

BOULDER STEEL LIMITED

A.C.N 009 074 588

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31 July 2009

Company Announcements
The Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: BOULDER STEEL LIMITED
REPORT FOR QUARTER ENDED 30 JUNE 2009

Please find attached the report for the Quarter Ended 30 June 2009.

Yours faithfully



Boulder Steel Limited
Carl U Moser
Director & General Manager

HIGHLIGHTS

- **Strategic Partnership formed with Arabia for Business Strategies LLC (“ABS”)**
- **Rail and Heavy Beam Plant announced for Kingdom of Saudi Arabia**
- **Gladstone Steel Project development and EIS on track**
- **EFS grows revenue in tough European and World market**
- **Options issue over subscribed**

THE CONCEPT

Boulder Steel Limited (“Boulder”, “the Company”) has outlined a clear concept to build a strong steel business with sustainable value founded upon cost efficiency, reliability, environmental considerations and quality products. The following essential elements form the basis for achieving this:

- Controlling the supply chain from raw materials to end products.
- Locating core production close to raw materials.
- Locating downstream manufacturing operations where combined infrastructure, production capability and proximity to market provide the best fit.

Australia, with abundant raw materials, strong infrastructure, skilled workforce and stability, presents a sound steel production base to enable a competitive edge.

... AND ITS REALISATION

On 25 May 2009 Boulder and Arabia for Business Strategy LLC (“ABS”) executed a Memorandum of Understanding to form a strategic partnership to jointly realise the Boulder concept by developing:

- Boulder’s Iron and Steel Production Plant in Gladstone, Australia;
- Value-adding and finishing production facilities in Saudi Arabia; and
- Raw material resources related to iron and steel making in Australia.

Boulder and ABS are working constructively together in all these areas both in Australia and the Middle East. The partnership has already announced their intention to develop a Rail and Heavy Beam Plant in the Kingdom of Saudi Arabia and is assessing a number of other opportunities.

The partnership with ABS represents a unique opportunity for the Company and provides independent confirmation of the Boulder vision, outlining a clear execution path directed towards implementing an end-to-end business.

**1. The Gladstone Steel Project
100% Boulder Steel Limited**

Boulder is developing a 5mtpa steel mill at Gladstone that will form the cornerstone of production for its partnership with ABS. This mill will take advantage of the benefits provided by Gladstone including its proximity to raw materials, infrastructure, utilities and by-product markets.

During the quarter considerable progress with development of the Gladstone Steel Project was achieved in accordance with schedule. The details of these items are:

SIGNIFICANT PROJECT STATUS

On 3 April 2009 the Company announced that the Gladstone Steel Project had been declared by the Queensland Coordinator-General to be a 'Significant Project' for which an Environmental Impact Statement ("EIS") is required.

A Significant Project benefits from a streamlined approvals process across the whole of government.

ENVIRONMENT IMPACT STATEMENT [EIS]

There has been considerable progress on the EIS during the past quarter.

The following three studies have now been completed:

- (1) Land use, geology and soils
- (2) Hydrology and water quality, and
- (3) Ecological values.

Work on all the remaining studies required has commenced, except for Social and Economic Issues, which will commence shortly.

Boulder is awaiting for the Terms of Reference for the EIS, in the meantime preparation of the various standard studies is underway. The Terms of Reference are expected to be issued in the near future.

ENVIRONMENT PROTECTION BIODIVERSITY CONSERVATION ACT

On 23 June 2009 the Company received advice that the Federal Government declared the Project to be a "Non Controlled Action". This means that the relevant approval process is in the domain of the Queensland Government authorities.

PLANT DESIGN AND PROCUREMENT

Negotiations and development of more detailed design specifications have commenced with a number of plant suppliers and building contractors.

INFRASTRUCTURE, SUPPLIERS AND UTILITIES

- **GLADSTONE PORT:** Negotiations are progressing with Gladstone Port Corporation for the allocation of berths. The Company is confident appropriate port facilities will be made available to the Project.
- **ELECTRICITY SUPPLY:** Negotiations with Stanwell Corporation, a Queensland Government electricity supply company, have led to an initial agreement on off-take of steam and off-gases from the proposed plant in return for providing all the plant's electric power and coal seam gas requirements.
- **IRON ORE SUPPLY:** During the period under review computer modelling was undertaken to examine various iron ore blends in order to achieve the lowest possible liquid iron costs. The results of the modelling further confirmed the viability of the Project.
- **COAL:** A study of the most economical coal blend will be undertaken in the September quarter.
- **FLUXES:** A number of potential suppliers were identified from the Gladstone area. A specification for the required fluxes was developed. Test work and burn trials will be undertaken this quarter.
- **WATER:** A proposal has been received from the Gladstone Area Water Board for the supply of water at acceptable prices.

**2. Sharjah Finishing Plant Project, Sharjah, United Arab Emirates
100% Boulder Steel Limited (through subsidiary – Boulder Steel [UAE] Limited)**

Various approaches are now being considered by the Board of Directors to either develop or realise Boulder Steel [UAE] Limited, in a manner consistent with the objectives of the strategic partnership with ABS.

**3. Euro Forming Services GmbH (“EFS”)
50% Boulder Steel Limited**

During the period under review, EFS’s total revenue was €1,874,345, up from €1,740,697 for the March 2009 quarter. This means a steady improvement in sales compared with the previous quarter, in an industry that is strongly affected by the international financial crisis.

EFS – Quarterly Revenue during last 4 quarters			
3 rd Quarter 2008	4 th Quarter 2008	1 st Quarter	2 nd Quarter 2009
€2,767,026	€1,712,423	€1,740,697	€1,874,345
-7.9%	-38.1%	1.70%	7.68%

4. **Statement of Consolidated Cash Flow and Changes in Interest in Mining Tenements**

These reports are attached.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BOULDER STEEL LIMITED

ABN

009 074 588

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	-	-
	(b) development	(303)	(2,902)
	(c) production	-	-
	(d) administration	(524)	(4,108)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	21	186
1.5	Interest and other costs of finance paid	-	(3)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(806)	(6,827)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	(271)	(271)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(271)	(271)
1.13	Total operating and investing cash flows (carried forward)	(1,077)	(7,098)

**Appendix 5B
Mining exploration entity quarterly report**

		(1,077)	(7,098)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	625	625
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
Net financing cash flows		625	625
Net increase (decrease) in cash held		(452)	(6,473)
1.20	Cash at beginning of quarter/year to date	2,325	7,517
1.21	Exchange rate adjustments to item 1.20	-	829
1.22	Cash at end of quarter	1,873	1,873

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	74
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees, salaries and consulting fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	700
Total		700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,873	2,325
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,873	2,325

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3	481,803,953	481,803,953		
7.4				
7.5				
7.6				
7.7	8,150,000	-	20c	31-03-2011
	250,000,000	250,000,000	10c	31-03-2012
7.8	250,000,000	250,000,000	10c	31-03-2012
7.9	-	-	-	-
7.10	6,387,067		30c	30-06-2009
	5,500,000		60c	30-06-2009
7.11				
7.12				

