

Company registration number 001926v

**WORLD MINING SERVICES LIMITED
REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

WORLD MINING SERVICES LIMITED

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WORLD MINING SERVICES LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	J W Michel D N D Vanrenen J C Harrison R Harding R Bennett
REGISTERED OFFICE	4 th Floor 54-58 Athol Street Douglas Isle of Man IM1 1JD
INDEPENDENT AUDITORS	Saffery Champness Lion House Red Lion Street London WC1R 4GB
BANKERS	Barclays Bank plc P O Box 9 Barclays House Douglas Isle of Man IM99 1AJ
FINANCIAL ADVISER	Alexander David Securities Limited 10 Finsbury Square London EC2A 1AD
COMPANY'S REGISTERED NUMBER	001926v

WORLD MINING SERVICES LIMITED

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

Introduction

World Mining Services Ltd. ("WMS" or "the Company") was incorporated in October 2006 in the Isle of Man, UK. The Company's strategy is to develop various mineral extraction and technology services, enhancing the mining sector's technological advancement and other environmental cleaning (greening) services.

The Company's current business interests are:

- [Afri-Pal Sp z.o.o.](#), a Polish coal business in which the Company has a 84.5% interest.
- [Minex Technologies Limited](#) – a UK business that uses a proprietary vapour process for metallic extraction in which the Company has a 9.68% interest.
- [True North Drilling & Geological Services Ltd.](#), a Canadian-based geological drilling and services business in which the Company has a 100% interest.

Operating and Financial Summary

Financial Highlights:

	2009	2008
	£	£
Turnover	59,979	
Retained Earnings	(47,895)	233,097
Cash	79,231	68,051

The results reflect both the global economic conditions over the 12 month period as well as the fact that our Polish coal briquetting subsidiary Afri-Pal was a new entrant into the Polish market. This was our first year in operation with a new name and a new product and the objective of trying to carve out a reasonable market share of the existing fuel industry.

WMS's primary focus last year was on making the Afri-Pal briquetting project a success. We had targeted this market specifically because the Polish coal briquetting industry was rife with inadequate, moldy briquettes that in some instances were barely held together with cement. We set out with the goal of producing the highest quality, easiest to handle product for the market. During the year, Afri-Pal hit the usual bumps one would expect in a one-of-a kind factory design including bottlenecks, inferior parts, spares that took longer to install than expected and the continual tweaks and adjustments of a factory floor. We also expected a healthy skepticism and market resistance to a new product but our Polish team hit the ground with enthusiasm. Their hard work, determination, and some innovation, paid off as our briquettes are now being viewed as quality products and this is supported by independent laboratory (Główny Instytut Gornictwa in Katowice, Poland). In its first year of operations, Afri-Pal has established itself with some major wholesale clients including petro-chemical giant PKN Orlen and numerous local distributors.

Other corporate developments during the year

True North Drilling & Geological Services Ltd remained dormant with no further capital expenditure. The current economic slowdown has greatly hampered exploration activities in the New Brunswick region and management is assessing various alternatives.

WORLD MINING SERVICES LIMITED

CHAIRMAN AND CHIEF EXECUTIVE OFFICERS'S STATEMENT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

Other corporate developments during the year (continued)

WMS continued to be a passive investor in Minex Technologies Ltd while monitoring progress. Over June and July, a continuous test of two weeks in duration was carried out on the Minex process at the Research and Productivity Council (RPC) in Canada. The results of the continuous test were very encouraging as it extracted a very high percentage of the available metals, over 80% in most cases. The in-feed material was from a Southern African lead smelter which has high levels of zinc with lesser levels of lead, copper, and rare metals. 85% of the zinc and 90% of the lead was extracted and recovered.

Events after the balance sheet date

As announced on 16 November 2009, Minex issued a further 120 new shares at a price of £250 per share raising £30,000. Following the recent issues, WMS holds 11,600 Minex shares representing 9.68% of Minex's issued share capital. Based on the latest issue price of £250 per share, the value of WMS's shareholding in Minex equates to £2.9m.

On 28 January 2010, The Company announced that Afri-Pal has signed a Joint Venture Agreement with P.P.U.H Elmo s.c. ("Elmo") to convert coal slimes into fuel pellets at the Janina 2 mine site in Poland. Afri-Pal has also relocated its factory to the Janina 2 site. The JV and relocation are expected to lead to increase turnover and reduced operating costs and marks a turning point for Afri-Pal's strategy. Over our first full year of operation, alongside building our own wholesale and retail market, Afri-Pal's team has worked with several mines to provide an economic solution to various waste and production issues. In the case of the Janina 2, the coal slimes are a significant waste problem. Afri-Pal can eradicate this waste by producing an alternative fuel source. The fuel can then be sold to the power and heating industry providing a new stream of income. We are evolving our marketing plan to target more of these JV's and are in advanced discussions with other tier one coal mines. The new strategic direction for Afri-Pal is to focus on partnerships with coal producers in a way that solves their particular issue whilst we continue to service and grow our wholesale market. Afri-Pal will become a solutions provider piggy-backing off the established infrastructure and distribution networks of the mines.

Additionally the company has increased its equity ownership in subsidiary Afri-Pal, the Polish coal briquetting company, from 78% to 84.5%. This is a result of WMS agreeing to reduce the outstanding loan from WMS to Afri-Pal by £65,430 in exchange 3,000 shares in Afri-Pal. Under the terms of the agreement, Afri-Pal has the right to repurchase the 3,000 shares from WMS at a price of 120zł [£26.5] per share on or before 11 December 2012. Were Afri-Pal to buy back all 3,000 shares, WMS would receive £79,470 based on the current exchange rate. WMS now holds 8,542 shares of Afri-Pal of the total 10,105 issued. The balance of the total loans due to WMS is £164,170.45 comprising a loan of £43,471 with an interest rate of Sterling 3 Month LIBOR, a loan of £72,255 at 7% per annum and a further loan of £48,444.45 at 7% per annum.

Trading Outlook

We are cautiously optimistic in our outlook. Capital remains scarce and cost controls are therefore paramount. The primary focus of the Company's resources will be on the growth of Afri-Pal and developing opportunities in this sector. Geographically we will remain focused on Poland though we have seen interest from South Africa and have been exporting products to Austria. We believe the new strategy will provide greater upside potential as we work with various other mines on solving their individual concerns.

J W Michel

Chairman and Chief Executive

WORLD MINING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2009

The directors submit their report and the audited consolidated accounts for the year ended 30 September 2009.

Activities and review of business

The Group's principal activity is investing in mining technology companies that can improve mineral recovery levels from tailings, clean up mining sites, and utilising new and innovative technology. Its major asset is a 78% investment in Afri-Pal Sp z.o.o., a coal briquetting and processing plant in Poland.

Results for the year

The Group's loss for the year on ordinary activities after taxation was £68,351 (2008: £233,097 profit).

Directors

The following are the directors who served on the board during the year:

J W Michel
D N D Vanrenen
J C Harrison
R Harding
R Bennett (appointed 26 November 2008)

Principal risks and uncertainties

The principal risk and uncertainty facing the Group is whether there is a failure in one of the Group's investments or the inability to sell these investments.

Liquidity risk

The availability of adequate cash resources is managed by the Group through managing its funds conservatively thereby ensuring it meets its continual operational requirements.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company's announcements support this assumption and specifically the announcement on 28 January 2010, in which it announced that Afri-Pal Sp z.o.o. has established a joint venture agreement with P.P.U. Elmo s.c. and Afri-Pal relocated its plant to the Janina 2 mine site to take advantage of the coal waste slimes to produce coal fuel pellets as well as the production of briquettes and significantly reduce its costs."

WORLD MINING SERVICES LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

Creditor payment policy

The Group does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured, provided that goods and services are supplied in accordance with the contractual conditions. Trade creditor days were 71 days (2008: 19 days).

Events after the balance sheet date

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Statement regarding disclosure of information to the auditor

Each director of the company has confirmed that, in fulfilling their duties as a director, they are aware of no relevant audit information of which the company's auditors are not aware and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board

J C Harrison
Director

Date: 26 February 2010

WORLD MINING SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the accounts in accordance with applicable Isle of Man law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Directors are required to prepare accounts for each financial year which present fairly the financial position of the Company and the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Company and the Group have complied with IFRS, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence in the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

WORLD MINING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD MINING SERVICES LIMITED

We have audited the group and parent company financial statements (“the financial statements”) of World Mining Services Limited for the year ended 30 September 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company’s members, as a body. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors’ responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by the Isle of Man Companies Act 2006 regarding directors’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors’ and the Chairman and Chief Executive Officer’s Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’s and company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

WORLD MINING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD MINING SERVICES LIMITED (Continued)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 September 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union of the state of the parent company's affairs as at 30 September 2009;
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006; and
- the information given in the Directors' Report and Chairman's Statement is consistent with the financial statements.

Saffery Champness

Chartered Accountants
Statutory Auditors
London
26 February 2010

Note

- 1. The maintenance and integrity of the World Mining Services Limited website is the responsibility of the Directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*
- 2. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.*

WORLD MINING SERVICES LIMITED**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
Revenue			
Sales		59,979	-
Gain on disposal of investment		218,399	246,972
		<u>278,378</u>	<u>246,972</u>
Cost of sales		(89,123)	-
Administrative expenses		(279,778)	21,511
Operating (loss)/profit	4	<u>(90,523)</u>	<u>268,483</u>
Finance (expense)/income	5	(9,030)	3,632
Other losses	15	(13,000)	(20,000)
Expenses for share based payment reserve transfer		124	-
Amortisation of negative goodwill	10	80,404	-
Share of operating loss in associate	12	(36,326)	(19,018)
(Loss)/Profit before taxation		<u>(68,351)</u>	<u>233,097</u>
Taxation	7	-	-
(Loss)/Profit for the financial year		<u>(68,351)</u>	<u>233,097</u>
Attributable to:			
Minority interest	12	(20,456)	-
Equity holders of the Company		<u>(47,895)</u>	<u>233,097</u>
(Loss)/Profit per share attributable to equity holders:			
Basic and diluted	8	<u>(0.09p)</u>	<u>1.37p</u>

All of the Group's activities are classed as continuing.

WORLD MINING SERVICES LIMITED**CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
ASSETS			
Non current assets			
Plant and machinery	9	423,191	18,048
Intangible assets	10	16,363	12,764
Investments in associates	12	-	189,907
		<u>439,554</u>	<u>220,719</u>
Current assets			
Inventories	13	66,959	-
Trade and other receivables	14	62,996	74,761
Available for sale financial assets	15	53,991	66,991
Cash and cash equivalents	16	79,231	68,051
		<u>263,177</u>	<u>209,803</u>
TOTAL ASSETS		<u><u>702,731</u></u>	<u><u>430,522</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	582	215
Share premium account		307,314	94,980
Share based payment reserve	18	9,802	9,926
Minority interest		42,719	-
Retained earnings		137,965	185,860
Total equity (see page 11)		<u>498,382</u>	<u>290,981</u>
Current liabilities			
Trade and other payables	19	204,349	139,541
Total liabilities		<u>204,349</u>	<u>139,541</u>
TOTAL EQUITY AND LIABILITIES		<u><u>702,731</u></u>	<u><u>430,522</u></u>

The accounts were approved by the Board of Directors on 26 February 2010 and were signed on its behalf by:

J C Harrison
Director

Date: 26 February 2010

WORLD MINING SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Share capital	Share premium	Share based payment reserve	Retained earnings	Minority interest	TOTAL EQUITY
	£	£	£	£		£
Restated balances at 30 September 2007	1,000	38,500	-	(48,236)	-	(8,736)
Profit for the period	-	-	-	233,097	-	233,097
Own shares purchased	(999)	-	-	999	-	-
Issue of share capital	214	-	-	-	-	214
Premium on issue of share capital	-	199,966	-	-	-	199,966
Share issue costs	-	(143,486)	-	-	-	(143,486)
Share based payment charge	-	-	9,926	-	-	9,926
Balance at 30 September 2008	215	94,980	9,926	185,860	-	290,981
Loss for the period	-	-	-	(47,895)	-	(47,895)
Issue of share capital	367	-	-	-	-	367
Premium on issue of share capital	-	218,400	-	-	-	218,400
Share issue costs	-	(6,066)	-	-	-	(6,066)
Share based payment amount	-	-	(124)	-	-	(124)
Minority interest	-	-	-	-	42,719	42,719
Balance at 30 September 2009	582	307,314	9,802	137,965	42,719	498,382

WORLD MINING SERVICES LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
Cash (outflow) / inflow from operating activities	20	<u>(301,941)</u>	<u>39,301</u>
Cash flow from investing activities			
Purchase of property, plant & equipment		(6,235)	-
Purchase of investments		-	(283,196)
Acquisition of subsidiary net of cash acquired		3,262	-
Loans granted to associate		(115,006)	-
Proceeds on sale of investments		<u>218,399</u>	<u>250,000</u>
Net cash generated/(used) in investing activities		<u>100,420</u>	<u>(33,196)</u>
Cash flow from financing activities			
Net proceeds from issue of shares		212,701	56,514
Finance income		-	3,632
Net cash generated from financing activities		<u>212,701</u>	<u>60,146</u>
Net increase in cash and cash equivalents		11,180	66,251
Cash and cash equivalents at beginning of the year		<u>68,051</u>	<u>1,800</u>
Cash and cash equivalents at end of the year		<u><u>79,231</u></u>	<u><u>68,051</u></u>

**COMPANY BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
ASSETS			
Non current assets			
Investment in subsidiary	11	239,737	30,812
Investment in associate	12	-	208,925
		<u>239,737</u>	<u>239,737</u>
Current assets			
Trade and other receivables	13	233,351	74,761
Available for sale financial assets	15	53,991	66,991
Cash and cash equivalents	16	49,230	68,051
		<u>336,572</u>	<u>209,803</u>
TOTAL ASSETS		<u>576,309</u>	<u>449,540</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	17	582	215
Share premium account		307,314	94,980
Share based payment reserve	18	9,802	9,926
Retained earnings		217,963	204,878
Total equity (see page 14)		<u>535,661</u>	<u>309,999</u>
Current liabilities			
Trade and other payables	19	40,648	139,541
Total liabilities		<u>40,648</u>	<u>139,541</u>
TOTAL EQUITY AND LIABILITIES		<u>576,309</u>	<u>449,540</u>

The accounts were approved by the Board of Directors on 26 February 2010 and were signed on its behalf by:

J C Harrison
Director

Date: 26 February 2010

WORLD MINING SERVICES LIMITED

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Share capital	Share premium	Share based payment reserve	Retained earnings	TOTAL EQUITY
	£	£	£	£	£
Restated balances at 30 September 2007	1,000	38,500	-	(48,236)	(8,736)
Profit for the period	-	-	-	252,115	252,115
Own shares purchased	(999)	-	-	999	-
Issue of share capital	214	-	-	-	214
Premium on issue of share capital	-	199,966	-	-	199,966
Share issue costs	-	(143,486)	-	-	(143,486)
Share-based payment charge	-	-	9,926	-	9,926
Balance at 30 September 2008	215	94,980	9,926	204,878	309,999
Retained profit for the period	-	-	-	13,085	13,085
Issue of share capital	367	-	-	-	367
Premium on issue of share capital	-	218,400	-	-	218,400
Share issue costs	-	(6,066)	-	-	(6,066)
Share based payment charge	-	-	(124)	-	(124)
Balance at 30 September 2009	582	307,314	9,802	217,963	535,661

WORLD MINING SERVICES LIMITED**COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
Cash (outflow)/inflow from operating activities	20	<u>(236,928)</u>	<u>39,301</u>
Cash flow from investing activities			
Purchase of investments		-	(283,196)
Loans granted to associate		(115,006)	-
Loans granted to subsidiary		(97,987)	-
Proceeds on sale of investments		<u>218,399</u>	<u>250,000</u>
Net cash generated/(used) in investing activities		<u>5,406</u>	<u>(33,196)</u>
Cash flow from financing activities			
Net proceeds from issue of shares		212,701	56,514
Finance income		-	3,632
Net cash generated from financing activities		<u>212,701</u>	<u>60,146</u>
Net (decrease)/increase in cash and cash equivalents		(18,821)	66,251
Cash and cash equivalents at beginning of the year		68,051	1,800
Cash and cash equivalents at end of the year		<u><u>49,230</u></u>	<u><u>68,051</u></u>

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies

Basis of preparation

The annual accounts of World Mining Services Limited (“the Company”), its subsidiaries, North Drilling & Geological Services Limited and Afri-Pal Sp z.o.o (together known as “the Group”) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU”) (“IFRS”).

IFRS is subject to amendment and interpretation by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) and there is an ongoing process of review and endorsement by the European Commission. The accounts have been prepared on the basis of the recognition and measurement principles of IFRS that are applicable at 30 September 2009.

Basis of consolidation

The consolidated accounts incorporate the accounts of the Company, and its subsidiary undertakings. As a consolidated income statement is published, a separate income statement for the parent Company is omitted from the Group accounts.

The Group financial statements consolidate those of the Company and of the entities controlled by the Company (its subsidiaries - see Note 11) as at 30 September 2009. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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 acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

International Financial Reporting Standards in “issue” but not yet effective

At the date of authorisation of these consolidated accounts, the IASB and IFRIC have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of these consolidated accounts:

Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues (effective 23 December 2009)

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives (30 November 2009)

IFRIC 18 Transfers of Assets from Customers (27 November 2009)

Amendment to IFRS 7 Improving Disclosures about Financial Instruments (27 November 2009)

IFRIC 17 Distributions of Non-Cash Assets to Owners (26 November 2009)

Revised IFRS 1 First Time Adoption of IFRS (25 November 2009)

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group’s accounts in the period of initial adoption.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Gain on sale of investments

The gain on the sale of an investment is calculated as being the difference between the consideration received and the carrying value of that investment.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs are charged to the income statement in the period in which they are incurred.

Depreciation is provided on all tangible fixed assets and is calculated on a straight-line basis to allocate cost, other than assets in the course of construction, over the estimated useful lives, as follows:

Plant and machinery	-	5 to 10 years
Vehicles	-	5 years
Other fixed assets	-	5 to 7 years
Computer software	-	2 years

Depreciation is not charged until a tangible asset is brought into use.

Intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Depreciation is not charged until a tangible asset is brought into use.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Available for sale financial assets

Where investments in equity instruments do not have a quoted market price in an active market and whose fair value cannot be measured reliably they are measured at cost. If an investment measured at cost is determined to be impaired, the impairment loss is recognised directly in the income statement for the period and such impairment losses cannot be reversed.

Foreign currencies

The reporting and functional currency of the Group is Sterling. Transactions denominated in a foreign currency are translated into Sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at initial fair value less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits held with banks.

Trade and other payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. As shown in note 8 the tax rate applicable to the company is 0%.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantively enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*.

The Group issues equity-settled share-based payments to certain directors and sales agents. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

Leases

Lease contracts on the basis of which all risks and rewards following the transfer of ownership rights to the assets are transferred, are classified as finance leases. Lease contracts in which the Company is the lessee result in disclosing leased assets and the relative balance sheet liabilities of the Company equivalent to the fair value of the leased assets as at the inception of the lease, or at the lower of amounts representing the minimum current values of lease payments as at the date of the inception of the lease and the fair value of the lease. Lease payments are classified into decreases in the unpaid balance of the outstanding lease liabilities and financial costs. Financial costs are settled and disclosed in the income statement over the period of the lease contract. Leased assets are depreciated at rates reflecting the shorter of two periods: the assessed useful lives of those assets and the term of the lease.

Other lease contracts in which the Company is the lessee are treated as operating leases. The respective lease payments are recognized in the income statement over the period of the lease.

Inventories

Inventories of goods for resale are valued at the lower of cost and net realizable value. Cost is determined on the basis of the first in first out method.

Net realisable value is the difference between the estimated selling prices applied in ordinary business activities and the estimated costs to completion and effective sale. If the cost (acquisition or purchase price) of inventories exceeds the net realizable value, the Company records impairment losses.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies (continued)

Provisions

Provisions are set up when the following conditions are met:

- the Company has current obligations (contractual or construed) following from past events;
- it is probable that fulfilling the obligations will necessitate the outflow of funds embodying economic benefits; and
- expenditure necessary to meet the obligations may be reliably assessed.

Provisions are measured at the present values of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Revenue recognition

Sales revenue is recognised at the time the goods are delivered, if the Company transferred significant risks and benefits resulting from ownership rights to the goods

Sales of services are recognised in the accounting period in which the services are rendered, if:

- sales revenues can be reliably assessed,
- receiving economic benefits arising from the transaction is probable,
- degree of the completion can be reliably assessed.

Income is recognised at the fair value of the payment received or receivable taking into consideration the respective discounts. VAT is not taken into consideration in determining income.

Fair value of income is usually equal to the cash and cash equivalents received or receivable.

Interest and dividend income are recognised, if:

- their collection is probable,
- the amount of income may be reliably valued.

Interest income is recognized using the effective interest rate in accordance with IAS 39. Dividend income is recognised on receipt.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

2. Critical accounting estimates and judgements

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Impairment of investments

At each reporting date, the Group assesses whether there is any indication that an investment may be impaired. Where an indication of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount the investment is considered impaired and is written down to its recoverable amount. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Financial risk management

The Group's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effect on the Group's financial performance.

Foreign exchange risk

The Group's reporting currency is Sterling. Its principal activities of investing in mining technology companies and proving the processes where they can be sold or joint ventured for exploitation could be transacted in the currency of the country in which the company is located. All fund raising and other operational costs are in Sterling. The Group does not undertake any specific foreign currency hedging to mitigate its exposure to fluctuations in foreign currency.

Interest rate risk

The Group has no external borrowings and no significant cash held on deposit therefore the Group currently has no material interest rate exposure. It is intended once the Group has significant cash holdings to deposit any surplus cash balances in interest bearing current accounts and on short term deposit, so as to maximise the level of return while maintaining an adequate level of liquidity.

Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. 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.

Liquidity risk

The availability of adequate cash resources is managed by the Group through managing its funds conservatively thereby ensuring it meets its continual operational requirements.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

4. **Operating profit** is stated after charging:

	2009	2008
	£	£
Auditors' remuneration		
- audit of the parent Company and consolidated accounts	12,000	6,250
- taxation services	1,000	1,710
- other services	-	1,750
Write back of overprovision of consultancy fees	-	82,332
(Loss)/gain on foreign exchange	(19,538)	2,289
	<u> </u>	<u> </u>

5. **Finance (expense) / income**

	2009	2008
	£	£
Interest receivable from associate	-	3,632
Other interest (payable)	(4,911)	-
Interest (payable) on loans	(4,119)	-
	<u> </u>	<u> </u>
	<u>(9,030)</u>	<u>3,632</u>

6. **Staff costs (including directors)**

There were no staff costs, including directors emoluments, incurred during the year (2008: £nil).

There were no employees during the year (2008: £nil).

The directors received no remuneration during the period other than the shares disclosed in note 21. Additionally consulting companies associated with the directors charged fees for their services as disclosed in note 21.

7. **Taxation on profit on ordinary activities**

	2009	2008
	£	£
Corporation tax payable based on the loss for the period at 0%	<u>-</u>	<u>-</u>
<i>Taxation reconciliation</i>		
(Loss)/Profit on ordinary activities before taxation	<u>(47,895)</u>	<u>233,097</u>
Result on ordinary activities multiplied by the standard rate of corporation taxation in the Isle of Man of 0%	<u>-</u>	<u>-</u>
Current year charge	<u>-</u>	<u>-</u>

WORLD MINING SERVICES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

8. Earnings per share

Given the result for both years the share warrants are anti-dilutive and have therefore not been taken into consideration for the purposes of calculating earnings per share.

The calculation of the basic and diluted earnings per share is based on the following data:

	2009	2008
	£	£
(Loss)/Profit for the purposes of basic earnings per share being net profit attributable to equity shareholders of the parent	(47,895)	233,097
	<u> </u>	<u> </u>
(Loss)/Profit for the purpose of diluted earnings per share	(47,895)	233,097
	<u> </u>	<u> </u>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	55,996,552	16,956,489
	<u> </u>	<u> </u>
<i>Earnings per share</i>		
Basic and diluted (loss)/profit per share – pence	<u> (0.09) </u>	<u> 1.37 </u>

WORLD MINING SERVICES LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009****9. Property, plant and equipment**

Group	Plant & Machinery	Vehicles	Total
	£	£	£
Cost			
At 1 October 2007	-	-	-
Additions	18,048	-	18,048
At 1 October 2008	18,048	-	18,048
Acquisition of subsidiary	412,429	12,553	424,982
Additions	6,235	-	6,235
At 30 September 2009	436,712	12,553	449,265
Depreciation			
At 1 October 2007	-	-	-
Charge for year	-	-	-
At 1 October 2008	-	-	-
Charge for year	25,264	810	26,074
At 30 September 2009	25,264	810	26,074
Net book value			
At 30 September 2009	411,448	11,743	423,191
Net book value			
At 30 September 2008	18,048	-	18,048

The Directors, based upon their knowledge of the industry, estimate the plant and machinery acquired with the subsidiary during the year should be fair valued upwards by £300,000 and as such these assets have been fair valued as at 10 June 2009, the transaction date.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

10. Intangible fixed assets

	Group Intangible Assets £	Group Goodwill £
At 1 October 2007	-	-
Addition	-	12,764
At 1 October 2008	-	12,764
Addition	3,599	(80,404)
Negative goodwill released to the income statement	-	80,404
At 30 September 2009	3,599	12,764
At 30 September 2008	-	12,764

Group intangible assets represent computer software.

Following the 28% increase in shareholding in Afri Pal by the Company the fair value of the assets was reviewed. The Directors, based upon their knowledge of the industry, estimate the plant and machinery should be fair valued upwards by £300,000 and as such these assets have been fair valued as at 10 June 2009, the transaction date.

Afri Pal's assets and liabilities at the acquisition date were:

	£
Net liabilities	(12,841)
Fair value adjustment to the fixed assets	300,000
Fair value of net assets	<u>287,159</u>
Consideration	-
Less: fair value of net assets acquired (28%)	<u>(80,404)</u>
Goodwill arising	<u><u>(80,404)</u></u>

In accordance with IFRS 3 (Business combinations) this amount has been recognised in the income statement

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

11. Fixed asset investments – Subsidiaries

Company

	£
At 1 October 2007	-
Additions	<u>30,812</u>
At 1 October 2008	30,812
Cost transferred from Associate costs (see note 12)	<u>208,925</u>
	<u>239,737</u>
At 30 September 2009	<u>239,737</u>
At 30 September 2008	<u><u>30,812</u></u>

The Company owns 100% of the equity of True North Drilling & Geological Services Limited which is carried at its cost of £30,812 (2008: £30,812). This company is incorporated in Canada.

The Company purchased a further 28% of Afri-Pal Sp z.o.o. on 10th June 2009 and now owns 78% of the company which is carried at a cost of £239,737.

As at 30 September 2009, the Directors do not consider this fixed asset investment to be impaired.

12. Fixed asset investments

Group

At 1 October 2008 the Company held 50% of the equity in Afri-Pal Sp z.o.o and the investment was treated as an associate. On 10 June 2009 the Company purchased a further 28% of the equity of Afri-Pal Sp z.o.o and now owns 78% of the equity.

As such the investment is now treated as a subsidiary. The Company's share of the loss in Afri-Pal Sp z.o.o up to that date was £36,326.

Company	Investment in associate £
At 1 October 2007	-
Additions	<u>208,925</u>
At 1 October 2008	208,925
Cost transferred to subsidiary costs (see note 11)	<u>(208,925)</u>
At 30 September 2009	<u>-</u>
At 30 September 2008	<u><u>208,925</u></u>

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

13. Inventories

Group	2009	2008
	£	£
Raw Materials	36,306	-
Finished Goods	8,913	-
Merchandise	21,740	-
	<hr/>	<hr/>
	66,959	-
	<hr/> <hr/>	<hr/> <hr/>

14. Trade and other receivables

Group	2009	2008
	£	£
Other payables	55,112	22,896
Prepayments	7,884	8,394
Amount due from associate	-	43,471
	<hr/>	<hr/>
	62,996	74,761
	<hr/> <hr/>	<hr/> <hr/>

Company	2009	2008
	£	£
Other payables	5,544	22,896
Prepayments	7,884	8,394
Amount due from associate	-	43,471
Amount due from subsidiary	219,923	-
	<hr/>	<hr/>
	233,351	74,761
	<hr/> <hr/>	<hr/> <hr/>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value. No bad and doubtful debt charges have been recognised by the Group in the income statement during the year (2008: £nil).

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

15. Available for sale financial assets

	2009	2008
	£	£
At 30 September 2008	66,991	44,091
Additions	-	45,928
Disposals	-	(3,028)
Adjustment to fair value	<u>(13,000)</u>	<u>(20,000)</u>
At 30 September 2009	<u>53,991</u>	<u>66,991</u>

In April 2008, the company sold 28.5% of the equity of Minex Limited for £250,000. At the same time, the company granted an option to the purchaser to acquire a further 10,000 shares for £1,500,000, this option expired in April 2009. The Directors consider that the value of its interest in Minex Limited has a value in excess of its book value.

Fundy Minerals Limited is listed on Plus Markets and has been fair valued based on the 30 September 2009 quotation. The remaining fixed asset investments are held at cost as they represent equity instruments which do not have a quoted market price in an active market and whose fair value cannot be measured reliably.

The above assets available for sale include £7,000 (2008: £20,000) of UK listed equity interests at fair value and £46,991 (2008: £46,991) of UK non-listed equity interests at cost.

16. Cash and cash equivalents

Cash and cash equivalents – Group	2009	2008
	£	£
Cash at bank and in hand	<u>79,231</u>	<u>68,051</u>
Cash and cash equivalents – Company	2009	2008
	£	£
Cash at bank and in hand	<u>49,230</u>	<u>68,051</u>

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

17. Share Capital

	2009	2008
	£	£
Allotted and called up		
58,217,538 (2008: 56,553,630) ordinary shares of 0.001p each	<u>582</u>	<u>215</u>

On 6 March 2009 the Company issued 1,622,242 ordinary shares of 0.001p nominal value per ordinary share at 5.75p per share, giving a total consideration of £94,134. See note 21 for further details.

On 6 May 2009 the Company issued 41,666 ordinary shares of 0.001p nominal value per ordinary share at 5.75p per share, giving a total consideration of £2,500.

On 3 June 2009 the Company issued 3,273,030 ordinary shares of 0.001p nominal value per ordinary share at 3.36p per share, giving a total consideration of £110,000.

On 5 November 2008 the Company signed an agreement with David Hume, an early investor in Afri-Pal Sp z.o.o., whereby he transferred his entire shareholding of 4,726,970 Ordinary shares in the Company for a consideration of £nil to Southwood Partners, a consultancy firm in which Jeff Michel director of WMS is a director and substantial shareholder. Southwood Partners acted as an uncompensated intermediary in order that the shares were placed out into the market, which were subsequently sold to a third party.

On 10 May 2009 the Company signed an agreement with Mark Edey, an early investor in Afri-Pal Pal Sp z.o.o, whereby he transferred his entire shareholding of 4,726,970 Ordinary shares in the Company for a consideration of £nil to Southwood Partners, a consultancy firm in which Jeff Michel director of WMS is a director and substantial shareholder. Southwood Partners acted as an uncompensated intermediary in order that the shares were placed out into the market, which were subsequently sold to a third party.

These two transactions raised a total of £218,399 for the benefit of the Company and this amount is shown as a gain on the sale of investments in the income statement.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

18. Share-based payments

The Company issued 3,333,333 warrants in connection with its flotation on PLUS on 18 August 2008. Each warrant is convertible into one ordinary share at an exercise price of 6p per share and expiry date was extended from 18 August 2009 to 31 December 2009.

Details of the warrants in issue during the year ended 30 September 2009 are as follows:

	Number of Warrants	Weighted Average Exercise Price £
Outstanding at 1 October 2008	3,333,333	0.06
Issued during the year	-	-
Exercised during the year	(41,666)	0.06
Expired during the year	-	-
	<hr/>	<hr/>
Outstanding at 30 September 2009	3,291,667	0.06

The Group has applied the requirements of IFRS 2 – *Share based payment*.

The Group issues equity-settled payments to certain employees and agents. Equity settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The Group estimated the fair value of the warrants using the Black Scholes model. The volatility used in the model was 3.4% and this was based upon the historic price of World Mining Services Limited shares since its flotation. The risk free interest rate used within the model was 0.25% being the Bank of England base rate at 30 September 2009.

The fair value of warrants granted as at 30 September 2009 were £9,802 (2008: £9,926) and this amount was charged to the income statement in the year ended 30 September 2008. The warrants were fully vested on date of issue.

On 6 May 2009 41,666 warrants were exercised at the option price of 5.75p. On 12 August 2009 the warrant expiry date was extended to 31 December 2009.

The remaining warrants outstanding expired on 31 December 2009.

WORLD MINING SERVICES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

19. Trade and other payables

Group	2009	2008
	£	£
Trade payables	53,558	88,960
Other payables	124,353	-
Accruals	26,438	50,581
	<u>204,349</u>	<u>139,541</u>
	<u><u>204,349</u></u>	<u><u>139,541</u></u>
Company	2009	2008
	£	£
Trade payables	11,165	88,960
Accruals	29,483	50,581
	<u>40,648</u>	<u>139,541</u>
	<u><u>40,648</u></u>	<u><u>139,541</u></u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

WORLD MINING SERVICES LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009****20. Cash inflow/(outflow) from operating activities**

Group	2009	2008
	£	£
(Loss)/profit before taxation	(68,351)	233,097
Fair value adjustment to the value of the financial assets available for sale	13,000	20,000
Profit on sale of investment	(218,399)	(246,972)
Share of loss in associate	36,326	19,018
Amortisation of negative goodwill	(80,404)	-
Depreciation	26,074	-
Finance income	-	(3,632)
Loss/(profit) on foreign exchange	13,265	(2,289)
Share based payment charge	(124)	9,926
Increase in inventories	(35,690)	-
Decrease in trade and other receivables	42,544	13,862
(Decrease) in trade and other payables	(30,182)	(3,709)
Net cash (outflow)/inflow from operating activities	<u>(301,941)</u>	<u>39,301</u>

Company	2009	2008
	£	£
Profit before taxation	13,085	252,115
Fair value adjustment to the value of the financial assets available for sale	13,000	20,000
Profit on sale of investment	(218,399)	(246,972)
Finance income	(6,930)	(3,632)
Profit on foreign exchange	(1,235)	(2,289)
Share based payment charge	(124)	9,926
Decrease in trade and other receivables	62,568	13,862
(Decrease) in trade and other payables	(98,893)	(3,709)
Net cash (outflow)/inflow from operating activities	<u>(236,928)</u>	<u>39,301</u>

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

21. Related party transactions

During the year ended 30 September 2009, the Company was charged £50,000 (2008: £12,500) by Southwood Partners Limited, in which Jeff Michel, a director of the Company, has an interest, for consulting services. Additionally 571,147 shares (2008: 2,675,136) were awarded to that company for the services provided.

During the year ended 30 September 2009, no shares (2008: 658,979) were awarded to Jeff Michel, a Director of the Company.

During the year ended 30 September 2009 the Company was charged £30,000 (2008: £7,500) by Easy Business Consulting Limited, in which Jonathan Harrison, a director of the Company, has an interest, for consultancy services. Additionally 342,855 shares (2008: 1,379,548) were awarded to that company for the services provided.

During the year ended 30 September 2009 the Company was charged £50,000 (2007: £12,500) by Walton Asset Management for management services in which Dan Vanrenen, a director of the Company, has an interest, for consulting services. £2,500 was outstanding at year end. Additionally 571,147 shares (2008: 1,081,944) were awarded to that company for the services provided.

During the year ended 30 September 2009, no shares (2008: 2,141,783) were awarded to Dan Vanrenen, a Director of the Company.

During the year ended 30 September 2009, the Company was charged £3,648 (2008: £750) by Roy Harding, a director of the Company, for consulting services. £500 was outstanding at year end. Additionally 36,369 shares (2008: 84,000) were awarded to him for services provided.

During the year ended 30 September 2009, the Company was charged £5,651 (2008: £nil) by Fortress Management Services Limited, of which Roger Bennett is a Director, for consulting services. £1,495 was outstanding at year end.

During the year the company loaned its subsidiary, Afri-Pal Sp z.o.o, £213,038 (2008: £43,471) all of which was outstanding at the year end. Interest accrued on this amount totals £6,885 all of which was outstanding at the year end.

22. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, bank borrowings and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

22. Financial instruments (continued)

Capital management

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group and Company defines capital as being share capital plus reserves. The Board of Directors monitor the level of capital as compared to the Group and Company's commitments and adjusts the level of capital as is determined to be necessary, by issuing new shares. The Group and Company is not subject to any externally imposed capital requirements.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	2009	2008
	£	£
Trade receivables	62,996	74,761
Cash and cash equivalents	79,231	68,051
Non-current assets held for resale	53,991	66,991
	<u>196,218</u>	<u>209,803</u>

Interest rate risk

The Group has no external borrowings and no significant cash held on deposit therefore the directors do not consider that the Group currently has a material interest rate exposure. It is intended once the Group has significant cash holdings to deposit any surplus cash balances in interest bearing current accounts and on short term deposit, so as to maximise the level of return while maintaining an adequate level of liquidity.

The Group has not entered into any derivative transactions during the period under review.

As these cash balances are not material, the Group and Company considers this to be a manageable risk to the extent that further sensitivity analysis is not required.

WORLD MINING SERVICES LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

22. Financial instruments (continued)

Liquidity risk

The Group actively maintains cash balances that are designed to ensure that sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	Trade payables	Accruals	Total
	£	£	£
At 30 September 2008			
6 months or less	88,960	50,581	139,541
6-12 months	-	-	-
	<hr/>	<hr/>	<hr/>
Total contractual cash flows	<u>88,960</u>	<u>50,581</u>	<u>139,541</u>
	<hr/>	<hr/>	<hr/>
Carrying amount of financial liabilities measured at amortised cost	<u>88,960</u>	<u>50,581</u>	<u>139,541</u>
	<hr/>	<hr/>	<hr/>
	Trade payables	Accruals	Total
	£	£	£
At 30 September 2009			
6 months or less	174,866	29,484	204,350
6-12 months	-	-	-
	<hr/>	<hr/>	<hr/>
Total contractual cash flows	<u>174,866</u>	<u>29,484</u>	<u>204,350</u>
	<hr/>	<hr/>	<hr/>
Carrying amount of financial liabilities measured at amortised cost	<u>174,866</u>	<u>29,484</u>	<u>204,350</u>
	<hr/>	<hr/>	<hr/>

No separate analysis of liquidity risk has been provided for the Company as it is not materially different to that of the Group.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

22. Financial instruments (continued)

Foreign currency risk

The reporting currency of the Group is Sterling. Transactions denominated in a foreign currency are translated into sterling, the functional currency of the Company, at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are charged or credited to the income statement as appropriate.

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound and the Polish Zloty. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Once the Group has sufficient resources and significant foreign exchange risk it intends to use forward contracts or other methods of reducing its foreign currency exposure. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group and Company considers this to be a manageable risk to the extent that further sensitivity analysis is not required.

WORLD MINING SERVICES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

23. Events after the balance sheet date

As announced on 16 November 2009, Minex issued a further 120 new shares at a price of £250 per share raising £30,000. Following the recent issues, WMS holds 11,600 Minex shares representing 9.68% of Minex's issued share capital. Based on the latest issue price of £250 per share, the value of WMS's shareholding in Minex equates to £2.9m.

On 28 January 2010, The Company announced that Afri-Pal has signed a Joint Venture Agreement with P.P.U.H Elmo s.c. ("Elmo") to convert coal slimes into fuel pellets at the Janina 2 mine site in Poland. Afri-Pal has also relocated its factory to the Janina 2 site. The JV and relocation are expected to lead to increase turnover and reduced operating costs and marks a turning point for Afri-Pal's strategy. Over our first full year of operation, alongside building our own wholesale and retail market, Afri-Pal's team has worked with several mines to provide an economic solution to various waste and production issues. In the case of the Janina 2, the coal slimes are a significant waste problem. Afri-Pal can eradicate this waste by producing an alternative fuel source. The fuel can then be sold to the power and heating industry providing a new stream of income. We are evolving our marketing plan to target more of these JV's and are in advanced discussions with other tier one coal mines. The new strategic direction for Afri-Pal is to focus on partnerships with coal producers in a way that solves their particular issue whilst we continue to service and grow our wholesale market. Afri-Pal will become a solutions provider piggy-backing off the established infrastructure and distribution networks of the mines

Additionally the company has increased its equity ownership in subsidiary Afri-Pal, the Polish coal briquetting company, from 78% to 84.5%. This is a result of WMS agreeing to reduce the outstanding loan from WMS to Afri-Pal by £65,430 in exchange 3,000 shares in Afri-Pal. Under the terms of the agreement, Afri-Pal has the right to repurchase the 3,000 shares from WMS at a price of 120zł [£26.5] per share on or before 11 December 2012. Were Afri-Pal to buy back all 3,000 shares, WMS would receive £79,470 based on the current exchange rate. WMS now holds 8,542 shares of Afri-Pal of the total 10,105 issued. The balance of the total loans is £164,170.45 comprising a loan of £43,471 with an interest rate of Setrling 3 Month LIBOR, a loan of £72,255 at 7% per annum and a further loan of £48,444.45 at 7% per annum.