

BOULDER STEEL LIMITED

ABN 78 009 074 588

Annual Report

for the year ended 30 June 2010

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Chairman's Report



In my report last year I set out the basis of the vision that the Board and management of Boulder recognise as necessary to implement the mandate of the shareholders. That vision is still valid today and has the objective of ensuring Boulder becomes a world class steel producer. The core concepts of the vision are:

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

It is important to reiterate that in order to achieve its objective Boulder requires a strong partner with a similar vision. This will be the key to delivering sustainable and increasing shareholder value.

I would like to thank our operational team for their diligent efforts in pursuit of the Company's goals.

Our activities this year can be broken into three broad categories.

The first of these categories is the vital task of securing a compatible partner and raising capital. Last year Boulder mandated Dr Peter Wallner of Berlin Mining and Investments Pty Ltd, to utilise his broad experience and knowledge of the steel industry to secure a suitable partner and project financing.

During the last reporting year Boulder and Arabia for Business Strategies LLC (ABS) signed a Memorandum of Understanding which aims to combine the financial strength, expertise and knowledge of both organisations to create a number of complementary joint ventures that dovetail into each other.

Since that time Boulder has:

- concluded three framework agreements with ABS covering raw materials, the Gladstone Steel Plant Project and downstream processing in the Kingdom of Saudi Arabia;

and

- brought together joint venture parties and suppliers who can compliment and improve the quality of the project outcomes.

Chairman's Report cont.

The implementation of the right joint venture structure is an integral part of ensuring that the advantages of manufacturing steel in Australia are fully leveraged and that the combined projects are able to deliver high quality steel products which are competitively priced to meet the needs of their target markets. We thank Dr Wallner for his diligent efforts and his vital input in raising capital during the year.

The Gladstone Steel Plant Project, the cornerstone of Boulder's vision, is the second category. This project, with its core advantages, is well positioned to benefit from the evolving world steel market following the Global Financial Crisis. The world's largest producers, based in Asia, are reassessing their less efficient operations and looking for more geographically diversified locations that provide long term permanent advantages to complement existing facilities.

This year, the project team, led by Mr Ross Johnson, has ably undertaken a significant amount of detailed work thereby reducing risks in the areas of capital cost, scheduling and operating cost. The outcome of this work has highlighted the Gladstone Steel Plant Project's clear advantages and prepared it for the next phase.

The third category is Boulder's Euro Forming Services GmbH (EFS). Mr Klever and his team at EFS have worked diligently through the Global Financial Crisis in Europe to build a stronger and better business that is continually moving forward, fulfilling the increasing demand for its innovative high quality products in the automotive and aeronautical industries. We congratulate EFS on a tough task well done.

Each of these categories are at a stage that enables Boulder to take the next steps in delivering the vision it has promised.

Finally, I would like to thank Mr Carl Moser, who as Executive Director has worked hard administering and coordinating the different facets of the Company's activities; and to my fellow Directors based in Europe, Mr Dieter Hopf and Mr Markus Buhl, for their ongoing support to the company, their communication with shareholders and considerable input they make to Boulder during its evolution.

Richard S. Martin
Chairman

Operations Report



The Gladstone Steel Plant Project (GSPP)

Work on the key Gladstone Steel Plant Project (GSPP) progressed well throughout the year under review. During the first half of the year the focus centred on the Environmental Impact Statement [EIS], while the emphasis during the second half was focused on securing the project's external infrastructure requirements. The main achievements for the year were:

Requests for proposals were made to major steel plant equipment suppliers in Europe and Asia. Proposals received, which included substantial and detailed information, were evaluated and discussed with various suppliers. This enabled a more comprehensive and complete plant layout to be produced with respect to the major operating units and provided data that will assist in the preparation of the final binding tender documents.

Discussions and planning negotiations were conducted with key support plant specialists, who may build, own and operate the auxiliary plant units mentioned below within or in the near vicinity of the GSPP site. These plant units include:

- Blast Furnace slag granulators and pulverised coal injection facility
- Lime kilns
- Industrial gases, miscellaneous plant services and storage
- Scrap and slag processing, handling and marketing

The following external infrastructure requirements were studied and specialist reports were commissioned, received and evaluated:

- Private Haul Road route, basic design, construction budget and operations
- Ship and shipping plan for the delivery of iron ore and the export of finished products; including berth requirements, berth design and support facilities
- Rail loop and coal unloading facility together with conveyor system to transport the coal to the stockyards
- Delivery route for limestone from local Gladstone area quarries.

The approval requirements for the external infrastructure have been defined and the preliminary steps in that process have commenced, including the port access agreement with Gladstone Port Corporation.

Operations Report cont.

The Gladstone Steel Plant Project cont.

The EIS was progressed to a point where most of the sections are now complete. The EIS will be finalised and lodged after the final plant design has been agreed with the joint venture consortium.

The Gladstone Steel Plant Project is an integral part of the highly significant industrial planning and development program in the Gladstone region. As part of this program Boulder's team undertakes a number of ongoing tasks that include regular communication with all levels of government and a strong community consultation process involving all stakeholders and interest groups.

The team also regularly reviews the marketing plan, interacts with raw material suppliers and re-assesses project feasibility.

Each of these activities has enabled the company to develop its project objectives with a clear understanding of how the plant requirements, infrastructure and raw material supply will be integrated for an optimum outcome.

Once the joint venture structure has been established the GSPP is ready to move towards construction.

Operations Report cont.

Rail and Heavy Beam Mill Project, Kingdom of Saudi Arabia (KSA)

Boulder Steel Ltd and Arabia for Business Strategies LLC (ABS) plan to establish a rail and heavy beam downstream processing facility in the industrial city of Al-Jubail in the Eastern Province of the Kingdom of Saudi Arabia.

The plant is planned to have a total capacity of 500,000 tpa, of which 200,000 tpa will be rails and 300,000 tpa will be heavy beams.

On 29 September 2009 Dr Sudarshan Singh, representing ABS Boulder, presented a paper at the SBB Steel Market Middle East conference in Dubai, outlining the elements and rationale of the project.

On 14 December 2009 the Company announced that Framework Agreements had been signed between Boulder and ABS pursuant to the Memorandum of Understanding announced on 25 May 2009. The parties agreed that, in respect to the KSA plant, ABS will have an economic interest of 70-80% and Boulder will have an economic interest by 20-30%. ABS will be responsible to secure all debt funding and Boulder will have to service its portion of that debt funding.

It is planned to construct both the Gladstone and the KSA facility simultaneously.

Operations Report cont.

Euro Forming Services GmbH

Euro Forming Services GmbH in Europe epitomises a quality downstream steel forging and forming business located close to its important markets. EFS is an ISO/TS 16949 quality accredited supplier using unique and innovative technology to supply component parts to the elite of the automotive and aircraft industries of Europe. EFS parts contribute to safer, lighter and more ecologically friendly automobiles.

EFS commenced business in 1999 and acquired the Bitburg, Germany facility in 2001, receiving ISO accreditation in 2002. In 2007 the business expanded into a second facility in Heiligenkreuz, Austria near the Hungarian border. These facilities utilise the latest innovative robotic technology from Gesellschaft für Umformtechnik und Maschinenbau GmbH to supply products of unique design, quality and tolerances.

EFS has accumulated an impressive customer base of peak German and international automotive and industrial component makers including Autoliv, Continental, DAF, Daimler Benz, Porsche, Audi, Ferrari, MAN, ZF, Hydac and Walther. Through Hydac, EFS supplies hydraulic aircraft cylinders to Airbus Industries. EFS supplies its customers in the automotive industry with a broad range of build to order products that include airbag cylinders, shock absorber tubes, truck and trailer axles, gearbox flanges, camshafts and truck mudguard mounts. Apart from its core automotive business EFS also produces mechanical and engineering tubing for a wide range of industrial applications.

During the period under review, revenue from the EFS operations in Bitburg, Germany and Heiligenkreuz, Austria increased to €11,389,014, which represents a significant increase of 40.7% when compared to €8,094,491 for the 2008/2009 financial year.

EFS management were subsequently able to facilitate a strong recovery after the Global Financial Crisis by ensuring optimal utilisation of the company's technology, implementing the right strategies and taking other appropriate steps as conditions improved. Recent significant economic improvements in the German speaking areas of Europe, particularly for the automotive industry, have allowed EFS to grow sustainably.

Since the beginning of the 2010 calendar year, the situation at EFS's Heiligenkreuz plant in particular has significantly improved, with increasing revenues stabilising at a high level. Staffing level at the Austrian facility has been increased by 80%, and management expects the positive developments to be sustainable if current economic conditions prevail.

Industry demand for products from EFS has significantly increased. EFS is continually developing innovative products which generate a higher profit margin and sound returns in the medium term.

Directors Report cont.

Review of Operations

Your Directors submit their report for the year ended 30 June 2010

The Company reported a loss of \$7,018,144 for the year ended 30 June 2010 (\$7,851,285 loss in 2009). The result was impacted by the closure of operations of Boulder Steel (UAE) Limited and a write off of the asset at a cost of \$3,025,689; plus a foreign exchange provision as a result of the fall in the value of the Euro of \$1,759,576.

The equity share of loss of EFS for the year ended 30 June 2010 after depreciation and amortisation reduced from \$2,362,417 in 2009 to \$345,905, reflecting the improved conditions on the European automotive component market.

The Company has continued to develop the plans for the Gladstone Steel Plant Project, Queensland, Australia, which will be a world class facility for the production of high quality semi finished steel products including blooms, beam blanks and slabs. The tasks completed during the year included:

- Framework agreements for each intended facet of business were entered into with Arabia for Business Strategies LLC.
- The Terms of Reference (TOR) for the Environmental Impact Study (EIS) were released by the QLD Government in November 2009. The TOR included changes from the draft TOR which extended the required tasks for the EIS. The EIS is now almost complete.
- Proposals from steel plant equipment suppliers were received for each of the major plant areas. These were evaluated and the plant design has been updated to reflect the preferred proposals.
- With the ongoing support of local and state government authorities the infrastructure plan to sustain the plant including rail, road, shipping and port facilities was completed during the period under review.
- Planning meetings continued with suppliers of specialised auxiliary plant equipment. These items included pulverised coal injection plant, oxygen plant, slag granulators, lime kilns, scrap, slag handling and processing facilities and haul road operation.
- The plant site master plan has reached the point where the land purchase agreements can be negotiated with the Queensland Government Property Services Group.
- Negotiations with project partners continued.

Euro Forming Services Group (EFS), Boulder Steel's 50% owned steel manufacturing business in **Europe**, continued its strong recovery during the year to 30 June 2010 and reached pre-GFC turnover levels. EFS has received orders from leading European automotive manufacturers expanding both the customer base and depth of supply that should see further meaningful growth in revenue for the 2010/11 financial year.

The improved performance of the EFS group was reflected in the operating profit for the year ended 30 June 2010 before depreciation, interest and tax of €998,402. Both the Bitburg, Germany and Heiligenkreuz, Austria factories are making a positive contribution to the group's cash flow. The performance of the Heiligenkreuz facility justifies the expansion of the EFS Group and it is providing planned capability for increased growth in the future.

Directors Report cont.

Directors

The names, qualifications, experience and special responsibilities of the Company's Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for the entire period under review unless otherwise stated.

Mr Richard Martin B.Bus **Appointed Non-Executive Chairman on 26 August 2008**

Mr Martin obtained a Bachelor of Business degree with a major in accounting from Charles Sturt University in 1980. He became a Chartered Accountant in 1983 and was in public practice until 1997 with 12 years as a principal of a medium sized Sydney practice.

Mr Martin was involved in working in the areas of accounting services and taxation across a diverse range of sectors including hospitality, oil and gas, resources and property. Since ceasing public practice in 1997, Mr Martin has worked as an Executive Director in a small investment Company in Sydney, focussed on property development and management.

Mr Martin has obtained extensive experience in the establishment and operation of management systems in emerging companies as well as negotiating, financing and implementing the sale and purchase of enterprises, plus ongoing control of management of operations.

Mr Martin is also a Director Anteo Diagnostics Corporation Limited, an ASX listed company.

Responsibilities: Chairman of the Company and member of the Audit and Risk Committee and of the Remuneration and Nomination Committee.

Mr Carl Ulrich Moser B.Sc, M.Sc, MAusIMM **Appointed a Executive Director on 27 March 1992** **General Manager**

Mr Moser obtained his Master of Science Degree in Geology in 1982 from Technical University Munich in Germany. After arriving in Australia in 1982, he worked for various Australian mining companies and became involved in gold and mineral exploration in Australia, the Pacific and North America.

He has more than 20 years of experience in corporate management and information technology. Mr Moser became General Manager in 1991, and is a Member of the Australasian Institute of Mining and Metallurgy.

Responsibilities: General Manager of the Company. Responsible for day-to-day corporate management, strategic and financial planning.

Directors Report cont.

Mr Markus Buhl B.Eng

Appointed a Non-Executive Director on 28 February 2009

Mr Buhl obtained his tertiary qualifications at the highly reputable Fachhochschule Joanneum in Graz.

Mr Buhl commenced his metallurgical career in the Breitenfeld Edelstahl steel operation in Austria, where he gained his experience in steel production.

He later became Production Engineer of Breitenfeld, with responsibility for high alloy steel production at the slag re-melting facility. Subsequently, Mr Buhl was project manager supervising the extension of the Breitenfeld specialty steel operations from inception to the start of production.

Mr Buhl also has a consulting and trading business, which advises on technical matters relating to steel production as well as on marketing of steel and steel products.

Responsibilities: Chair of the Remuneration and Nomination Committee

Mr Dieter Hopf B.Comm

Appointed a Non-Executive Director 18 March 2009

Mr Hopf brings to Boulder skills in accounting, finance, prudential control and project management. He has more than 20 years experience as a business economist, corporate trainer and management consultant. Mr Hopf has over 15 years experience in senior management positions in private German companies and 20 years in consumer protection

Since completing his Bachelor of Business degree at Cologne in 1986, he has been a lecturer in a broad range of economics and business related subjects at one of the largest business schools in Germany. During this period Mr Hopf was a course manager and held the role as chairman of examination panels for the Dresden Chamber of Commerce and Industry which is responsible for vocational training and qualification in that region.

Mr Hopf has worked as a management consultant in a number of capacities for medium-sized companies as project manager in the areas of claim management (both in the EU and the US), IT projects, marketing, credit management and mentoring.

Responsibilities: Chair of the Audit and Risk Committee

Directors Report cont.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Daniel George Owen B.Comm, Dip.Hosp

Mr Owen obtained his Bachelor of Commerce degree from the University of Wollongong in 2005.

Prior to his appointment as Company Secretary, he was responsible for a range of activities within Boulder, including human resources, information technology and was an assistant to the General Manager.

During his career, he has designed, built and operated a liquid waste treatment facility in Australia and assisted in the design and construction of environmental pollution control and monitoring equipment.

Mr Owen holds a Graduate Diploma in ASX Listing Rules and Corporate Governance and has also obtained a Diploma in Tourism and Hotel Management.

Directors Interest in Shares and Options

Shares and Options held by Directors	Ordinary Shares	Options over Ordinary Shares
Richard Martin	56,471	936,471
Carl Ulrich Moser	9,570	3,000,000
Markus Buhl	-	-
Dieter Hopf	3,970,000	-

Directors Report cont.

DIRECTORS AND SENIOR EXECUTIVES REMUNERATION

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of Boulder Steel Limited.

Remuneration Policy

The remuneration policy of Boulder Steel Limited has been designed to align Director and Senior Management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's medium and long-term financial outcomes. The Board of Boulder Steel Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors and Senior Managers to run and manage the economic entity, as well as create goal congruence between Directors, management and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Management of the economic entity is as follows:

The remuneration policy, setting the terms and conditions for Executives and Directors was developed by the Board. All Executives receive a base salary (which is based on factors such as scope of responsibilities, length of service and experience), superannuation, fringe benefits, options and performance incentives. The Board reviews Executive Director's and Senior Management performance annually by reference to the economic entity's performance, Executive Director's performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of Executive Directors and Senior Management is measured against criteria agreed for each Executive Director, based predominantly on key performance areas of the economic entity, and its shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of Executive Directors and reward them for performance that results in long-term growth in shareholder wealth.

Executive Directors are also entitled to participate in the employee share and option arrangements.

The Executive Directors and Senior Management 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 Executive Directors and Senior Management is valued at the cost to the Company and expensed.

Non-Executive Directors are remunerated at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. 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 economic entity. However, to align Directors' interests with shareholder interests, the Non-Executive Directors are encouraged to hold shares in the Company and are also able to participate in the employee option plan.

Directors Report cont.

Details of Remuneration for Year Ended 30 June 2010						
The remuneration for each Director during the year was as follows:						
	Salary, Fees and Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
Directors	\$	\$	\$	\$	\$	\$
Richard Martin	120,000	-	-	-	-	120,000
Carl Moser	183,525	16,516	-	11,149	-	211,190
Markus Buhl	-	-	-	-	-	-
Dieter Hopf	-	-	-	-	-	-

- i. Non-Executive Directors currently do not charge the Company for performing of Director duties. Non-Director services provided by Non-Executive Directors or companies related to them are disclosed in Note 15 of the Financial Statements.
- ii. Executive Directors are paid in accordance with their employment contracts.
- iii. Due to its size the Company does not have any employees that are Specified Executives.

Options Issued as Part of Remuneration for the Year Ended 30 June 2010

Options are issued to Directors and Executives as part of their remuneration. Performance criteria and goal congruence between Directors, management and shareholders form the basis for the issue of options.

No options were issued, or exercised since the last report.

Employment Contracts of Directors and Senior Executives

The employment conditions of the Executive Directors and Senior Management are formalised in contracts of employment. The employment contracts stipulate a range of one to eighteen months resignation periods and payments on termination

Directors Report cont.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year.

Nature of Operations and Principal Activities

The principal activities during the year of entities within the consolidated entity were:

- Metal products manufacturing; and
- The development of the Gladstone Steel Plant Project.

There have been no significant changes in the nature of those activities during the year.

OPERATING RESULTS FOR THE PERIOD

The consolidated loss of the economic entity after providing for income tax amounted to \$7,018,144. (2009: the loss was \$7,851,285).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Issued Capital

The issued capital of the Company increased from 481,803,953 ordinary shares to 506,199,352 ordinary shares during the Financial Year 2009 / 2010.

The Company had 8,650,000 unlisted options expiring 31/03/2011 and 265,345,755 listed options expiring 31/03/2012 on issue at the end of the reporting period. Details of the various share and option issues during the Financial Year 2009/2010 are set out in Note 13(a) to the Accounts.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There are no likely development or expected results after the balance date.

Directors Report cont.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's current operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

At Boulder Steel, our objective is to be at the forefront of the steel industry creating sustainable value for our stakeholders including our shareholders, customers, communities and partners in business.

We are committed to continual improvement of our environmental performance through the development, implementation and maintenance of effective environmental management systems.

Through these systems we assess potential impacts, set performance targets, implement and maintain standards, systems and controls and monitor and audit performance. Through these systems we implement effective risk management, targeting the risk to our employees, contractors, customers, the environment and communities.

We are committed to developing our people and providing appropriate resources to enable us to achieve our targets.

We are committed to efficient use of resources, effective reduction and prevention of pollution and stewardship of our products.

We are committed to upholding ethical business practices and meeting or, where less stringent than our standards, exceeding applicable legal and other requirements.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Company has paid insurance premiums to insure certain officers of the Company. Officers of the Company include all of the Company's Directors and Secretary. The insurer will pay all of the insured persons/or Company's loss arising from any claim made for any wrongful act in their capacity as officers of the Company.

DIRECTORS' MEETINGS		
The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:		
	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Richard Martin	15	11
Carl Ulrich Moser	14	14
Markus Buhl	15	9
Dieter Hopf	15	15

Audit and Risk Committee Meetings

Director	Number Eligible to Attend	Number Attended
Richard Martin	3	3
Dieter Hopf	3	3

Nominations and Remunerations Committee

Director	Number Eligible to Attend	Number Attended
Richard Martin	3	3
Markus Buhl	3	3

Directors Report cont.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Boulder Steel Limited support and have adhered to the ASX Corporate Governance Council's, *Corporate Governance Principles and Recommendations* to the extent that they are relevant to the Company given its size. Further details on the Company's Corporate Governance can be found in the Company's Corporate Governance Statement on page 18 of the annual report.

Options

At the date of this report, the unissued ordinary shares of Boulder Steel Limited under option are as follows:

	Date of Expiry	Exercise Price	Number under Option
	31 March 2011	20 cents	8,650,000
	31 March 2012	10 cents	265,345,755

PROCEEDINGS ON BEHALF OF COMPANY

The Company was not a party to any proceedings during the year other than as set out below:

TNI Arbitration

In June 2009, The National Investor PJSC (**TNI**) applied to the Abu Dhabi Commercial Conciliation and Arbitration Centre for arbitration in relation to a dispute between the Company and TNI over sums, which TNI alleges, is owed by the Company to TNI.

The dispute arises from an agreement entered into in September 2006, which related to the provision of investment banking services by TNI in connection with the unsuccessful raising of debt and equity funds for the Company's subsidiary in the United Arab Emirates.

TNI is claiming damages of between approximately US\$735,000 and US\$13,450,000 plus interest and costs. TNI's statement of claim includes a claim for damages of US\$13,375,000 that is said to comprise a "Success Fee" on an equity placement and a "Placement Fee" on a debt placement that TNI were to advise on and arrange under the agreement. No such equity or debt placement occurred.

The Company considers TNI's claims to be completely baseless and without foundation and has denied any liability to pay TNI any damages. The Company will vigorously defend the proceedings.

The Company claims that the 6-month period for determination of the dispute, which was stipulated in the September 2006 agreement, expired on 29 December 2009. TNI denies the expiry of its claim and has requested that the arbitrator determine this in a one day hearing. As of the date of this report, the hearing has not yet taken place.

Apart from TNI no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

NON AUDIT SERVICES

- The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:
- All non-audit services are reviewed and approved by management to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

Details of Non Audited Services are shown in Note 14, in the notes to the financial statement.

Directors Report cont.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 17 of the financial report.

Signed in accordance with a resolution of the Directors.

Carl U. Moser
Director

Dated this 30th day of September 2010

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Boulder Steel Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there has been:

- i. No contraventions of the auditors independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Wong & Mayes
Chartered Accountants

Martin G. Thompson
30 September 2010

Corporate Governance Statement

1. Introduction

This Statement sets out the key corporate governance principles adopted by the Directors in governing Boulder Steel Limited and reflects the corporate governance policies and procedures which applied during the financial period ending 30 June 2010. The Company continues to monitor and review its corporate governance policies and procedures.

2. ASX Corporate Governance Recommendations

In August 2007, the ASX Corporate Governance Council issued revised corporate governance principles and recommendations which are effective from 1 January 2008 (**Recommendations**). The Company is required to report against these Recommendations in this annual report.

The ASX Listing Rules require listed companies to include in their annual report a statement disclosing the extent to which they have followed the Recommendations in the reporting period. Listed companies must identify the Recommendations that have not been followed and provide reasons for the Company's decision.

In this Statement, the relevant governance items are linked to each of the 26 Recommendations. The table at the end of this Statement also summarises Boulder Steel's compliance with, and adoption of, the Recommendations.

3. The Board of Directors

3.1 Membership and expertise of the Board

The Board has a broad range of relevant skills, experience and expertise to meet its objectives. The composition of the current Board, with details of each Director's qualifications, experiences and special responsibilities, is set out on page 8 - 9 of this annual report.

Recommendation 2.6

3.2 Board role and responsibility

The Board is responsible for protecting the rights and interests of shareholders and is accountable to them for the management of the Company. The Board Charter clearly defines the matters that are reserved for the Board and those that the Board has delegated to management.

In summary, the Board's responsibilities include:

- a) Developing with senior Executives and approving of corporate strategy, policy and business objectives;
- b) Monitoring the performance of and implementation of strategy by the senior Executives;
- c) Ensuring appropriate resources are available;
- d) Appointing and removing senior Executives;
- e) Through its Audit & Risk Committee, appointing and removing the Chief Financial Officer ("CFO");
- f) Reviewing and ratifying systems of risk management and internal controls, codes of conduct, corporate governance and legal compliance;
- g) Approving and monitoring the progress of major capital expenditures, capital management, capital raising and acquisitions and divestitures;
- h) Approving budgets and monitoring financial and other reporting;
- i) Defining and monitoring the respective roles of the Board and Senior Executives;

- j) Through its Nominations and Remuneration Committee, remuneration policy covering Directors and Senior Executives;
- k) Through its Nominations and Remuneration Committee, approving the process for annually evaluating the performance of senior Executives and disclosing the process in the annual report;
- l) At least annually updating and/or affirming the allocation of roles and responsibilities described above.

The Senior Executive Director and other senior management are responsible for:

- a) Developing corporate strategy, performance objectives, business plans, budgets etc for review and approval by the Board;
- b) Developing appropriate policies and procedures for the management and control of the business;
- c) The day to day management of the Company's affairs and the implementation of corporate strategy and policy initiatives.

The Board Charter is available in the Corporate Governance section of the Boulder Steel website.

Recommendation 1.1

3.3 Board size and composition

The Board determines its size and composition, subject to the limits imposed by Boulder Steel's constitution, using the following principles:

- a) The Board is to be comprised of both Executive and Non-Executive Directors, with a majority of Non-Executive Directors who satisfy the criteria for independence;
- b) The Directors shall have an appropriate cross section of skills and experience;
- c) The Chairman must be a Non-Executive Director who satisfies the criteria for independence;
- d) The same individual must not exercise the roles of Chairman or Deputy Chairman and the Senior Executive Director; and
- e) All Directors shall bring independent judgment to bear in decision making.

Boulder Steel's Board currently comprises three independent Non-Executive Directors (including the chairman) and one Executive Director being the Senior Executive Director.

Recommendations 2.1, 2.2 and 2.3

3.4 The selection and role of the Chairman

The Chairman is selected by the Board from the Non-Executive Directors.

The Chairman's role includes:

- a) Chairing Board meetings;
- b) Establishing the agenda for Board meetings in consultation with the Senior Executives and the Company Secretary;
- c) Chairing meetings of shareholders;
- d) In consultation with the senior Executives, represent the views of the Board to shareholders, general public, government, regulators and other stakeholders;

The current Chairman, Mr Richard Martin, is an independent, Non-Executive Director appointed by the Board. He has been a Director at Boulder Steel since 2008 and Chairman since 2008. The Chairman is a member of the Nominations and Remuneration Committee and the Audit and Risk Committee.

Recommendation 2.2

3.5 Directors' independence

It is the Board's view that each of its Non-Executive Directors are independent.

The Board has adopted specific principles in relation to Non-Executive Directors' independence. The Non-Executive Director is considered to be independent when not a member of management and:

- a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- b) within the last 3 years has not been employed in an Executive capacity by Boulder Steel or another Boulder Steel group company;
- c) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company (or another Boulder Steel group company) or a Director, officer, employee or consultant materially associated with the service provided;
- d) is not a material supplier or customer of the Company or other Boulder Steel group company, or an officer of or otherwise associated directly or indirectly with the material supplier or customer;
- e) does not have a material contractual relationship with the Company or another Boulder Steel group company other than as a Director of the Company;
- f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

3.6 Avoidance of conflicts of interest by a Director

In accordance with the Corporations Act, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter. Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of Boulder Steel. Where a significant conflict exists, the Director concerned declares their interest in those dealings to the Board and takes no part in decisions or discussions relating to them.

3.7 Meetings of the Board and their conduct

The Board currently holds not less than 3 scheduled meetings per year, plus strategy and other additional meetings as necessary to address any specific significant matters that may arise. The agenda for scheduled Board meetings incorporates standings items including project discussion and approvals, budgeting and cash flow updates.

The number of Board meetings and Board committee meetings held during the year is set out in the Directors' report on page 14 of this annual report.

3.8 Succession planning

The Board plans succession of its own members in conjunction with the Nominations and Remuneration Committee taking into account the skills, experience and expertise required and currently represented, and Boulder Steel's future direction.

3.9 Review of performance of the Board and Senior Executives

The Board has in place a process to review annually the performance of the Board and the Senior Executive team. The core elements of the evaluation process are summarised below:

- a) The Board as a whole will review its performance annually. The Chairman ensures that the Board addresses issues such as compliance with the Board Charter, adequacy of understanding of the Company's business and competitive environment, whether sufficient attention is being given to long-term strategy, effectiveness of monitoring of Senior Executives, effectiveness of Board meetings, effectiveness of Board committees, the Chairman's and individual Board member's effectiveness.
- b) Individual Senior Executives of the Company undergo their personal performance evaluation using predetermined key performance indicators consistent with the objectives of the Company and previously agreed with the Board.
- c) The Board annually revisits its objectives and duties and evaluates the effectiveness of its performance taking into account its responsibilities and those of management. Remuneration of Directors, including retirement benefits (superannuation) and entitlements under equity-based remuneration schemes are set out in the Directors' Report under "Remuneration Report".

Performance evaluation of Executive Directors and Executives was carried out during the reporting period and was in accordance with the process disclosed."

Recommendations 1.2, 2.5 and 2.6

3.10 Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Nominations and Remuneration Committee and considered by the Board as a whole.

The agreed process to the appointment of Non-Executive Directors to the Board is reviewed at the time the need for a new Director is identified or an existing Director is required to stand for re-election. The Nominations and Remuneration Committee reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short list of candidates with appropriate skills and experience.

The Nominations and Remuneration Committee reviews and makes recommendations for Board approval in respect of the appointment, contract terms and termination of the Senior Executives.

Recommendation 2.5

3.11 Retirement and selection of Directors

The constitution of Boulder Steel specifies that all Directors (with the exception of the Chief Executive Officer) must retire from office no later than the third annual general meeting following their last election.

Where eligible, a Director may stand for re-election.

3.12 Access to independent advice

A Director of Boulder Steel is entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of his or her responsibilities, subject to a number of conditions set out in the Board Charter.

Recommendation 2.6

4. Board Committees

4.1 Board Committees and Membership

To assist in the execution of its responsibilities, the Board has in place two Board committees comprising an Audit and Risk Committee and a Nominations and Remuneration Committee.

The members of the Audit and Risk Committee are:

Mr Dieter Hopf (Chairman)

Mr Richard Martin

The members of the Nominations and Remuneration Committee are:

Mr Markus Buhl (Chairman)

Mr Richard Martin

The qualifications of these members are set out in the Directors Report on page 8 - 9 of this annual report.

4.2 Audit and Risk Committee

The Audit and Risk Committee has been established by the Board to support and advise the Board by:

- a) assisting the Board in fulfilling its oversight responsibilities for the financial reporting and audit process of the Company; and
- b) monitoring the Company's risk management policies and practices and its compliance with applicable laws and regulations.

The roles and responsibilities of the Audit and Risk Committee are set out in the Audit and Risk Committee Charter, a copy of which is available in the Corporate Governance section of the Boulder Steel website.

The Committee's responsibilities include:

- a) making recommendations to the Board in respect of accounting policies and practices and any amendments to them;
- b) reviewing with management and external auditors the results of the Company's audit;
- c) making recommendations to the Board in respect of the appointment and removal of external auditors and the terms of their engagement;
- d) monitoring the overall risk management framework of the Company, including obtaining reports from management of any key risk exposures.

Recommendation 4.2 states that the audit committee should consist only of Non-Executive Directors and consist of a majority of independent Directors. While the Company's Audit and Risk Committee includes two independent, Non-Executive Directors, the Board considers that the size of the Company at this time does not warrant an Audit and Risk Committee of more than two people. Should this change then the Board will review this decision.

Hence this Recommendation is not fully complied with in this regard. The number of meetings of the Audit and Risk Committee held during the year and the attendance of Committee members at those meetings are set out in the Directors Report on page 14 of this annual report.

Recommendations 4.1, 4.2 and 4.3

4.3 Nominations and Remuneration Committee

The Nominations and Remuneration Committee has been established by the Board to support and advise the Board by:

- a) assisting the Board in reviewing and approving the remuneration of the Senior Executive Director and other Senior Executives of the Company;
- b) providing advice to the Board with respect to the remuneration of Directors and other members of Board committees;
- c) advising the Board with respect to establishing and maintaining a process for the review of the performance of the Board, its individual members and Senior Executives of the Company;
- d) reviewing the performance of the Senior Executives;
- e) developing succession plans for the Senior Executives; and
- f) advising the Board with respect to suitable candidates for nomination to fill vacancies on the Board.

The roles and responsibilities of the Nominations and Remuneration Committee are set out in the Nominations and Remuneration Committee Charter, a copy of which is available in the Corporate Governance section of the Boulder Steel website.

The number of meetings of the Nominations and Remuneration Committee held during the year and the attendance of Committee members at those meetings are set out in the Directors Report on page 14 of this annual report.

Recommendations 2.4, 2.6 and 8.1

5. External Auditor

5.1 Approach to Auditor Independence

The Boulder Board recognises that the ultimate responsibility for the integrity of the Company's financial reporting lies with the full Board. The Board, via the Audit Risk Management Committee looks to external audit as one form of assurance that the annual accounts are free from material misstatement and that a sound system of risk management and internal control is operating effectively in all material respects in relation to financial reporting.

5.2 Appointment and Removal of the External Auditor

The Audit and Risk Committee has been empowered by the Boulder Steel Board to recommend to the Board the selection and termination of the external audit subject to shareholder approval. In the event that a vacancy or change in the external audit position for the Company occurs, the Audit and Risk Committee will conduct a formal, selective tendering process. Tenders will be evaluated in accordance with the disclosed criteria as appropriate at the time. However, tenders are not assessed solely on price but on a number of issues including:

- Skills and knowledge of the proposed external audit team;
- Independence of the external audit firm and more specifically the audit partner in relation to Boulder;
- Understanding of the industry;
- Quality and thoroughness of proposed audit coverage;
- Partner rotation and succession planning; and
- Value for money.

5.3 Auditor Independence

In evaluating auditor independence, it is important that the auditor is independent not only in fact, but also in appearance, such that a reasonable third party, having knowledge of all relevant information, would reasonably conclude that the firm's independence had not been compromised.

The external auditor is precluded from providing any services that might threaten their independence or conflict with their assurance and compliance role. Specifically, any firm providing audit services to Boulder will need to satisfy the Audit and Risk Committee that:

- no services will be provided that will result in a conflict of interest;
- no partner, professional member of staff or superannuation fund of the firm holds any shares or options, either directly or indirectly, in Boulder or its controlled entities;
- no funds have been received by the firm by way of a loan or other form of capital from Boulder or its controlled entities;
- any services provided by the firm additional to that of the audit function involving non audit services traditionally performed by accounting firms, would not have a material bearing on the audit and would not involve the firm auditing themselves;
- the firm has an appropriate and agreed audit personnel rotation policy including lead and signing partners;
- no partner or member of staff or spouse or close relative of an audit partner or member of the audit staff holds a position as a Director or Executive of Boulder or its controlled entities;
- there will be no situations where the auditor assumes the role of management or where the auditor is placed in the role of advocate for Boulder.

5.4 Prohibited non-audit Services by the external Auditor

- Bookkeeping or other services related to the accounting records or financial statements of the audit client;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions or human resources;
- Broker or dealer, investment adviser, or investment banking services;
- Legal services and expert services unrelated to the audit; and
- Any other service that the Board determines, by regulation, is impermissible.

5.5 Attendance at the Annual General Meeting

Boulder Steel requires a partner of its external auditor to attend its annual general meeting and be available for answer questions from shareholders about the audit. Boulder Steel ensures that written questions received from shareholders are given to the external auditor to be answered, along with any other questions put to the auditor at the Annual General Meeting.

6. Overseeing, Managing and Controlling Risk

6.1 Approach to Risk Oversight, Risk Management and Internal Control

To manage risks, the Company has implemented a Risk Management Policy which describes the roles and respective accountabilities of the Parent Company Board, Audit and Risk Committee and management together with the oversight structure for all companies in the Boulder Steel group.

The objective of the Risk Management Policy is to effectively identify, assess, monitor and manage risks which the Company and other companies in the Boulder Steel group are exposed to. The Company has adopted the following procedures:

- a) identify the risks (business, financial, legal or operational);
- b) assess and rank the risks to determine management priorities – if the levels of risk are low, the risk may fall into an acceptable category and treatment may not be required; and
- c) develop appropriate controls which mitigate the identified risks – the aim is to anticipate and manage risks.

6.2 Risk Management and Internal Control Roles and Responsibilities

- a) Parent Company Board: oversees risk management by establishing the Risk Management Policy and reviewing its effectiveness on an annual basis.
- b) Audit and Risk Committee: advises the Parent Company Board on appropriateness of the Risk Management Policy and oversight structure. It reports on matters of concern raised by management and internal and external auditors.
- c) Subsidiary Boards: the Board of each Subsidiary is responsible for ensuring that the risk management structures of the Subsidiary reflect the Risk Management Policy.
- d) Management: the senior Executives of each group company are responsible for:
 - (i) implementing the Risk Management Policy;
 - (ii) reviewing and assessing the effectiveness of the Policy on a regular basis;
 - (iii) reporting to the audit committee on major risks and action plans.

6.3 Executive Declaration

The Director & General Manager and Financial Controller have provided the following declaration to the Board in connection with the financial statements of Boulder Steel for the financial period ended 30 June 2010.

- a) Boulder Steel's financial statements and the Company notes present a true and fair view, in all material respects, of Boulder Steel's financial conditions and operating results, and are in accordance with relevant accounting standards;
- b) The statement referred to in the above paragraph is founded on the system of risk management, internal compliance and control, which implements the policies adopted by the Board;
- c) Boulder Steel's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects;
- d) The financial records of Boulder Steel for the financial period ended 30 June 2010 have been properly maintained in accordance with section 286 of the Corporations Act.

Recommendation 7.3

7. Remuneration Policies and Procedures

7.1 Overview

Boulder Steel has established processes to ensure that the level and composition of remuneration are sufficient, reasonable, and explicitly linked to performance. These processes are described above on page 11 in the Remuneration Report.

Non-Executive Directors

The Nominations and Remuneration Committee is responsible for recommending to the Board fees applicable to Non-Executive Directors. In accordance with a resolution of shareholders at the 2006 Annual General Meeting, the maximum aggregate amount that is permitted to be paid to Non-Executive Directors under the Boulder Steel constitution is \$400,000 per annum.

Non-Executive Directors may also be reimbursed for reasonable travelling, hotel and other expenses properly incurred by them in attending Company or Board meetings or in connection with the Company's business. The Directors may also receive remuneration for extra services outside the scope of the ordinary duties of a Director.

Non-Executive Directors are not provided with retirement benefits other than superannuation.

Executive Directors and senior managers

The remuneration policy of the Company has been designed to align Director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results.

8. Corporate Conduct and Responsibility

8.1 Code of Conduct

Boulder Steel has a Code of Conduct which has been provided to all Directors and employees and is available in the Corporate Governance section of the Boulder Steel website.

The Code has been fully endorsed by the Board. It applies to the Board, senior Executives and all other employees.

The Code of Conduct requires all officers and employees to:

- a) act in accordance with the letter and spirit of relevant legislation and Company policies (including the Company's share trading policy);
- b) use due care and diligence in fulfilling the functions of their office/employment and exercising the powers attached to that office/employment;
- c) act with honesty, professionalism and objectivity so as to meet their responsibilities to shareholders and other stakeholders in the Company (such as employees, business partners, customers and the community as a whole);
- d) ensure that business transactions are carried out solely in the best interests of the Company;
- e) avoid or manage actual, apparent or potential conflicts of interest;
- f) not take improper advantage of property, information or position, or opportunities arising from these, for personal gain or to compete with the Company;
- g) never ask for gifts or benefits, and only accept them if they are of nominal value, cannot be construed as an inducement to favour the giver in any way or otherwise approved under the Code;
- h) ensure that confidential information about the Company is not disclosed to third parties, except where such disclosure is authorised or legally mandated;
- i) show consideration and regard for each other and make a positive contribution to the Company;

- j) promote a culture of good corporate governance, including by reporting of internal unlawful or unethical behaviour, and the protection of those who report such violations in good faith; and
- k) ensure a safe work place and that proper occupational health and safety procedures are followed.

Recommendation 3.1

8.2 Share Trading Policy

Boulder Steel has a Staff and Officers Securities Trading Policy which has been provided to all Directors and employees and is available in the Corporate Governance in the Boulder Steel website.

Consistent with the legal prohibition on insider trading, all Directors, officers and employees are prohibited from dealing in Boulder Steel securities while in possession of unpublished price sensitive information about Boulder Steel.

Officers (including their relatives):

- a) must not trade in securities for short term gain;
- b) who are not in possession of price sensitive information may trade in Boulder Steel securities during the following windows:
 - (i) between 24 hours and 45 days after release of the Company's half-yearly or annual results to ASX;
 - (ii) between 24 hours and 45 days after the Company's Annual General Meeting;
 - (iii) during the period in which the Company has a prospectus or other disclosure document on issue;
- c) who are not in possession of price sensitive information may trade in Boulder Steel securities outside the above windows if given permission to do so by two "Nominated Persons" (these comprise the Chairman, another Director and the Company Secretary);
- d) must not enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

Other employees:

- a) must not trade in securities for short term gain;
- b) who are not in possession of price sensitive information may trade in Boulder Steel securities.

Recommendation 3.2

8.3 Continuous Disclosure and Shareholder Communication

Boulder Steel has a Continuous Disclosure Policy which is available in the Corporate Governance section of the Boulder Steel website.

Under this policy, the Board will, as soon as the Company becomes aware of information concerning Boulder Steel that would be likely to have a material effect on the price or value of Boulder Steel securities, ensure that the information is released to the Company Announcements office of the ASX. It is the responsibility of the Chairman and the Company Secretary to consider the materiality of information and make the relevant disclosure to the ASX when required.

Recommendation 5.1

Boulder Steel has a Shareholder Communication Policy which is available in the Corporate Governance section of Boulder Steel's website.

Under this policy, the Board is committed to ensuring that:

- a) all shareholders have equal and timely access to material information concerning the Company; and
- b) all Company announcements are factual and presented in a clear and balanced way.

The Company's website is the primary source for communication with shareholders. Other sources for communication are:

- a) the Company's annual report; and
- b) the Company's Annual General Meeting and other general meetings.

Shareholders are encouraged to attend and to actively participate at annual general meetings to ensure a high level of transparency and scrutiny of the Company's strategy and goals. In accordance with the Corporations Act, the Company's auditors attend annual general meetings to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report.

Recommendation 6.1

ASX CORPORATE GOVERNANCE RECOMMENDATIONS

	Recommendation	Reference in Statement	Compliance during financial year ended 30 June 2010
	Principle 1 – Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.	3.2	Adopted
1.2	Companies should disclose the process for evaluating the performance of Senior Executives.	3.9	Adopted
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	3.2, 3.9	Adopted
	Principle 2		
2.1	A majority of the board should be independent Directors.	3.3	Adopted
2.2	The chair should be an independent Director	3.3, 3.4	Adopted
2.3	The roles of Chair and Chief Executive officer should not be exercised by the same individual.	3.3	Adopted
2.4	The Board should establish a nomination committee.	3.10, 4.1, 4.3	Adopted
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	3.9	Adopted
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	3.1, 3.9, 3.12, 4.1, 4.3	Adopted
	Principle 3		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	8.1	Adopted
	• the practices necessary to maintain confidence in the Company's integrity		
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
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.	8.2	Adopted
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	8.1, 8.2	Adopted
	Principle 4		
4.1	The Board should establish an audit committee	4.1, 4.2	Adopted
4.2	The audit committee should be structured so that it:	4.2	
	• consists only of Non-Executive Directors		Adopted**

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	Recommendation	Reference in Statement	Compliance during financial year ended 30 June 2010
	• consists of a majority of independent Directors		Adopted**
	• is chaired by an independent chair, who is not chair of the Board		Adopted
	• has at least three members.		Not Adopted**
4.3	The audit committee should have a formal charter.	4.2	Adopted
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	4.2, 5	Adopted
	Principle 5		
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.	8.3	Adopted
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	8.3	Adopted
	Principle 6		
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.	8.3	Adopted
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	8.3	Adopted
	Principle 7		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6	Adopted
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.	6	Adopted
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	6.3	Adopted
	Principle 8		
8.1	The Board should establish a Remuneration Committee	4.1, 4.3	Adopted
8.2	Companies should clearly distinguish the structure of Non-Executive Directors' Remuneration from that of Executive Directors and Senior Executives.	7.1	Adopted
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	4.1, 4.3, 7.1	Adopted

** The Committee consists of two Non-Executive, Independent Directors. The Board considers that the size of the company at this time does not warrant an Audit and Risk Committee of more than two members. These policies were adopted by the Board on 28 September 2009.

Consolidated Statement of Comprehensive Income for the financial year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	51,006	194,379
Expenses from ordinary activities			
Salaries and employee benefits expense		819,453	1,750,664
Depreciation expense		60,812	56,813
Consulting fees		389,420	1,097,886
Corporate expenses		395,198	613,492
Office expenses		273,055	283,440
Provision for diminution of investment		3,025,689	3,259,713
Borrowing cost expense		41	3,319
Share of (net profit)/loss of associates using the equity method		345,905	2,362,417
Profit/(loss) from continuing operations before income tax expense		(5,258,568)	(9,233,365)
Income tax expense		-	-
Profit/(loss) from continuing operations after income tax expense		(5,258,568)	(9,233,365)
Other comprehensive income			
Foreign currency translation		(1,759,576)	1,382,080
Other comprehensive (loss)/income for the year, net of tax		(1,759,576)	1,382,080
Total comprehensive (loss)/ income for the year		(7,018,144)	(7,851,285)
Earnings per share:			
Earnings per share from (loss)/profit from continuing operations attributable to the ordinary equity holders of parent:			
Basic (cents per share)		(1.06)	(1.87)
Diluted (cents per share)		(0.98)	(1.72)
Earnings per share from (loss)/profit from comprehensive income attributable to the ordinary equity holders of parent:			
Basic (cents per share)		(1.42)	(1.59)
Diluted (cents per share)		(1.31)	(1.46)

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Financial Position as at 30 June 2010

	Note	2010 \$	2009 \$
Current assets			
Cash assets		1,085,124	1,899,679
Receivables	4	36,187	53,427
Other financial assets	5	100,387	81,600
Total current assets		1,221,698	2,034,706
Non-current assets			
Receivables	6	6,047,981	7,357,307
Investments accounted for using the equity method	7	1,396,865	2,440,720
Other financial assets	8	2,173,179	3,638,825
Property, plant and equipment	9	83,341	144,153
Intangible assets	10	-	-
Total non-current assets		9,701,366	13,581,005
Total assets		10,923,064	15,615,711
Current liabilities			
Payables	11	53,821	933,792
Provisions	12	214,357	169,049
Total current liabilities		268,178	1,102,841
Non-current liabilities			
Interest-bearing liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		268,178	1,102,841
Net assets		10,654,886	14,512,870
Equity			
Parent entity interest			
Contributed equity	13(a)	63,452,190	60,292,030
Accumulated losses	13(b)	(52,797,304)	(45,779,160)
Total Parent Entity interest in equity		10,654,886	14,512,870
Outside equity interest		-	-
Total equity		10,654,886	14,512,870

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2010

	Notes	2010 \$	2009 \$
EQUITY HOLDERS			
Share capital			
Balance at start of year		47,456,755	46,831,355
Issue of share capital		3,337,526	400
Share options issued		-	625,000
Capital raising costs		(177,366)	-
Total share capital		50,616,915	47,456,755
Share based expenses			
Balance at start of period		12,835,275	12,835,275
Equity settled share based payment transactions			
Total share based expenses		12,835,275	12,835,275
Retained earnings			
Balance at start of period		(45,779,160)	(37,927,875)
Loss for period		(7,018,144)	(7,851,285)
Retained earnings at the end of the period		(52,797,304)	(45,779,160)
Total equity attributable to equity holders		10,654,886	14,512,870

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

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

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Interest /dividends received		32,219	194,379
Payments in the course of operations		(2,446,850)	(4,692,584)
Borrowing costs		(41)	(3,319)
Net cash flows from/(used in) operating activities	20(b)	(2,414,672)	(4,501,524)
Cash flows from investing activities			
Loans to controlled entities		-	-
Security deposit		-	-
Loans to associates		-	(270,544)
Purchase of plant and equipment		-	-
Investment in associate		-	-
Project expenses		(1,560,042)	(2,290,121)
Net cash flows from/(used in) investing activities		(1,560,042)	(2,560,665)
Cash flows from financing activities			
Proceeds from share issue		3,160,159	625,400
Repayment of lease liabilities		-	-
Repayment of borrowings		-	-
Proceeds of borrowings		-	-
Net cash flows from/(used in) financing activities		3,160,159	625,400
Net increase/(decrease) in cash held		(814,555)	(6,436,789)
Add opening cash brought forward		1,899,679	7,516,767
Unrealised FX gain/(loss)		-	819,701
Closing cash carried forward	20(a)	1,085,124	1,899,679

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Boulder Steel Limited and its controlled entities and Boulder Steel Limited as an individual parent entity. Boulder Steel Limited is a listed public Company, incorporated and domiciled in Australia.

The financial statements have been prepared on an accruals basis and are based on historical costs, and do not take into account changing money values or, except where stated current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies adopted are consistent with those of previous years unless as otherwise stated.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

(a) Principles on Consolidation

A controlled entity is any entity controlled by Boulder Steel Limited. Control exists where Boulder Steel Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Boulder Steel Limited to achieve the objectives of Boulder Steel Limited. A list of controlled entities is contained in Note 9 to the financial statements.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

All inter-Company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(b) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting as defined in Accounting Standard AASB 128 Investment in Associates.

(c) Project Development Expenditure

Project development expenditures have been written-off in the year in which they are incurred in projects where activities in the area have not yet reached a stage that permits reasonable assessment of the recovery of expenditure.

Where development expenditure is expected to be recouped through the successful development of the project, costs are capitalised and will be amortised against the estimated economical life of the project as defined in Accounting Standard AASB 136 Impairment of Assets.

Notes to the Financial Statements

Year ended 30 JUNE 2010

(d) Foreign Currency Translation

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the year.

(e) Foreign Controlled Entities

The financial statements of foreign controlled entities have been translated using the temporal method. Under this method, monetary assets and liabilities are translated into Australian currency at the rate of exchange current at balance date, while revenue and expense items are translated at the average of rates ruling during the year and non-monetary assets and liabilities are translated at the rate ruling at their historic rate. Exchange differences arising on translation are brought to account in the profit and loss account in the period in which they arise.

(f) Going Concern

The business operations of the Company are not sufficiently mature in their development to generate the revenues necessary to meet the immediate working capital needs of the Company. Notwithstanding, the financial statements have been prepared on the assumption that the Company will continue as a going concern based on the demonstrated past and continued ability of the Directors to raise equity capital from the market place.

(g) Goodwill

Pursuant to the adoption of AASB3 Business Combinations goodwill and goodwill on consolidation are initially recorded as the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 10 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Notes to the Financial Statements

Year ended 30 JUNE 2010

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probably that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax is recognised as an expense or income in the Income Statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill

(j) Amounts Payable by Controlled Entities

A provision for non-recovery has been made against amounts receivable from controlled entities in order to reflect the net worth of controlled entities or estimates of the recoverable amount. Amounts considered irrecoverable have been written off.

(k) Financial Assets

In accordance with Accounting Standard AASB 139 and 132 financial investments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these investments are assessed at each reporting date to determine whether there is any evidence that an investment is impaired. Any such impairment is reported in the Income Statement.

(l) Comparative Figures

When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies them in its financial statement, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(m) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

Notes to the Financial Statements

Year ended 30 JUNE 2010

n) Good and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(o) Property, Plant & Equipment

Acquisition items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

Class Fixed Asset	Depreciation Rate	
	%	
Leased motor vehicles	20	Straight line
Motor vehicles	20	Straight line
Plant and equipment	10-30	Straight line

(p) Impairment of Assets

In accordance with Accounting Standards AASB 136 Impairment of Assets. At each reporting date, the consolidated entity 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 consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is tested for impairment at each reporting date and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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 in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase.

Notes to the Financial Statements

Year ended 30 JUNE 2010

Summary of Significant Accounting Policies (continued)

q) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Boulder Steel Ltd.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated of the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact of the Group's financial statements.

Measurement Impact

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under the AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes of the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment Testing of the Segment's Goodwill

AASB 136: Impairment of Assets, paragraph 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure Impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes of the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

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Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AAXB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of “other comprehensive income” which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates of future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and interpretations 10 & 12) (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
 - simplifying the requirements for embedded derivatives;
 - removing the tainting rules associated with held-to maturity assets;
 - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised costs;
 - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instrument 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; and
 - reclassifying financial assets where there is a change in an entity's business model as they are initially 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.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

The standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16) (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 117, 118, 136 & 139) (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

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- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions (AASB 2) (applicable for annual reporting periods commencing on or after 1 January 2010). These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. 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). These amendments are not expected to impact the Group.
- AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters (AASB 1) (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132) (applicable for annual reporting periods commencing on or after 1 February 2010). These 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 warrant pre-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.
- ASB 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) (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities 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. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from interpretation 19 (AASB 1) (applicable for annual reporting periods commencing on or after 1 July 2010). This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.
- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a minimum Funding Requirement (AASB Interpretation 14) (applicable for annual reporting periods commencing on or after 1 January 2011). This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.
- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reprint periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. The Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Notes to the Financial Statement for the year ended 30 June 2010

	NOTES	CONSOLIDATED ENTITY	
		2010	2009
		\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
Other income		-	-
Interest received-other corporations		51,006	194,379
Total revenues from ordinary activities		51,006	194,379
3. PROFIT FROM ORDINARY ACTIVITIES			
Expenses			
Borrowing costs			
-Wholly owned subsidiary		-	-
-Other		41	3,319
Total borrowing costs		41	3,319
		-	-
Depreciation		60,812	56,813
Provision for non-recovery of loans			
Foreign exchange (gain)/loss		1,759,576	(1,382,080)
Provision for diminution of investment			
4. RECEIVABLES-CURRENT			
GST refundable		35,465	53,004
Other receivables		722	423
Less: provision for non-recovery of other receivables		-	-
Total receivables-current		36,187	53,427
5. OTHER FINANCIAL ASSETS-CURRENT			
Security deposit		100,387	81,600
6. RECEIVABLES-NON-CURRENT			
Loans to associated companies		6,047,981	7,357,307
Loans to controlled entities		-	-
Less: provision for non-recovery of loans to controlled entities		-	-
Total receivables-non-current		6,047,981	7,357,307

The Parent company has agreed not to seek repayment of the amounts due by its controlled entities until the profitability and financial resources of those entities permit

Notes continued

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2010 \$	2009 \$
Shares in associated companies	1,396,865	2,440,720

Interests in associated companies

		Ownership interest (%)	
Name	Activity		
Place of incorporation			
Euro Forming Services GmbH	Metal	50	50
Germany	forging		

Movement during the year in equity accounted investment in associated companies.

	2010 \$	2009 \$
Opening balance	2,440,720	2,762,498
Additional investments (reclassified from loans advanced)	-	1,960,955
FX gain/(loss)	(697,950)	79,684
Share of net profit/(loss) using the equity method	(345,905)	(2,362,417)
Closing balance	1,396,865	2,440,720

Summary of Assets and Liabilities

Accumulated losses	(3,274,693)	(3,309,932)
Current assets	7,025,441	8,478,902
Non-current assets	15,642,747	18,920,307
Current liabilities	22,360,705	26,351,464
Non-current liabilities	-	-
Net assets	307,482	1,047,744

The financial statements of Euro Forming Services GmbH disclose loans from shareholders as current liabilities. These loans are not due for repayment within 12 months. This Company discloses its loan as a non current asset.

8. OTHER FINANCIAL ASSETS-NON-CURRENT

Capitalised steel project expenditure	21,541,222	19,981,178
Less: provision for diminution	(19,368,043)	(16,342,353)
Total capitalised steel project expenditure	2,173,179	3,638,825
Total other financial assets-non-current	2,173,179	3,638,825

Notes continued

Investments in Controlled Entities

Name of Entity (Country of Incorporation)	Equity		Cost of investment		Balance Date
	2010	2009	2010	2009	
	%	%	\$	\$	
Parent Entity					
Boulder Steel Limited (Australia)					
Controlled Entities					
Asia Pacific Seamless Tubes Ltd (Australia)	100	100	5,360,273	5,360,273	30 June
Boulder Steel (UAE) Limited (Cayman Islands)	100	100	3	3	31 Dec
EFS Holdings Pty Limited (Australia)	100	100	1	1	31 Dec
			<u>5,360,277</u>	<u>5,360,277</u>	
(less) provision for diminution in value			<u>(5,360,277)</u>	<u>(5,360,277)</u>	
			-	-	

9. PROPERTY, PLANT AND EQUIPMENT

Furniture and fittings, at cost	277,061	277,061
Less: accumulated depreciation	(204,520)	(149,108)
	72,541	127,953
Plant and equipment	-	-
Less: accumulated depreciation	-	-
	-	-
Motor vehicles	27,000	27,000
Less: accumulated depreciation	(16,200)	(10,800)
	10,800	16,200
Total property, plant and equipment	83,341	144,153

10. INTANGIBLES

Goodwill

Goodwill on acquisition of Asia Pacific Seamless Tubes Ltd	639,697	639,697
Less: accumulated amortisation	(639,697)	(639,697)
Total goodwill	-	-

11. PAYABLES-CURRENT

Unsecured

Other creditors and accruals	53,821	933,792
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12. PROVISIONS

Employee benefits-current	214,357	169,049
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Notes continued

13(a) CONTRIBUTED EQUITY	2010 \$	2009 \$
Ordinary shares	47,462,883	44,302,723
Proceeds from option rights issues-prior years	2,529,032	2,529,032
Proceeds from option rights issue	625,000	625,000
Share based payment reserve	12,835,275	12,835,275
Total contributed equity	63,452,190	60,292,030

Movements in issued and paid -up ordinary share capital of the Company during the past two years are as follows:

	Details	No. Of Shares	Issue Price (\$)	Cash Proceeds(\$)
2010	Opening balance	481,803,953		44,302,723
	Exercise of options	2,769,245	0.10	276,926
	Placement	15,396,154	0.13	2,001,500
	Placement	6,230,000	0.17	1,059,100
	Capital raising costs			(177,366)
	Closing balance	506,199,352		47,462,883
2009	Opening balance	481,801,953		44,302,323
	Exercise of options	2,000	0.20	400
	Placements	-	-	-
	Capital raising costs			-
	Closing balance	481,803,953		44,302,723

Movements in options over ordinary paid-up shares of the Company are as follows:

	2010	2009
Balance brought forward	270,537,067	168,865,552
Issued during the year	18,115,000	250,000,000
Expired during the year	(11,887,067)	(148,326,485)
Exercised during the year	(2,769,245)	(2,000)
Balance carried forward	273,995,755	270,537,067

The terms of the options are as follows:

Option for one fully paid share at 20 cents each, exercisable up to 31 March 2011	8,650,000
Option for one fully paid share at 10 cents each, exercisable up to 31 March 2012	265,345,755
Total Options on issue	273,995,755

Notes continued

13(b) ACCUMULATED LOSSES

	2010 \$	2009 \$
Balance at beginning of year	(45,779,160)	(37,927,875)
Net Profit/(loss) attributable to members of Boulder Steel Ltd	(6,672,239)	(5,488,868)
AASB:1016 Accounting for investments in associates	(345,905)	(2,362,417)
Total available for appropriation	(52,797,304)	(45,779,160)
Balance at end of year	(52,797,304)	(45,779,160)

14. AUDITOR'S REMUNERATION

Amounts received, or due and receivable by auditors for:

(a) Auditing the accounts and consolidated accounts of Boulder Steel Limited and the accounts of each of its controlled entities

(1) Parent entity's auditors	62,602	57,091
(2) Other auditors	-	-

(b) Other services

(1) Parent entity's auditors	30,849	126,477
(2) Other auditors	-	-

15. REMUNERATION OF DIRECTORS

(a) Names and positions held of Parent Entity directors in office at any time during the financial year:

Parent Entity Directors	Position
Richard Martin	Non-Executive Chairman
Carl Moser	General Manager
Dieter Hopf	Non-Executive Director
Markus Buhl	Non-Executive Director

Key management personnel

Due to the size of the Company there are no employees that meet the definition of Key Management Personnel.

(b) Specified directors remuneration and related parties

	Salary, fees Commissions \$	Super Contributions \$	Non-cash Benefits \$	Total \$
2010				
Richard Martin (1)	120,000	-	-	120,000
Carl Moser	183,525	16,516	11,149	211,190
Dieter Hopf	-	-	-	-
Markus Buhl	-	-	-	-
	303,525	16,516	11,149	331,190

(1) Shrubrick Investments Pty Limited, a company related to Mr Martin, was paid for the provision of services.

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2009	\$	\$	\$	\$
Richard Martin (1)	146,000	-	-	146,000
Carl Moser	156,467	23,446	14,494	194,407
Dieter Hopf	-	-	-	-
Markus Buhl	-	-	-	-
Peter Wallner (2)	1,811,221	71,007	-	1,882,228
Joachim von Schnakenburg (3)	63,243	-	-	63,243
Abdulrahman Falaknaz	-	-	-	-
Theophanis Katapodis	-	-	-	-
	2,176,931	94,453	14,494	2,285,878

- (1) Shrubrick Investments Pty Limited, a company related to Mr Martin, was paid for the provision of services.
- (2) During the year Dr Wallner received \$1,687,307 in relation to his termination as a director and CEO in accordance with his contract of service.
Berlin Mining and Investments Pty Limited, a company associated with Dr Wallner, received \$63,050 for the provision of services during the year.
- (3) Mr von Schnakenburg was paid consulting fees in relation to the Gladstone Project and EFS.

(c) Shares issued on exercise of remuneration options

No options were exercised by directors during the year.

(d) Directors Shareholdings

	Balance 1-7-2009	Received as Remune- ration	Options Exercised	Other net Changes	Balance 30-6-2010
Richard Martin	56,471	-	-	-	56,471
Carl Moser	9,570	-	-	-	9,570
Dieter Hopf	3,970,000	-	-	-	3,970,000
Markus Buhl	-	-	-	-	-

(e) Option and Rights holdings of Directors

	Balance 1-7-2009	Received as Remune- ration	Options Exercised	Other net Changes	Balance 30-6-2010
Richard Martin	936,471	-	-	-	936,471
Carl Moser	5,000,000	-	-	(2,000,000)	3,000,000
Dieter Hopf	-	-	-	-	-
Markus Buhl	-	-	-	-	-

All options are fully vested and exercisable as at 30 June 2010

(f) Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of Board members of the Company is presented in the Remuneration Report within the Directors' Report on page 11.

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16. COMMITMENTS	2010	2009
	\$	\$
Operating Leases		
-not later than 1 year	168,606	164,105
-non-current later than 1 year and not later than 5 years	49,177	211,965
Total	217,783	376,070

These operating leases relate to office accommodation and car parking at level 2, 16 Byfield Street, North Ryde NSW

17. SEGMENTAL INFORMATION

(a) Description of Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the activities and the country of origin. The reportable segments have been identified, namely the development of a steel production facility in Gladstone QLD, an equity investment in a steel forging business in Germany and a steel production facility in UAE.

The following table presents revenue, profit, total asset and total liability information for the year ended 30 June 2010

(b) Segment information provided to the Board of Directors

2010	Steel Making Australia	Steel Forging Germany	Steel Production UAE	Eliminations	Total
Revenue					
Interest	43,116	-	7,890	-	51,006
Total revenue	43,116	-	7,890	-	51,006
Segment Result	(3,578,169)	(345,905)	(3,094,070)	-	(7,018,144)
Interest revenue	43,116	-	7,890	-	51,006
Interest expense	41	-	-	-	41
Depreciation & amortisation	60,812	-	-	-	60,812
Total Segment Assets	3,478,365	7,444,846	-	-	10,923,211
Total segment liabilities	268,177	-	-	-	268,177

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2009	Steel Making Australia	Steel Forging Germany	Steel Production UAE	Eliminations	Total
Revenue					
Interest	194,379	-	-	-	194,379
Total revenue	194,379	-	-	-	194,379
Segment Result	(1,647,415)	(2,362,417)	(3,841,453)	-	(7,851,285)
Interest revenue	194,379	-	-	-	194,379
Interest expense	3,319	-	-	-	3,319
Depreciation & amortisation	56,813	-	-	-	56,813
Total Segment Assets	2,755,909	9,798,027	3,061,775	-	15,615,711
Total segment liabilities	873,687	-	229,154	-	1,102,841

18. RECEIVABLES AND PAYABLES DENOMINATED IN FOREIGN CURRENCY

The Australian Dollar equivalents of un-hedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:

Receivables	2010 \$	2009 \$
Non-current (before provision for non-recovery)		
Euro	6,047,981	7,357,307

Payables

The group has no outstanding foreign denominated payables.

19. RELATED PARTIES

(a) Payments to director related entities

Shubrick Investments Pty Ltd, a company related to Mr Richard Martin, provided consulting services to the Company during the financial year, totalling \$ 120,000 on normal commercial terms.

(b) Wholly owned Group

The wholly owned Group consists of Boulder Steel Limited and its wholly owned controlled entities, Boulder Steel (UAE) Limited, Asia Pacific Seamless Tubes Limited and EFS Holdings Pty Ltd. Ownership interests in these controlled entities are set out in Note 8.

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Transactions between Boulder Steel Limited and related parties in the wholly owned Group during the years ended 30 June 2010 and 2009 consisted of:

- Loans advanced by Boulder Steel Limited
- Loan repayments to Boulder Steel Limited

(c) Other related parties

	2010 \$	2009 \$
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:		
Loans advanced to:		
Associate companies		
Euro Forming Services GmbH	-	270,544
	-	270,544
Aggregate amounts receivable from each class of related parties at balance date were as follows:		
Associate companies	6,047,981	7,357,307
(less) provision for doubtful debts	-	-
	6,047,981	7,357,307

20. RECONCILIATION OF CASH

(a) For the purpose of this cash Flow Statement, cash includes

cash at bank		
cash	1,085,124	1,899,679

(b) Reconciliation of operating profit/(loss) after tax to the net

cash flows from operations		
Operating profit/(loss) after tax	(7,018,144)	(7,851,285)
Non-cash items:		
Depreciation & amortisation	60,812	56,813
Provision for diminution of investment	3,025,689	3,259,713
Unrealised foreign exchange (gain)/loss	2,007,275	(1,258,328)
Equity accounting	345,905	2,362,417
Provision for non-recovery of loans		
Provision for employee entitlements	45,308	(1,051,463)
Changes in assets and liabilities:		
Increase/(decrease) in other creditors and accruals	(879,970)	(25,838)
(increase)/decrease in other debtors	(1,547)	6,447
Net cash flows from/(used in) operating activities	(2,414,672)	(4,501,524)

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21. EARNINGS/(LOSS) PER SHARE

	2010 \$	2009 \$
Profit/(loss) used in calculation of earnings per share	(7,018,144)	(7,851,285)
Weighted average number of ordinary shares on issue used		
in the calculation of basic loss per share	494,317,887	481,802,960
Basic profit/(loss) per share	(1.42)	(1.63)
Weighted average number of ordinary shares on issue used		
in the calculation of diluted loss per share	537,500,880	481,742,450
Diluted profit/(loss) per share	(1.31)	(1.63)

22. SUBSEQUENT EVENTS

All subsequent events are disclosed on page 13 of the Directors' Report.

23. EMPLOYEE BENEFITS

Employee share option arrangements.

The closing share market price of an ordinary share of Boulder Steel Limited on the ASX at 30 June 2010 was \$0.12
(30 June 2009: \$0.105)

(a) Movement in the number of share options held by employees are as follows

	Consolidated
Opening balance	13,937,067
Granted during the year	-
Exercised during the year	-
Lapsed during the year	(11,637,067)
Closing balance	2,300,000

(b) Details of employee share options outstanding as at end of year

Grant date	Exercise date	Exercise price	Number
19 May 2006	31/03/2011	20 cents	2,300,000

24. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk that a financial instrument's value will fluctuate as a result of changes in the market, interest rates and the effective weighted average interest rates on those financial assets, is set out below:

	Weighted Ave Interest rate	Variable Interest		Fixed Interest Rate		Total
		Interest	Term < 1 yr	Term 1- 5 yrs	Interest free	
	%	\$	\$	\$	\$	\$
2010						
Financial Assets:						
Cash	4.55	1,085,124	-	-	-	1,085,124
Trade debtors		-	-	-	36,187	36,334
Receivables		-	-	-	-	-
Security deposits	4.71	100,387				100,387
Total		1,185,511	-	-	36,187	1,221,845
Financial liabilities:						
Trade payables		-	-	-	53,821	53,821
Employee provisions		-	-	-	214,357	214,357
Other liabilities		-	-	-	-	0
Total		-	-	-	268,178	268,178
2009						
Financial Assets:						
Cash	5.30	1,899,679	-	-	-	1,899,679
Trade debtors		-	-	-	53,427	53,427
Receivables		-	-	-	-	-
Security deposits	4.70	81,600	-	-	-	81,600
Total		1,981,279	-	-	53,427	2,034,706
Financial liabilities:						
Trade payables		-	-	-	933,792	933,792
Employee provisions		-	-	-	169,049	169,049
Other liabilities		-	-	-	-	-
Total		-	-	-	1,102,841	1,102,841

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at the balance date, to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the Balance Sheet and Notes to the Financial Statements.

The consolidated entity does not have any material risk exposure to any single debtor or group of debtors under financial instrument entered into by it.

(c) Net fair values

Methods and assumptions used in determining net fair value:

For assets and other liabilities, the net fair value approximates the carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where the carrying amount exceeds net fair value at balance date.

(d) Financial arrangements

The Company has no other financial arrangements in place.

25. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of Financial Position	2010	2009
	\$	\$
Current Assets	1,205,506	2,002,992
Total Assets	12,723,165	16,457,400
Current Liabilities	258,107	245,271
Total Liabilities	258,107	245,271
Shareholders Equity:		
Issued Capital	<u>63,453,812</u>	<u>60,292,030</u>
Accumulated Losses	<u>(50,987,131)</u>	<u>(44,079,901)</u>
	<u>12,465,205</u>	<u>16,212,129</u>
Profit/(loss) for the year	<u>(4,899,953)</u>	<u>(7,877,068)</u>
Total comprehensive income/(loss)	<u>(6,907,230)</u>	<u>(6,150,925)</u>

(b) Contractual commitments for acquisition of property , plant or equipment

As at 30 June 2010, the parent entity had no contractual commitments for the acquisition of property , plant or equipment.

(c) Guarantees and contingent liabilities

As at 30 June 2010, the parent entity had no guarantees or contingent liabilities.

Directors' Declaration

In accordance with a resolution of the Directors of Boulder Steel Limited, we state that:

- (1) In the opinion of the Directors:
The financial statements and notes of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (b) complying with Accounting Standards and Corporations Regulations 2001; and
- (2) The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have each declared that:-
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes referred to in paragraph 295(3)(b) of the *Corporations Act 2001*, for the financial year comply with the Accounting Standards; and
 - (c) the financial statements, and notes for the financial year give a true and fair view.
 - (d) the declaration given by the CEO and CFO is founded on a sound system of risk management and internal control, which is operating effectively in all material respects in relation to financial reporting risks.
 - (e) no matters or circumstances have come to either of the CEOs or the CFO's attention since 30 June 2010 that would indicate any material change to the above.
- (3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Carl U. Moser
Director

Dated this 30th day September 2010

WONG & MAYES

CHARTERED ACCOUNTANTS

A.B.N. 76 132 744 872

MARTIN G. THOMPSON, B.Comm, M.Tax, FCA

M. SILAS CHAN, B. Comm, CA

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Report on the Annual Report

We have audited the accompanying financial report of Boulder Steel Limited (the company) and Boulder Steel Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control 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 1, the directors also state, in accordance with accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (FRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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 auditors judgment, 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.

Independence

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

Audit Opinion

In our opinion:

- a. the financial report of Boulder Steel Limited and its Controlled Entities is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and 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 the Australia Accounting Interpretations) and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 and 12 of the report of the directors 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 a 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.

Auditor's Opinion

In our opinion the Remuneration Report of Boulder Steel Limited for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

Wong & Mayes

Chartered Accountants

Martin G. Thompson

Partner

Sydney

Dated this 30th day of September 2010

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 September 2010.

1. Distribution of Equity securities

The number of shareholders, by size of holding, in each class of share are:

Range	Total Share Holders
1 - 1,000	286
1,001 - 5,000	370
5,001 - 10,000	208
10,001 - 100,000	434
100,001 - and over	97

The total number of shareholders was 1395. The number of shareholdings held in less than marketable parcels is 601.

2. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Rank	Name	Units	% of Units
1.	ANZ NOMINEES LIMITED A/C>	399,635,609	78.95
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,083,573	3.57
3.	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	8,165,000	1.61
4.	LINK TRADERS (AUST) PTY LTD	5,500,000	1.09
5.	BERNE NO 132 NOMINEES PTY LTD <77102917 A/C>	5,000,000	0.99
6.	NATIONAL NOMINEES LIMITED	4,513,408	0.89
7.	FIRST CAPE MANAGEMENT PTY LIMITED <FCM UNIT A/C>	3,556,238	0.70
8.	LEFTONE NOMINEES PTY LTD <CJ LOUREY SUPER FUND A/C>	3,525,000	0.70
9.	MRS SUSAN HOUSTON	2,330,000	0.46
10.	CITICORP NOMINEES PTY LIMITED	2,285,942	0.45
11.	BERNE NO 132 NOMINEES PTY LTD <77103480 A/C>	2,280,000	0.45
12.	GOLDRIM INVESTMENTS PROPRIETARY LIMITED	2,135,000	0.42
13.	DB MCDONAGH PTY LTD <DBM SUPERANNUATION FUND A/C>	1,965,640	0.39
14.	BOOST UP PTY LTD	1,200,000	0.24
15.	CATHOLIC CHURCH INSURANCES LIMITED	1,100,000	0.22
16.	BOW LANE NOMINEES PTY LTD	1,004,000	0.20
17.	MR PAUL PAP	1,000,000	0.20
18.	MR DON BOYD	900,000	0.18
19.	J P MORGAN NOMINEES AUSTRALIA LIMITED	899,805	0.18
20.	BERNE NO 132 NOMINEES PTY LTD <7733306 A/C>	869,767	0.17
Totals: Top 20 holders		465,948,982	92.05
Total Remaining holders balance		40,250,370	7.95
Grand Total		506,199,352	100.00

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3. Distribution of Option Holders

The number of option holders, by size of holding, in each class are:

Range	Total Option Holders
1 - 1,000	4
1,001 - 5,000	4
5,001 - 10,000	11
10,001 - 100,000	73
100,001 - 9,999,999,999	101

The total number of listed option holders was 193. The number of holdings held in less than marketable parcels is 22

4. Twenty Largest Holders of Listed Options

The names of the twenty largest holders of Options Expiring 31 March 2012 are:

Rank	Name	Units	% of Units
1.	ANZ NOMINEES LIMITED <CASH INCOME A/C>	86,434,757	32.57
2.	BERNE NO 132 NOMINEES PTY LTD <77102917 A/C>	30,000,000	11.31
3.	BERNE NO 132 NOMINEES PTY LTD <7733306 A/C>	20,232,000	7.62
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,741,002	6.69
5.	STELPLATE PTY LTD <BOLERO SUPERANNUATION F A/C>	8,381,525	3.16
6.	BANQUE THALER SA	7,000,000	2.64
7.	NATIONAL NOMINEES LIMITED	6,751,489	2.54
8.	BERNE NO 132 NOMINEES PTY LTD <77103066 A/C>	5,000,000	1.88
9.	MRS RUTH SCHMITZ BRECHMANN	4,600,000	1.73
10.	MR ANTHONY FRANCIS GREVE LE BRUN	3,069,250	1.16
11.	MR HUGH DAVIS	3,000,000	1.13
12.	SUDARSHAN UJAGAR SINGH	3,000,000	1.13
13.	MR MICHAEL HELBIG	2,865,000	1.08
14.	MR GEOFFREY ROSS JOHNSON + MRS ROBYN LYNETTE JOHNSON <JOHNSON SUPER FUND A/C>	2,522,467	0.95
15.	BERNE NO 132 NOMINEES PTY LTD <7796234 A/C>	2,500,000	0.94
16.	MR RALF RUDOLF KONIG	2,500,000	0.94
17.	CAMERON BLOOM PHOTOGRAPHY PTY LTD	2,445,000	0.92
18.	DB MCDONAGH PTY LTD <DBM SUPERANNUATION FUND A/C>	2,000,000	0.75
19.	FREDY SMARZA	2,000,000	0.75
20.	HANS-JURGEN TAUCH	2,000,000	0.75
Totals: Top 20 holders		214,042,490	80.67
Total Remaining Holders Balance		51,303,265	19.33
Grand Total		265,345,755	100.00

5. Unlisted Options

The total number of Unlisted Option Holders is 6. There are 8,650,000 Unlisted Options on issue

6. Voting rights

All ordinary shares carry one vote per share without restriction. Options do not carry voting rights.

7. Substantial Shareholders

An extract of the Company's register of Substantial Shareholders is set out below:

	No. Shares	% of Ordinary Shares
ANZ NOMINEES LIMITED	399,635,609	78.95

8. Stock Exchange

The Company is listed on the Australian Stock Exchange (Perth) and the Frankfurt, Stuttgart, Munich and Berlin/Bremen Exchanges in Germany. The shares of the Company were removed from the official list of NASDAQ Dubai and from trading at the opening of trade on 15 November 2009.

Corporate Information

ABN 78 009 074 588

Directors

Mr Richard Shubrick Martin
Mr Carl Ulrich Moser
Mr Markus Buhl
Mr Dieter Hopf

Company Secretary

Mr Daniel George Owen, B.Comm, Dip.Hosp

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Solicitors

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Bankers

Westpac Bank
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Share Register

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Fax: (+61 8) 8236 2305

Auditors

Wong & Mayes
Chartered Accountants
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