

Boulder Steel Limited ABN 78 009 074 588

Selection and Appointment and Rotation Procedures of the Auditor

Purpose

This document provides information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.

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 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.

Selection and Appointment

The Audit & Risk Committee has been empowered by the Boulder Board to recommend to the Board the selection of the external audit, subject to shareholder approval (where required). In the event that a vacancy or change in the external audit position for the Company occurs, the Audit & Risk Committee will conduct a formal, selective tendering process.

The formal, selective tendering process will follow these procedures:

1. The Audit & Risk Committee will identify audit firms who meet the selection criteria approved by the Board, determine their willingness to act, and obtain proposals from them addressing the selection criteria.

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.
2. The Audit & Risk Committee will obtain from the recommended firms a statement that they are independent in accordance with Division 3 of Part 2M.4 of the Corporations Act.
 3. The Audit & Risk Committee/Chairman/Board/CO/CFO will meet with/interview the candidates.
 4. The Audit & Risk Committee will recommend to the Board a firm or firms for appointment as external auditor.
 5. The Board will meet to determine the preferred candidate.
 6. The Company Secretary will arrange the necessary notices, meetings, and resolutions for the resignation/removal of the existing auditor and the appointment of the new auditor, in accordance with the Corporations Act.

Rotation of Audit Partners

Division 5 of Part 2M.4 of the Corporations Act requires that the lead auditor and review auditor responsible for the external audit of Boulder be rotated off after 5 successive financial years, and not play a significant role again in the external audit for at least another 2 financial years.

The Audit & Risk Committee will monitor the rotation of audit partners, and the appointment and independence of replacement partners, to ensure that the external auditors comply with the Corporations Act, and will report to the Board.