<u>-</u>
18. BORROWINGS		
Current		
Secured		
- Hire Purchase	2,982	1,979
	<u>2,982</u>	<u>1,979</u>
Non-Current		
Secured		
- Hire purchase	7,006	5,296
	<u>7,006</u>	<u>5,296</u>

a) Fair Values

The carrying amount of the Group's current and non-current borrowings approximates their fair value. Where appropriate fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS (continued)

b) Terms and conditions

Hire purchase

Hire purchase liabilities are repayable in monthly installments (including finance charges) ranging from \$1,411 to \$22,066 over periods ranging from 3 to 60 months. Applicable interest rates range from between 6.40% to 9.00%. Hire purchase liabilities are secured by a fixed and floating charge over all the unencumbered assets of the Group as discussed in note 14.

c) Risk exposures

Information about the Group's and parent entity's exposure to interest rate is provided in note 25.

19. SHARE CAPITAL

	Number of shares	Value	Attributable Costs	Net
	000's	\$'000s	\$'000s	\$'000s
Balance 1 July 2008	89,583	25,167	(2,264)	22,903
Placement 19 April 2009 at \$0.04 per share	6,450	258	-	258
Share purchase plan 30 April 2009 at \$0.04 per share	33,863	1,355	(25)	1,330
Placement 30 June 2009 at \$0.05 per share	5,000	250	-	250
Prior period attributable costs	-	-	(78)	(78)
Deferred tax movement	-	-	(97)	(97)
On issue at 30 June 2009	134,896	27,030	(2,464)	24,566
Balance 1 July 2009	134,896	27,030	(2,464)	24,566
Placement 16 July 2009 @ \$0.05 per share	13,500	675	-	675
Rights Issue 17 Aug 2009 @ \$0.06 per share	29,550	1,773	-	1,773
Placement Sep 2009 @ \$0.06 per share	720	54	-	54
Placement Dec 2009 @ \$0.16 per share	46,875	7,500	-	7,500
Issue of options for Dec 2009 share placement	-	-	(1,495)	(1,495)
Costs for Dec 2009 share placement	-	-	(441)	(441)
Deferred tax movement	-	-	324	324
On issue at 30 June 2010	225,541	37,032	(4,076)	32,956

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE CAPITAL (continued)

Options

Information relating to the Every Day Mine Services Limited issued Options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out below and in note 20.

	Issue Date	Exercise Date	Exercise Price	Bal 1 Jul 08 \$'000	Options Granted \$'000	Options Cancelled \$'000	Bal 30 Jun 09 \$'000	Bal 1 Jul 09 \$'000	Options Granted \$'000	Options Cancelled \$'000	Bal 30 Jun 10 \$'000
Directors and Key Management Carmichael	29 Jun 07	29 Jun 12	\$0.50	2,150	-	(300)	1,850	1,850	-	(950)	900
Capital Partners	29 Jun 07	30 Jun 10	\$0.40	678	-	-	678	678	-	-	678
Employee Share Option Plan	20 Jul 08	29 Jun 12	\$0.41	-	1,300	(400)	900	900	850	(1,550)	200
Directors and Key Management	7 Jul 09	6 Jul 14	\$0.064	-	-	-	-	-	5,150	(4,150)	1,000
Directors and Key Management	30 Oct 09	30 Jun 14	\$0.064	-	-	-	-	-	9,000	-	9,000
				2,828	1,300	(700)	3,428	3,428	15,000	(6,650)	11,778

Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position (including minority interest) plus net debt.

20. OPTION RESERVE

	Number of options 000's	Value \$'000s	Attributable Costs \$'000s	Net \$'000s
Balance 1 July 2008	2,828	80	-	80
Issued during year – employee share option plan	1,300	29	-	29
Cancelled during year – directors and key management	(300)	-	-	-
Cancelled during year – employee share option plan	(400)	-	-	-
On issue at 30 June 2009	3,428	109	-	109
Balance 1 July 2009	3,428	109	-	109
Issued during year – directors and key management	5,150	354	-	354
Cancelled during year – directors and key management	(5,100)	-	-	-
Cancelled during year – employee share option plan	(1,550)	(25)	-	(25)
Issued during the year - employee share option plan	850	51	-	51
Issued under Dec 2009 capital raising	9,000	1,495	-	1,495
On issue at 30 June 2010	11,778	1,984	-	1,984

NOTES TO THE FINANCIAL STATEMENTS

20. OPTION RESERVE (continued)

The option reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees

Fair value of options granted

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2010 included:

- Options are granted for no consideration;
- Exercise price of \$0.064;
- Grant dates of 18 July 2008, 20 July 2009 and 30 October 2009;
- Expiry date of 18 July 2013, 20 July 2014 and 30 October 2014;
- Vesting period of 2 years, 0 years and 0 years;
- Share price at grant date of \$0.31, \$0.07 and \$0.17;
- Expected volatility of the company's shares 187% and 204%;
- Expected dividend yield 0.0%
- Risk free rate 5.96%; and

Expected volatility is based on the implied volatility of publicly traded options over the Group's share and the historic volatility of the market price and the Group's share price. Each of these assumptions has been based on two years' historic volatility data. The valuation per option has been determined at \$0.07 and \$0.29 per option. The dividend rate is based on the past Group practice and the Risk free rate is determined with reference to medium term government bonds.

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2010 \$ '000	Consolidated 2009 \$ '000
Operating profit/(loss) after taxation	(4,105)	(12,755)
Depreciation and amortisation	4,063	4,513
Profit on disposal of assets	(1,097)	366
Impairment	345	7,045
Movement in assets/liabilities		
(Increase)/decrease in trade and other receivables	(4,112)	5,368
(Increase)/decrease in stock	(1,352)	(600)
(Increase)/decrease in deferred tax assets	(2,165)	(1,877)
(Increase)/decrease in investments	146	953
(Increase)/decrease in trade and other payables	(624)	(2,622)
(Increase)/decrease in provisions	375	(116)
(Increase)/decrease in deferred tax liabilities	2,177	(436)
(Increase)/decrease in current tax	(257)	-
(Increase)/decrease in reserves	660	29
Net cash generated / (used in) operating activities	(5,946)	(132)

22. AUDITORS REMUNERATION

Audit Services

Audit and review of financial report – 2009	-	79,950
Audit and review of financial report - 2010	81,500	7,500

Other Services

Taxation services	-	62,135
	81,500	149,585

NOTES TO THE FINANCIAL STATEMENTS

23. RELATED PARTIES

a) Subsidiaries

The consolidated financial statements include the financial statements of Every Day Mine Services Limited and its subsidiaries.

b) Ultimate parent

Every Day Mine Services Limited is the ultimate parent of the Group.

c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in the Directors Report.

d) Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with RTL Corporation Pty Ltd and its subsidiary, a related party due to common directorship occurred during the year and consisted of;

	Consolidated 2010 \$'000s	Consolidated 2009 \$'000s
<i>Sale of goods and services</i>		
Equipment repairs and administration costs	-	65
<i>Purchase of goods and supplies</i>		
Hire of equipment and admin costs	-	44

e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables for supply of goods and services	-	51
Current payables for purchase of goods and supplies	-	11

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

f) Loans and borrowing to and (from) related parties

Loans to wholly owned subsidiaries are subject to repayment at call and are interest bearing at the fixed rate of 10.0% p.a.

g) Guarantees

The parent entity has provided guarantees in respect of

Bank overdraft of subsidiaries (refer note 9 for security)

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NOTES TO THE FINANCIAL STATEMENTS

24. KEY MANAGEMENT PERSONNEL

a) Details of key management personnel

The following were key management personnel of the Group at any time during the reporting period, unless otherwise indicated individuals were employed for the entire period.

Directors

SURNAME	FIRST NAME	POSITION	TENURE (IF NOT FULL YEAR SERVED)
Bradfield	Peter	Chairman	Resigned 30 September 2009
Burton	Craig	Chairman	Appointed 23 September 2009
Franzmann	Declan	Non-Executive Director	
Henderson	Tom	Non-Executive Director	Appointed 23 September 2009
Jackson	Roger	Non-Executive Director	
McCoy	Stephen	Managing Director	Appointed 1 June 2010
Pattison	Ashley	Managing Director	Resigned 31 May 2010
Rogers	Joshua	Non-Executive Director	Resigned 30 September 2009

Key Executives

SURNAME	FIRST NAME	POSITION	TENURE (IF NOT FULL YEAR SERVED)
Cobley	Paul	Chief Financial Officer	Appointed 7 April 2010, Resigned 4 June 2010
De Hamer	Dirk	AGD General Manager	Appointed 30 November 2009
Dunoon	Peter	Chief Financial Officer	Appointed 7 June 2010, (Contractor)
Jeffery	Michael (Joe)	EDMSO General Manager	
Marquart	Bradley	Chief Financial Officer	Resigned 24 December 2009
Peachey	Jason	GOS General Manager – NSW	
Quirk	Anthony	GOS General Manager – QLD	Resigned 1 December 2009
Rice	Adam	NSW Operations Manager	
Verster	Mark	Chief Financial Officer	Appointed 11 January 2010 Resigned 9 April 2010

b) Compensation of key management personnel

Full details of key management personnel compensation is disclosed in the remuneration report on page 9 of the Directors Report.

NOTES TO THE FINANCIAL STATEMENTS

24. KEY MANAGEMENT PERSONNEL (continued)

c) Option holdings of key management personnel (Consolidated)

The movement in the reporting period in the number of options over ordinary shares in Every Day Mine Services Limited held directly, indirectly or beneficially by each key management person, including their related parties is as follows:

	Opening Balance 1 July 08	Options Acquired	Options Cancelled	Balance 30 June 09	Balance 1 July 09	Options Acquired	Options Transferred	Options Cancelled	Balance 30 June 10
Roger Jackson	600,000	-	-	600,000	600,000	1,100,000	-	-	1,700,000
Ashley Pattison	-	-	-	-	-	3,000,000	-	(3,000,000)	-
Joshua Rogers	300,000	-	-	300,000	300,000	800,000	-	(800,000)	300,000
Declan Franzmann	300,000	-	-	300,000	300,000	800,000	-	-	1,100,000
Peter Bradfield	500,000	-	-	500,000	500,000	1,150,000	-	(1,150,000)	500,000
Brad Marquart	-	200,000	-	200,000	200,000	-	-	(200,000)	-
Craig Burton	-	-	-	-	-	6,000,000	(1,000,000)	-	5,000,000
Tom Henderson	-	-	-	-	-	3,000,000	-	-	3,000,000
Anthony Quirk	150,000	200,000	-	350,000	350,000	-	-	(350,000)	-
Jason Summerfield	150,000	-	(150,000)	-	-	-	-	-	-
Kim Griffiths	150,000	-	(150,000)	-	-	-	-	-	-
	2,150,000	400,000	(300,000)	2,250,000	2,250,000	15,850,000	(1,000,000)	(5,500,000)	11,600,000

d) Shareholding of key management personnel (Consolidated)

	Opening Balance 1 July 08	Shares acquired during year	Shares disposed during year	Balance 30 June 09	Balance 1 July 09	Shares acquired during year	Shares disposed during year	Balance 30 June 10
Roger Jackson	43,959,500	2,600,000	-	46,559,500	46,559,500	3,180,000	-	49,739,500
Craig Burton					4,820,376	21,414,077	-	26,234,453
Tom Henderson					1,875,000	9,750,000	-	11,625,000
Declan Franzmann	56,800	1,265,000	-	1,321,800	1,321,800	264,360	-	1,586,160
Jason Peachey	-	125,000	-	125,000	125,000	25,000	-	150,000
	44,016,300	3,990,000	-	48,006,300	54,701,676	34,633,437	-	89,335,113

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT

The Group's financial instruments exposure it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of Resource Sector and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and aging analysis for credit risk.

The Group and the parent entity hold the following financial instruments:

	Note	Carrying amount		Fair value	
		Consolidated	Consolidated	Consolidated	Consolidated
		2010 \$'000s	2009 \$'000s	2010 \$'000s	2009 \$'000s
Financial assets					
Cash	9	184	664	184	664
Receivables	10	5,992	2,321	5,992	2,321
Shares in listed companies	12	3	149	3	149
		<u>6,179</u>	<u>3,134</u>	<u>6,179</u>	<u>3,134</u>
Financial liabilities					
Bank overdraft	9	3,423	2,953	3,423	2,953
Payables	16	3,400	4,024	3,400	4,024
HP obligations	18	9,988	7,275	9,988	7,275
		<u>16,811</u>	<u>14,252</u>	<u>16,811</u>	<u>14,252</u>

Fair value estimation

The fair value of financial instruments traded in active markets such as available-for-sale securities is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of financial instruments that are not traded in an active market for example, investments in unlisted subsidiaries is determined using valuation techniques. Techniques, such as estimated discounted cashflows, are used to determine fair value for the remaining financial instruments. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

a) Price Risk

The Group's market risk is the risk associated with resource sector changes in market prices, such as foreign exchange rates notably the United States dollar and commodity prices, notably base metals and fossil fuels which will affect the Group's income from services provided to the resource sector. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimising the return.

Sensitivity Analysis

The Group is indirectly affected by changes in foreign exchange rates and commodity prices as such cannot quantify the impact a change in those market prices would have on the Group's earnings

b) Cash-flow and fair value interest rate risk

The Group's main interest rate risk arises from short term bank funding. Hire purchase borrowings by the Group are at a fixed rate of interest, therefore the risk relates to decreases in the interest rate.

Sensitivity Analysis

Fixed rate borrowings comprise more than 90% of the Group's borrowings and interest rate exposure is limited only to bank overdraft. Any movement in the interest rate would therefore not have a material impact on the profit and loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (continued)

Management have determined that the movement in interest rates would not have a material impact by comparing the current year finance cost with the prior year noting a marginal movement despite several interest rate decreases.

c) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures, including outstanding receivables and committed transactions. If w customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The following table summarises the aging profile of the Group's financial assets.

Consolidated	Total Gross amount \$'000	Total carrying value \$'000s	Neither past due or impaired \$'000s	<30 days \$'000s	30 – 60 days \$' 000s	60 – 90 days \$'000s	>90 days \$'000s	Individually Impaired \$'000s
2009								
Cash and cash equivalents	664	664	664	-	-	-	-	-
Receivables	2,321	2,321	2,321	1,257	780	115	169	-
Total	2,985	2,985	2,985	1,257	780	115	169	-
2010								
Cash and cash equivalents	184	184	184	-	-	-	-	-
Receivables	5,992	5,992	5,992	4,331	744	-	917	-
Total	6,176	6,176	6,176	4,331	744	-	917	-

An item is considered past due when it is in excess of 90 days. The credit quality of items that are past due but not impaired are determined with reference to the past history of the customer.

Financing arrangements

The bank overdraft facilities may be drawn at any time and is secured by a fixed and floating charge over the Groups assets.

d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

The following table summarises the maturity profile of the Group's financial liabilities at 30 June 2010 and 30 June 2009 based on contractual undiscounted payments.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL RISK MANAGEMENT (continued)

	Notes	Non Interest Bearing \$'000s	1 Year or Less \$'000s	Over 1 to 5 Years \$'000s	More than 5 Years \$'000s	Floating Interest Rate \$'000s	Total \$'000s	Weighted Average Interest rate
CONSOLIDATED								
AS AT 30 JUNE 2010								
Financial Liabilities								
Payables	16	3,400	3,400	-	-	-	3,400	-
Bank overdraft	9	-	3,423	-	-	3,423	3,423	9.2%
HP obligations	18	-	2,982	7,006	-	-	9,988	8.6%
		3,400	9,805	7,006	-	3,423	16,811	

AS AT 30 JUNE 2009

Financial Liabilities

Payables	16	4,024	4,024	-	-	-	4,024	-
Bank overdraft	9	-	2,953	-	-	2,953	2,953	9.0%
HP obligations	18	-	1,979	5,296	-	-	7,275	9.0%
		4,024	8,956	5,296	-	2,953	14,252	

26. COMMITMENT AND CONTINGENCIES

a) Finance lease and hire purchase commitments

	Consolidated	
	Minimum lease payments \$'000s	Present value of lease payments \$'000s
AS AT 30 JUNE 2010		
Within one year	3,745	2,982
>1 year < 5 years	7,931	7,006
Total minimum lease payments	11,676	9,988
Lease amounts representing finance charges	(1,688)	-
Present value of minimum lease payments	9,988	9,988
AS AT 30 JUNE 2009		
Within one year	2,499	1,979
>1 year < 5 years	6,432	5,296
Total minimum lease payments	8,931	7,275
Lease amounts representing finance charges	(1,656)	-
Present value of minimum lease payments	7,275	7,275

NOTES TO THE FINANCIAL STATEMENTS

26. COMMITMENT AND CONTINGENCIES (continued)

b) Operating lease commitments

	Minimum lease payments \$'000s	Present value of lease payments \$'000s
AS AT 30 JUNE 2010		
Within one year	185	185
>1 year < 5 years	32	32
Total minimum lease payments	<u>217</u>	<u>217</u>
AS AT 30 JUNE 2009		
Within one year	435	435
>1 year < 5 years	244	244
Total minimum lease payments	<u>679</u>	<u>679</u>

c) Capital commitments

The following represents the capital commitments of the Group:

	Consolidated Approved and contracted for \$'000s	Approved but not yet contracted for \$'000s
AS AT 30 JUNE 2010		
Acquisition of plant and equipment	-	-
AS AT 30 JUNE 2009		
Acquisition of plant and equipment	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	Consolidated 2010 \$'000s	Consolidated 2009 \$'000s

27. EARNINGS PER SHARE

Basic earnings per share

(a) Net profit / (loss) from continuing operations	(4,105)	(12,755)
(b) Net profit / (loss) attributable to members of Every Day Mine Services Limited	(4,105)	(12,755)
(c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	201,712	134,896

Diluted earnings per share

(d) Net (loss) / profit from continuing operations	(4,105)	(12,755)
(e) Net (loss) / profit attributable to members of Every Day Mine Services Limited	(4,105)	(12,755)
(f) Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	201,712	134,896

NOTES TO THE FINANCIAL STATEMENTS

27. EARNINGS PER SHARE (continued)

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute the earnings per share in the future because they are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change to number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

28 .SEGMENT REPORTING

The Group operates in one business and geographic segment, being contracting services to the mining industry in Australia.

a) Identification of reportable segments

The Group has identified its' operating segments from internal reports that are reviewed and used by the executive management team (the chief operating decision maker's) in assessing performance and in determining the allocation of resources.

Provision of drilling services

The bulk of the Groups revenue is currently generated in this area, with work being performed at various mine sites. These sites are largely based in NSW and Queensland, depending on the current client mix. The Group is able to offer a diverse range of drilling services that includes exploration, service hole and coal seam enhancement gas operations.

Provision of mining services

This segment includes the provision of labour and equipment hire services, pump repairs and fabrication support. The segment has grown significantly as clients select outsourced in favour of permanent staff placements. These clients are based predominantly in NSW.

These results are reflected below.

As at Jun 10 - in \$'000	Above Ground Drilling	Under Ground Drilling	Mining Services	Corporate/ Unallocated	TOTAL
Sales to external customers	17,309	5,246	4,327	-	26,882
Other income	696	-	864	-	1,560
Interest – unallocated	-	-	-	9	9
Total revenue	18,005	5,246	5,191	9	28,451
Expenses	15,485	2,962	5,330	3,379	27,156
Depreciation	2,497	367	1,186	13	4,063
Interest expense	777	29	523	8	1,337
Total expense	18,759	3,358	7,039	3,400	32,556
Segment profit before tax	(754)	1,888	(1,848)	(3,391)	(4,105)
Profit / (loss) from operations before tax	(754)	1,888	(1,848)	(3,391)	(4,105)
Assets					
Total assets	26,830	1,548	7,392	5,318	41,088
Liabilities					
Total Liabilities	-	-	-	20,883	20,883

NOTES TO THE FINANCIAL STATEMENTS

29. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Since balance date, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

30. PARENT ENTITY INFORMATION

	2010	2009
Information relating to Every Day Mine Services Ltd:	\$'000	\$'000
Current assets	21,021	13,463
Total assets	24,490	14,580
Current liabilities	530	535
Total liabilities	530	535
Issued capital	37,022	26,854
Retained earnings	(10,624)	(10,630)
Option Reserve	1,984	109
Total shareholders' equity	<u>32,956</u>	<u>24,566</u>
Profit or (loss) of the parent entity	<u>6</u>	<u>(10,687)</u>
Total comprehensive income of the parent entity	<u>-</u>	<u>-</u>

Every Day Mine Services Limited has a guarantee over each of the subsidiaries' – Every Day Mine Services Operations Pty Ltd, GOS Drilling Pty Ltd and Australian Gas Drilling Pty Limited financing facilities.

Directors' Declaration

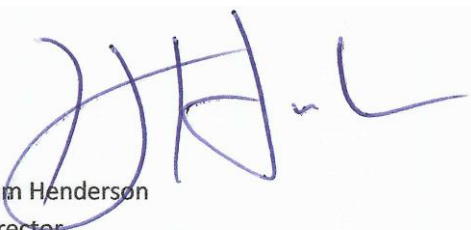
The directors of Every Day Mine Services Limited declare that:

- (a) in the directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on page 9, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a); and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

At the date of this declaration there are reasonable grounds to believe that the company and the group entities identified in note 13 will be able to meet any obligations or liabilities to which they are or may have become subject to by virtue of the Deed of Cross Guarantee between the company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors.



Tom Henderson
Director
Perth, 30th Day of September 2010



Chartered Accountants
& Business Advisers

AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the audit of Every Day Mine Services Limited for the year ended 30 June 2010, 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.

This declaration is in respect of Every Day Mine Services Limited and the entities it controlled during the year.

PKF

Bruce Gordon
Partner

Sydney
30 September 2010

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Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REPORT

To the members of Every Day Mine Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Every Day Mine Services Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration. The consolidated entity comprises Every Day Mine Services Limited (the company) and the entities it controlled at the year's end and 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 in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. 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. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 the auditor's 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, the auditor considers internal control 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 control. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Every Day Mine Services Limited | 30 June 2010 Annual Report

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditors' Opinion

In our opinion:

- (a) the financial report of Every Day Mine Services Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors' Opinion

In our opinion the Remuneration Report of Every Day Mine Services Limited for the year ended 30 June 2010 complies with Section 300A of the *Corporations Act 2001*.

PKF

Bruce Gordon
Partner

Sydney
30 September 2010

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 29 September 2010

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding

Size of Shareholding	%	Number of Shares	Number of Shareholders
1 - 1,000	0.01	11,735	27
1,001 – 5,000	0.16	351,257	96
5,001 – 10,000	0.23	510,273	65
10,001 – 100,000	4.13	9,314,261	250
100,001 and over	95.47	215,353,511	156
Total	100.00	225,541,037	594

There were 75 holders of less than marketable parcel of ordinary shares.

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below.

Name	Holding	%
1 Roger Alan Jackson	46,937,500	20.81
2 Mr Craig Ian Burton <CI Burton Family A/C>	23,215,752	10.29
3 Tisia Nominees Pty Ltd < Henderson Family A/C>	11,625,000	5.15
4 Mr Bernard Owen Stephens & Mrs Erin Josephine Stephens	9,999,794	4.43
5 Rimfern Pty Ltd	7,836,040	3.47
6 J P Morgan Nominees Australia Ltd	5,942,359	2.63
7 UBS Wealth Management Wealth Nominees	4,434,794	1.97
8 Dixon Trust Pty Ltd	3,950,001	1.75
9 National Nominees Ltd	3,688,101	1.64
10 RPM Super Pty Ltd	3,678,000	1.63
11 Pointdale Pty Ltd	3,575,001	1.59
12 ANZ Nominees Ltd	3,337,390	1.48
13 Aus-Care Management Services Pty Ltd	3,235,901	1.43
14 Mr John Charles Bell-Allen & Mrs Diane Estelle Bell-Allen	3,000,000	1.33
15 Mr Paul Balsarini & Mrs Annette Balsarini	3,000,000	1.33
16 NW Super Nominees Pty Ltd	2,920,000	1.29
17 RJ Consolidated Pty Ltd (Roger Jackson Super A/C)	2,802,000	1.24
18 Kings Park Superannuation Fund Pty Ltd	2,770,350	1.23
19 Bell-Allen Holdings Pty Ltd	2,683,553	1.19
20 APNEA Holdings Pty Ltd	2,520,000	1.12
Total of top 20 shareholders	151,151,536	67.01
Other Shareholders	74,389,501	32.99
Total shares on issue	225,541,037	100.00

Substantial shareholders

Roger Allan Jackson	49,739,500	22.05
Craig Ian Burton	26,234,453	11.63
Tisia Nominees Pty Ltd	11,625,000	5.15

GENERAL INFORMATION

DIRECTORS

Mr Craig Burton	Chairman
Mr Stephen McCoy	Managing Director
Mr Roger Jackson	Non-Executive Director
Mr Tom Henderson	Non-Executive Director
Mr Declan Franzmann	Non-Executive Director

Company Secretary

Mr Paul Brenton

REGISTERED OFFICE

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AUDITORS

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Brisbane QLD 4001