



Corporate Head Office: Level 18, 333 Ann Street, T: (07) 3232 1120
Brisbane QLD 4000 F: (07) 3232 1200

Finance and Administration: Level 1, 19 Darby Street, T: 1300 336 766
Newcastle NSW 2300 F: (02) 4940 4656

E: admin@everydaymineservices.com.au
W: www.everydaymineservices.com.au

10 October 2011

The Company Announcements Platform
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

By e-lodgment

Merger with Hughes Drilling

Everyday Mining Services Limited (EDMS) is pleased to announce it has entered into a binding agreement to merge with Hughes Drilling Pty Ltd (Hughes). The key terms are:

1. EDMS will acquire 100% of Hughes, which will include the businesses known as Hughes Drilling and Express Hydraulics.
2. The consideration will be the issue of 721,731,312 ordinary shares and 360,865,656 performance shares in EDMS. Accordingly, the Hughes shareholding will be between 67% and 75% of the issued shares in EDMS, depending upon the level of conversion of the performance shares.
3. The performance shares will convert to ordinary shares only if the Hughes businesses achieve normalised net profit after tax of \$8,000,000 for the financial year to 30 June 2012, as verified by the EDMS's auditor working with the independent directors. If the net profit is between \$5,500,000 and \$8,000,000 then a pro-rata number of performance shares will convert. The current forecast for Hughes over this period is a net profit after tax of \$6,750,000. Post merger until 30 June 2012, Hughes will operate as a separate profit centre to enable this calculation to be made.
4. The agreement is conditional upon completion of due diligence by both parties (expected 31 October), approval by EDMS's shareholders, and any necessary regulatory approval. The agreement signed is a binding Terms Sheet and a more formal agreement is to be settled during the due diligence period. A notice of meeting seeking approval of the transaction (which will include an independent experts report) will be sent to EDMS shareholders following completion of formal documentation.
5. Upon merger, the name of EDMS will be changed to Hughes Mining Services Limited or similar.

Mr Robert Hackett, Chairman of Everyday Mining Services Limited, said:

“We are very pleased to be merging with such a high quality drilling business. Bob Hughes is highly experienced in the industry and runs a disciplined and successful business. There is strong growth potential in both the business units acquired, Hughes Drilling and Express Hydraulics. In addition, the Hughes management team has the ability to maximise the value of the remaining assets of EDMS. This merger transforms EDMS, both from an asset and a management perspective, and provides a strong base for increasing shareholder value.”

Background on Hughes Drilling and Express Hydraulics

Hughes Drilling is Queensland’s premier coal production drilling specialist. Hughes Drilling operates at eight mine sites and its clients include the industry’s premier coal mining contractors and owners. The Hughes Drilling drill fleet is comprised of 24 production rotary drill rigs, the majority of which are less than three year old Reichdrill rigs. Hughes Drilling is currently experiencing strong and consistent demand for its services. All rigs are fully utilised, with 3 new rigs due for delivery in the next 6 months.

Hughes is based in Yatala, south of Brisbane and was founded in 1991 by Robert (Bob) Hughes, its managing director. Hughes originally specialised in drill and blast before evolving into a general drilling company in both coal production and mineral exploration. Hughes moved away from minerals some years ago to develop into its current form, as a pure coal focused drilling business.

Express Hydraulics, is a specialist drill rig maintenance and parts supplier as well as the exclusive Australian distributor of Reichdrill (www.reichdrill.com), a premium blast hole drill manufacturer based in the United States.

Bob Hughes, managing director of Hughes, said

“We believe this merger makes a great deal of sense. EDMS’s coal drilling operations in the Hunter Valley provide the merged companies with an existing platform for significant further growth. The businesses naturally complement each other, enabling us to provide both production and exploration coal drilling for our clients which will be geographically diversified across the Hunter Valley and Bowen Basin. Hughes Drilling’s management has strong operational expertise developed from over 20 years of direct involvement in the drilling industry. EDMS’s current executive team, who have been responsible for the company’s rationalisation over the past 12 months, complement this with significant public company experience and a high degree of financial acumen. We view the merger of both operations and management teams as a powerful combination for the future.”

Update on EDMS’s existing operations

After a lengthy period of restructuring, EDMS’s remaining business operations have stabilised and are trading profitably and in line with budget. The remaining operations comprise the Wambo contract, which is expanding to 10 drilling rigs, and the RD20 rig which is completing a contract with Cadia. Following the restructure, there remains a substantial inventory of surplus rigs and assets, which will now be reviewed with Hughes management and in light of the likely requirements of the merged entity.

For further information, please contact:

Robert Hackett, Chairman and Acting CEO, EDMS, +61 438 159 900