

Boulder Steel Limited



ABN 78 009 074 588

TEAMWORK + STEELWORKS

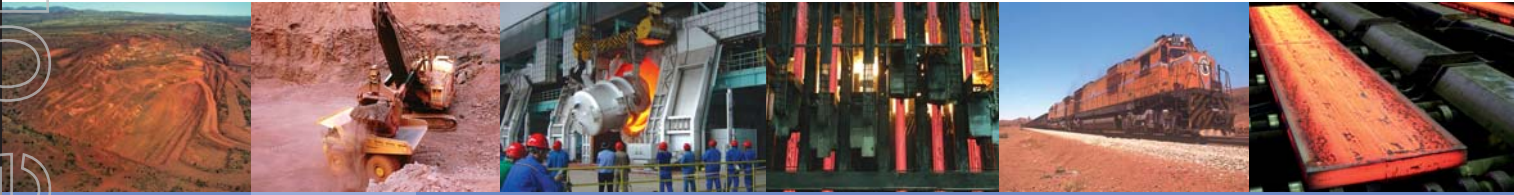
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Annual Report 2011

Gladstone Steel Plant Project > Controlling the supply chain from raw materials to finished products.

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= Creating Future Shareholder Value

One company stands with a firm vision of the future. A continued focus on key strategies will see growth in new steel plant project opportunities and greater potential for increased returns for shareholders.

TO CONVERT INTENT INTO THE WILL TO WIN, REQUIRED IN 2011 DELIBERATE PLANNING AND ACTION BY BOULDER STEEL LIMITED TO CREATE THE CONDITIONS FOR CHANGE AND SUCCESS. WE PUT IN PLACE THE STRATEGY, LEADERSHIP, GOALS, PROCESS, SKILLS, SYSTEMS, ISSUE RESOLUTION, AND STRUCTURE TO DIRECT AND EXPLOIT THE DYNAMIC NATURE OF OUR BUSINESS IN AN UNCERTAIN WORLD ECONOMY.

STEEL MARKET DEVELOPMENTS

Following the financial and economic crisis in late 2008, demand in China and other emerging economies has surged above pre-crisis levels. Approximately half of the world's steel output growth in 2010 occurred in Asia. The market outlook for 2011 and 2012 is moderately good. Global demand is expected to increase by approximately 6% in both years.

Source: OECD

According to research by CLSA Limited, China and India is expected to account for 51% of global steel demand in 2020. Also by 2020 the 2.9b population of the BRIC countries is expected to require a doubling of world steel production.

01 | Operations Report

Highlights 2011

The Gladstone Steel Plant Project, Queensland
100% BOULDER STEEL LIMITED, EMERGING STEEL
PRODUCER

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EFS - Germany and Austria

**50% EURO FORMING SERVICES GmbH, AUTOMOTIVE
COMPONENT AND AEROSPACE PARTS CASH FLOW
PRODUCER**

01 | Operations Report



THE GLADSTONE STEEL PLANT PROJECT (GSPP)

During the period under review the Company has continued to develop the Gladstone Steel Plant Project, Queensland, Australia, which will be a modern, state-of-the-art steel plant built to produce high quality semi-finished steel slabs and billets.

A Memorandum of Understanding (MoU) was entered into with Metallurgical Corporation of China International Incorporation Limited (MCCI) and MCC-WISDRI, to complete the Company's Pre-Feasibility Study (PFS), to prepare a Bankable Feasibility Study and to secure project funding for commencement of joint project development.

Visits to a number of potential customers in North and Southeast Asia took place and these companies expressed significant interest in product off-take. This also enabled the project team to confirm the plant configuration with the main product being slab, but retaining billet production capability. As a result, the market study was updated to incorporate the information gathered during the meetings.

The Pre-Feasibility Study review conducted by MCC-WISDRI confirmed that the project is profitable. The Company and MCC-WISDRI jointly revised the study in August 2011 and the revised study not only confirmed the viability of the project, but also shows a strong increase in the profitability and robustness of the project compared with the results of the initial draft. Detailed technical discussions with MCC-WISDRI included electricity generation, plant construction, equipment selection, Build Own Operate (BOO) sub plant operators and related matters.

Considerable work was undertaken selecting BOO partners and working with them on key matters. This process is continuing.

Work continued with the Queensland Government on key matters such as land requirements for the plant site including land for future potential growth, haul road, rail loop, port facilities and the construction camp.

The Environmental Impact Statement (EIS) has progressed to near completion with a small number of matters to be finalised and incorporated. Significant community consultation continued throughout the period, with the project receiving strong support from the general public.

Work commenced on a number of Bankable Feasibility Study items. This work identified a number of matters that required further attention, which resulted in enhancing project outcomes.

Tenders for various elements of the project continue to be issued, this process has provided data to improve the accuracy and quality of the financial model.

EURO FORMING SERVICES GmbH

Euro Forming Services GmbH (EFS) in Europe, 50% owned by Boulder Steel, 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.

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Gladstone Steel Plant Project – cornerstone of Boulder Steel’s vision.



01 | Operations Report

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EURO FORMING SERVICES GMBH CONT.

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. 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 supplies hydraulic aircraft cylinders to Airbus Industries through Hydac, and produces mechanical and engineering tubing for a wide range of industrial applications.

During the period under review the EFS group has gone from strength to strength with, revenue from the EFS operations in Bitburg, Germany and Heiligenkreuz, Austria increased to €16,739,362, which represents a significant increase of 46% when compared to €11,389,014 for the 2009/2010 financial year. The above increases are a result of increases in revenue from virtually every quarter.

Both the Bitburg and the Heiligenkreuz plants have performed well in their own right. Bitburg increased revenue by over 27% to approximately €12.7 million and Austria has increased its revenue by nearly two and half times to €4 million.

In addition to sustainable and continuous revenue and earnings growth from its existing products, EFS successfully marketed a newly developed hollow camshaft in the last 12 months. For this purpose a new assembly line was put into operation. EFS provides Mercedes Benz AG with this product for the latest generation of its truck engines that comply with the Euro 6 standard, being fuel-efficient and producing ultra-low emissions. Through this new development EFS has boosted its performance capacity and it has secured long-term access to this particular market segment.

Furthermore, EFS is currently developing innovative solutions for various industries.

FRAMEWORK AGREEMENTS WITH ARABIA FOR BUSINESS STRATEGIES LLC

On 14 December 2010 the Company announced that it terminated Framework Agreement No. 1 with Arabia for Business Strategies LLC (ABS), relating to the Gladstone Steel Plant Project.

No progress has since been made with respect to the establishment of a rail and heavy beam plant in Saudi Arabia and the joint acquisition of raw material resources in Australia, which are the subject of Framework Agreement No. 2 and Framework Agreement No. 3 respectively.

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EFS – driving revenue and earning growth from its products.



02 | Directors' Report

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“We invite you to share this opportunity into the future of Boulder Steel Limited as emerging steel producer.”

Carl U Moser, General Manager and Executive Director

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 Detlef Sulzer B.A, B.A.I, M.Sc, FIE Aust, C.P Eng
Appointed Chairman and Non-Executive Director on 4 August 2011

Mr Detlef Sulzer has been Honorary Consul of the Federal Republic of Germany in Brisbane since 2002, and has more than 40 years experience in the civil engineering design and construction industry.

In 1971 he joined Hochtief AG, the largest German construction company, as Project Design Manager for nuclear power stations. He transferred to Thiess Contractors Pty Limited of Australia in 1983 where he became responsible for the technical co-operation between Hochtief and Thiess and to facilitate the transfer of construction experience to Thiess until his retirement in 2008.

At Thiess, he was involved, among other activities, with:

- Implementation of the incrementally launched bridge construction method;
- The design and construction of the “Sun Sails” over World Expo '88;
- Placement of the submerged tubes for Sydney's Harbour Tunnel;
- Involved in the project conception of a specialty steel plant project at Gladstone in the 1990's with a Pre and Bankable Feasibility Study.
- Establishment and management of Incore Pty Ltd, an integrated concrete repair company;
- Publishing of the “Guidelines for Concrete Repair” while Chairman of the Australian Concrete Repair Association;
- Developing the Advanced Electronic Blasting Technology, now patented worldwide.

Mr Sulzer holds the following degrees from Trinity College at the University of Dublin, Ireland:- A Bachelor of Arts in Economics, a Bachelor of Arts in Civil Engineering and a Master of Science in Computer Science and Application.

Responsibilities: Chairman of the Company.

Mr Richard Martin B.Bus
Non-Executive Chairman from 26 August 2008 to 12 May 2011

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 and financing.

Mr Martin is also a Director of 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.

02 Directors' Report

DIRECTORS CONT.

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.

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 Steel 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.

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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 Steel, 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

Director	Ordinary Shares	Options over Ordinary Shares
Richard Martin	56,471	3,436,471
Carl Ulrich Moser	9,570	3,500,000
Markus Buhl	-	2,500,000
Dieter Hopf	3,970,000	2,500,000

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 Directors and Senior Management performance annually by reference to the economic entity's performance, and comparable information from industry sectors and other listed companies in similar industries.

02 Directors' Report

DIRECTORS AND SENIOR EXECUTIVES REMUNERATION CONT.

Remuneration Report cont.

Remuneration policy cont.

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 Australian 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.

Details of remuneration for year ended 30 June 2011

The remuneration for each Director during the year was as follows:

	Salary, Fees & Commissions	Superannuation Contribution	Cash Bonus	Non-cash Benefits	Options	Total
	\$	\$	\$	\$	\$	\$
Directors						
Richard Martin	119,717	-	-	-	9,609	129,326
Carl Moser	201,606	18,145	-	11,149	9,609	240,509
Markus Buhl	-	-	-	-	9,609	9,609
Dieter Hopf	-	-	-	-	9,609	9,609

- 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. Executive Directors are paid in accordance with their employment contracts.
- Due to its size the Company does not have any employees that are specified Executives.

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Options issued as part of remuneration for the year ended 30 June 2011

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.

	Granted No.	Options Granted as Part of Remuneration	Total Remuneration Represented by Options	Options Exercised	Options Lapsed	Total
	\$	\$	%	\$	\$	\$
Directors						
Richard Martin	2,500,000	2,500,000	7.4	0	0	2,500,000
Carl Moser	2,500,000	2,500,000	4.0	0	0	2,500,000
Dieter Hopf	2,500,000	2,500,000	100.0	0	0	2,500,000
Markus Buhl	2,500,000	2,500,000	100.0	0	0	2,500,000

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.

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 \$1,702,377 (2010: \$7,018,144).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The issued capital increased from 506,199,352 to 523,539,352 during the Financial Year 2010/2011.

The Company had 14,450,000 unlisted options expiring 31/10/2015 and 274,015,755 listed options expiring 31/03/2012 on issue at the end of the reporting period.

02 Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 20 July 2011 the Company announced that it had placed 10,697,500 ordinary shares to Australian and European Investors at a placement price of A\$0.10 per share, raising \$1,069,750. In addition, the subscribers received one free attaching listed option for every share subscribed for, with an exercise price of 10 cents each and expiring on 31 March 2012. This placement was made in accordance with ASX Listing Rule 7.1.

Mr Detlef Sulzer was appointed Non-Executive Chairman on 4 August 2011.

On 15 September 2011 the Company announced a Share Purchase Plan to give shareholders the opportunity to apply for up to \$15,000 of new shares in the Company at an issue price of \$0.05 per share. Shareholders with registered addresses in Australia and New Zealand who held shares in the capital of the Company at 5pm Sydney time on 14 September 2011 (the record date) were eligible to participate in the plan.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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:

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Directors' meetings

	Number Eligible to Attend	Number Attended
Directors		
Richard Martin	14	14
Carl Ulrich Moser	15	15
Markus Buhl	15	10
Dieter Hopf	15	14

Audit and Risk Committee meetings

	Number Eligible to Attend	Number Attended
Directors		
Richard Martin	-	-
Dieter Hopf	-	-

Nomination and Remuneration Committee

	Number Eligible to Attend	Number Attended
Directors		
Richard Martin	-	-
Markus Buhl	-	-

NB: The Audit and Risk Committee and the Nomination and Remuneration Committee discussed and decided upon matters within various Board meetings.

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 2012	10 cents	284,713,255
31 October 2015	20 cents	14,500,000

02 Directors' Report

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 denied the expiry of its claim and 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, and to the Company's knowledge since July 2010 there have been no further steps in these proceedings taken by either of TNI or the Abu Dhabi Commercial Conciliation and Arbitration Centre.

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-audit services are shown in Note 14, in the Notes to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 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 2011

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03 Auditor's Independence Declaration

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Under Section 307C of the *Corporations Act 2001*.

To the Directors of Boulder Steel Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 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

Partner

Sydney

Dated this 30th day of September 2011

04 | 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 2011. 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 pages 9 to 10 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 and 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;

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- i) Defining and monitoring the respective roles of the Board and Senior Executives;
- j) Through its Nomination and Remuneration Committee, remuneration policy covering Directors and Senior Executives;
- k) Through its Nomination 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;

04 Corporate Governance Statement

3. THE BOARD OF DIRECTORS CONT.

3.4 The selection and role of the Chairman cont.

The former Chairman, Mr Richard Martin, who resigned as Director and Chairman on 12 May 2011, was an independent, Non-Executive Director appointed by the Board. He had been a Director at Boulder Steel since 2008 and Chairman since 2008. The Chairman was a member of the Nomination and Remuneration Committee and the Audit and Risk Committee. The current Chairman Mr Detlef Sulzer has been a Director and Chairman of Boulder Steel since 4 August 2011.

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 2001*, 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 three 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 15 of this annual report.

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3.8 Succession planning

The Board plans succession of its own members in conjunction with the Nomination 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 not carried out during the reporting period due to the resignation of the Company's Chairman during the performance review period. The Company intends to ensure that this review is conducted in the current and following financial years.

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 Nomination 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 Nomination 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 Nomination 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.

04 Corporate Governance Statement

3. THE BOARD OF DIRECTORS CONT.

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 had in place two Board committees comprising an Audit and Risk Committee and a Nomination and Remuneration Committee.

The members of the Audit and Risk Committee were:

Mr Dieter Hopf (Chairman)

Mr Richard Martin

The members of the Nomination and Remuneration Committee were:

Mr Markus Buhl (Chairman)

Mr Richard Martin

The qualifications of these members are set out in the Directors Report on pages 9 to 10 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.

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Recommendation 4.2 states that the Audit and Risk 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 15 of this annual report.

Recommendations 4.1, 4.2 and 4.3

4.3 Nomination and Remuneration Committee

The Nomination 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 Nomination and Remuneration Committee are set out in the Nomination 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 Nomination 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 15 of this annual report.

Recommendations 2.4, 2.6 and 8.1

5. EXTERNAL AUDITOR

5.1 Approach to auditor independence

The Boulder Steel 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 and 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.

04 Corporate Governance Statement

5. EXTERNAL AUDITOR CONT.

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 on 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 Steel;
- 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 Steel 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 Steel or its controlled entities;
- No funds have been received by the firm by way of a loan or other form of capital from Boulder Steel 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 Steel 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 Steel.

5.4 Prohibited non-audit services by the external auditor

- Bookkeeping or other services related to the accounting records or financial statements of the audited client;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

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- 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 Boulder Steel 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 and Risk Committee on major risks and action plans.

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6. OVERSEEING, MANAGING AND CONTROLLING RISK CONT.

6.3 Executive declaration

The Directors, 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 2011.

- 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 2011 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*.

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 on pages 11 to 13 in the Remuneration Report.

Non-Executive Directors

The Nomination 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.

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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, so it 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;

04 Corporate Governance Statement

8. CORPORATE CONDUCT AND RESPONSIBILITY CONT.

8.2 Share trading policy cont.

- 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 2001*, 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

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ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Recommendations	Reference in Statement	Compliance during financial year ended 30 June 2011
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: <ul style="list-style-type: none"> • 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. 	8.1	Adopted
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

04 Corporate Governance Statement

ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Recommendations	Reference in Statement	Compliance during financial year ended 30 June 2011
Principle 3 cont.		
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*
• 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

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ASX CORPORATE GOVERNANCE RECOMMENDATIONS

Recommendations

Principle 7

- 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- 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.
- 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 2001* 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.

Principle 8

- 8.1 The Board should establish a Remuneration Committee.
- 8.2 Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.
- 8.3 Companies should provide the information indicated in the Guide to Reporting on Principle 8.

Reference in Statement	Compliance during financial year ended 30 June 2011
6	Adopted
6	Adopted
6.3	Adopted
4.1, 4.3	Adopted
7.1	Adopted
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.

05 | Financial Statements

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FOR THE YEAR ENDED 30 JUNE 2011



5.1 Statement of Comprehensive Income

For the year ended 30 June 2011

	NOTE	CONSOLIDATED ENTITY	
		2011	2010
		\$	\$
Revenue from ordinary activities	2	33,616	51,006
Expenses from ordinary activities			
Salaries and employee benefits expense		515,628	819,453
Depreciation expense		66,212	60,812
Consulting fees		636,937	389,420
Corporate expenses		292,788	395,198
Office expenses		251,902	273,055
Provision for diminution of investment		-	3,025,689
Share based expense		55,542	-
Borrowing cost expense		39	41
Share of (net profit)/loss of associates using the equity method		(558,248)	345,905
Profit/(loss) from continuing operations before income tax expense		(1,227,184)	(5,258,568)
Income tax expense		-	-
Profit/(loss) from continuing operations after income tax expense		(1,227,184)	(5,258,568)
Other comprehensive income			
Foreign currency translation		(475,193)	(1,759,576)
Other comprehensive (loss)/income for the year, net of tax		(475,193)	(1,759,576)
Total comprehensive (loss)/ income for the year		(1,702,377)	(7,018,144)
Earnings per share:			
Earnings per share from (loss)/profit from continuing operations attributable to the ordinary equity holders of Parent Entity:			
Basic (cents per share)		(0.24)	(1.06)
Diluted (cents per share)		(0.24)	(0.98)
Earnings per share from (loss)/profit from comprehensive income attributable to the ordinary equity holders of Parent Entity:			
Basic (cents per share)		(0.33)	(1.42)
Diluted (cents per share)		(0.33)	(1.31)

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

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5.2 Statement of Financial Position

As at 30 June 2011

	NOTE	CONSOLIDATED ENTITY	
		2011	2010
		\$	\$
Current assets			
Cash assets		359,495	1,085,124
Receivables	4	69,183	36,187
Other financial assets	5	105,353	100,387
Total current assets		534,031	1,221,698
Non-current assets			
Receivables	6	5,738,019	6,047,981
Investments accounted for using the equity method	7	1,789,883	1,396,865
Other financial assets	8	3,077,002	2,173,179
Property, plant and equipment	9	17,129	83,341
Intangible assets	10	-	-
Total non-current assets		10,622,033	9,701,366
Total assets		11,156,064	10,923,064
Current liabilities			
Payables	11	230,259	53,821
Provisions	12	254,060	214,357
Total current liabilities		484,319	268,178
Non-current liabilities			
Interest-bearing liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		484,319	268,178
Net assets		10,671,745	10,654,886
Equity			
Parent entity interest			
Contributed equity	13(a)	65,171,426	63,452,190
Accumulated losses	13(b)	(54,499,681)	(52,797,304)
Total Parent Entity interest in equity		10,671,745	10,654,886
Outside equity interest		-	-
Total equity		10,671,745	10,654,886

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

5.3 Statement of Changes in Equity

For the year ended 30 June 2011

	NOTE	CONSOLIDATED ENTITY	
		2011	2010
		\$	\$
EQUITY HOLDERS			
Share capital			
Balance at start of year		50,616,915	47,456,755
Issue of share capital		1,733,999	3,337,526
Share options issued		-	-
Capital raising costs		(70,305)	(177,366)
Total share capital		52,280,609	50,616,915
Share based expenses			
Balance at start of period		12,835,275	12,835,275
Equity settled share based payment transactions		55,542	-
Total share based expenses		12,890,817	12,835,275
Retained earnings/(accumulated losses)			
Balance at start of period		(52,797,304)	(45,779,160)
Loss for period		(1,702,377)	(7,018,144)
Retained earnings at the end of the period		(54,499,681)	(52,797,304)
Total equity attributable to equity holders		10,671,745	10,654,886

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

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5.4 Statement of Cash Flow

For the year ended 30 June 2011

	NOTE	CONSOLIDATED ENTITY	
		2011	2010
		\$	\$
Cash flows from operating activities			
Interest/dividends received		28,650	32,219
Payments in the course of operations		(1,514,113)	(2,446,850)
Borrowing costs		(39)	(41)
Net cash flows from/(used in) operating activities	20(b)	(1,485,502)	(2,414,672)
Cash flows from investing activities			
Loans to controlled entities		-	-
Security deposit		-	-
Loans to associates		-	-
Purchase of plant and equipment		-	-
Investment in associate		-	-
Project expenses		(903,821)	(1,560,042)
Net cash flows from/(used in) investing activities		(903,821)	(1,560,042)
Cash flows from financing activities			
Proceeds from share issue		1,733,999	3,337,525
Capital raising costs		(70,305)	(177,366)
Repayment of borrowings		-	-
Proceeds of borrowings		-	-
Net cash flows from/(used in) financing activities		1,663,694	3,160,159
Net increase/(decrease) in cash held		(725,629)	(814,555)
Add opening cash brought forward		1,085,124	1,899,679
Unrealised FX gain/(loss)		-	-
Closing cash carried forward	20(a)	359,495	1,085,124

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

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

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 8 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.

(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 recognised in other comprehensive income.

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

(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 utilised. 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.

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 utilise 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 realised 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.

(i) 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.

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(j) 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.

(k) 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.

(l) Cash

For purposes of the Statement of Cash Flow, 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.

(m) 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 Statement of Cash Flow 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.

(n) Property, plant and 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

(o) 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.

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

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.

(p) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the Financial Statements.

The key 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 cost;
 - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments 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;
 - Requiring financial assets to be reclassified 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; and
 - Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This 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 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 and 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 and 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(p) New accounting standards for application in future periods cont.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- For-profit private sector entities that have public accountability; and
- The Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific “RDR” disclosures.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 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 IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment 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. The amendments are 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.

This Standard is not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

- Clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;
- Adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity’s exposure to risks arising from financial instruments;
- Amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the Statement of Changes in Equity or in the Notes;
- Adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- Making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 and AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 and 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the Financial Statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 and AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
Other income	-	-
Interest received-other corporations	33,616	51,006
Total revenues from ordinary activities	33,616	51,006
3. PROFIT FROM ORDINARY ACTIVITIES		
Expenses		
Borrowing costs		
- wholly owned subsidiary	-	-
- other	39	41
Total borrowing costs	39	41
Depreciation	66,212	60,812
Provision for non-recovery of loans	-	-
Foreign exchange (gain)/loss	475,193	1,759,576
Provision for diminution of investment	-	-
4. RECEIVABLES-CURRENT		
GST refundable	68,342	35,465
Other receivables	841	722
Less: provision for non-recovery of other receivables	-	-
Total receivables-current	69,183	36,187
5. OTHER FINANCIAL ASSETS-CURRENT		
Security deposit	105,353	100,387
6. RECEIVABLES-NON-CURRENT		
Loans to associated companies	5,738,019	6,047,981
Loans to controlled entities	-	-
Less: provision for non-recovery of loans to controlled entities	-	-
Total receivables-non-current	5,738,019	6,047,981

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.

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Shares in associated companies

CONSOLIDATED ENTITY	
2011	2010
\$	\$
1,789,883	1,396,865

Interests in associated companies

Name	Place of Incorporation	Activity	Ownership interest (%)	
			2011	2010
Euro Forming Services GmbH	Germany	Metal forging	50	50

(b) Movement during the year in equity accounted investment in associated companies

	2011	2010
	\$	\$
Opening balance	1,396,865	2,440,720
Additional investments (reclassified from loans advanced)	-	-
FX gain/(loss)	(165,230)	(697,950)
Share of net profit/(loss) using the equity method	558,248	(345,905)
Closing balance	1,789,883	1,396,865

(c) Summarised presentation of the Parent Entity's interest in the aggregate assets, liabilities and performance of associated companies

	2011	2010
	\$	\$
Current assets	3,754,472	3,512,721
Non-current assets	7,056,233	7,821,374
Total assets	10,810,705	11,334,095
Current liabilities	10,048,757	11,180,353
Non-current liabilities	57,917	-
Total liabilities	10,106,674	11,180,353
Net assets	704,031	153,742
Revenues	12,021,004	8,591,553
Profit/(loss) after income tax of associates	558,248	(345,905)

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

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Capitalised steel project expenditure	22,445,045	21,541,222
Less: provision for diminution	(19,368,043)	(19,368,043)
Total capitalised steel project expenditure	3,077,002	2,173,179
Total other financial assets-non-current	3,077,002	2,173,179

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

8. OTHER FINANCIAL ASSETS-NON-CURRENT CONT.

Investments in controlled entities

Name of Entity (Country of Incorporation)	Equity Holding		Cost of Parent Entity's Investment		Balance Date
	2011	2010	2011	2010	
	%	%	\$	\$	
Parent Entity					
Boulder Steel Limited (Australia)					
Controlled Entities					
Asia Pacific Seamless Tubes Limited (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

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Furniture and fittings, at cost	277,061	277,061
Less: accumulated depreciation	(259,932)	(204,520)
	<u>17,129</u>	<u>72,541</u>
Plant and equipment	-	-
Less: accumulated depreciation	-	-
	-	-
Motor vehicles	27,000	27,000
Less: accumulated depreciation	(27,000)	(16,200)
	-	10,800
Total property, plant and equipment	17,129	83,341

10. INTANGIBLES

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

11. PAYABLES-CURRENT

Unsecured		
Other creditors and accruals	230,259	53,821

12. PROVISIONS

Employee benefits-current	254,060	214,357
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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

13(a) CONTRIBUTED EQUITY

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Ordinary shares	49,126,577	47,462,883
Proceeds from option rights issues-prior years	3,154,032	2,529,032
Proceeds from option rights issue	-	625,000
Share based payment reserve	12,890,817	12,835,275
Total contributed equity	65,171,426	63,452,190

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

Date	Details	No. of Shares	Issue Price	Cash Proceeds
			\$	\$
2011	Opening balance	506,199,352	-	47,462,883
	Exercise of options	-	-	-
	Placement	17,340,000	0.10	1,734,000
	Capital raising costs	-	-	(70,307)
	Closing balance	523,539,352	-	49,126,576
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

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

	CONSOLIDATED ENTITY	
	2011	2010
Number of options issued		
Balance brought forward	273,995,755	270,537,067
Issued during the year	23,120,000	18,115,000
Expired during the year	(8,650,000)	(11,887,067)
Exercised during the year	-	(2,769,245)
Balance carried forward	288,465,755	273,995,755

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

13(a) CONTRIBUTED EQUITY CONT.

The terms of the options are as follows:

Option for one fully paid share at 20 cents each, exercisable up to 31 March 2011 – unlisted

Option for one fully paid share at 10 cents each, exercisable up to 31 March 2012 – listed

Option for one fully paid share at 20 cents each exercisable up to 31 October 2015 – unlisted share based payments

Total options on issue

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
	-	8,650,000
	274,015,755	265,345,755
	14,450,000	-
	288,465,755	273,995,755
	(52,797,304)	(45,779,160)
	(2,260,625)	(6,672,239)
	558,248	(345,905)
	(54,499,681)	(52,797,304)
	(54,499,681)	(52,797,304)

13(b) ACCUMULATED LOSSES

Balance at beginning of year

Net profit/(loss) attributable to members of Boulder Steel Limited

AASB:1016 Accounting for investments in associates

Total available for appropriation

Balance at end of year

13(c) SHARE BASED PAYMENTS

The fair value of the equity-settled share options granted under the option plans is estimated as at the date of grant using a binomial or other appropriate model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2011.

	CONSOLIDATED ENTITY	
	2011	2010
Risk-free rate average	5.5%	-
Expected life average (years)	5 years	-
Expected volatility	15%	-
Exercise price	\$0.20	-
Share price at grant date	\$0.11	-

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

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.

Parent Entity's auditors

Other auditors

(b) Other services

Parent Entity's auditors

Other auditors

CONSOLIDATED ENTITY	
2011	2010
\$	\$
42,290	62,602
-	-
36,792	30,849
-	-

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 ¹	Non-Executive Chairman
Carl Moser	General Manager
Dieter Hopf	Non-Executive Director
Markus Buhl	Non-Executive Director

¹ Resigned – 12 May 2011

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-annuation Contribution	Options Issued	Non-cash Benefits	Total
2011	\$	\$	\$	\$	\$
Richard Martin ¹	119,717	-	9,609	-	129,326
Carl Moser	201,606	18,145	9,609	11,149	240,509
Dieter Hopf	-	-	9,609	-	9,609
Markus Buhl	-	-	9,609	-	9,609

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

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

15. REMUNERATION OF DIRECTORS CONT.

(b) Specified Directors remuneration and related parties cont.

	Salary, Fees & Commissions	Superannuation Contribution	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 Shubrick Investments Pty Limited, a company related to Mr Martin, was paid for the provision of services.

(c) Shares issued on exercise of remuneration options

No options were exercised by Directors during the year.

(d) Directors shareholdings

	Balance 1-7-2010	Received as Remuneration	Options Exercised	Other Net Changes	Balance 30-6-2011
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 1-7-2010	Received as Remuneration	Options Exercised	Other Net Changes	Balance 30-6-2011
Richard Martin	936,471	2,500,000	-	-	3,436,471
Carl Moser	3,000,000	2,500,000	-	(2,000,000)	3,500,000
Dieter Hopf	-	2,500,000	-	-	2,500,000
Markus Buhl	-	2,500,000	-	-	2,500,000

All options are fully vested and exercisable as at 30 June 2011.

(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.

16. COMMITMENTS

Operating leases

- not later than 1 year
 - non-current later than 1 year and not later than 5 years
- Total

CONSOLIDATED ENTITY	
2011	2010
\$	\$
50,573	168,606
-	49,177
50,573	217,783

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

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

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 2011.

(b) Segment information provided to the Board of Directors

	Steel Making Australia	Steel Forging Germany	Steel Production UAE	Eliminations	Total
2011					
Revenue					
Interest	33,616	-	-	-	33,616
Total revenue	33,616	-	-	-	33,616
Segment result	(2,260,625)	558,246	-	-	(1,702,379)
Interest revenue	33,616	-	-	-	33,616
Interest expense	39	-	-	-	39
Depreciation and amortisation	66,212	-	-	-	66,212
Total segment assets	3,628,163	7,527,901	-	-	11,156,064
Total segment liabilities	484,319	-	-	-	484,319
2010					
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 and amortisation	60,812	-	-	-	60,812
Total segment assets	3,478,365	7,444,846	-	-	10,923,211
Total segment liabilities	268,177	-	-	-	268,177

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:

	CONSOLIDATED ENTITY	
	2011	2010
Receivables	\$	\$
Non-current (before provision for non-recovery)	5,738,018	6,047,981

Payables

The group has no outstanding foreign denominated payables.

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

19. RELATED PARTIES

(a) Payments to Director related entities

Shubrick Investments Pty Limited, a company related to Mr Richard Martin, provided consulting services to the Company during the financial year, totalling \$119,717 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.

Transactions between Boulder Steel Limited and related parties in the wholly owned Group during the years ended 30 June 2011 and 2010 consisted of:

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

(c) Other related parties

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
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	-	-
Aggregate amounts receivable from each class of related parties at balance date were as follows:		
Associate companies	5,738,019	6,047,981
(Less) provision for doubtful debts	-	-
	5,738,019	6,047,981

20. RECONCILIATION OF CASH

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

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Cash at bank		
Cash	359,495	1,085,124

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

(b) Reconciliation of operating profit/(loss) after tax to the net cash flows from operations

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Operating profit/(loss) after tax	(1,702,377)	(7,018,144)
Non-cash items:		
Depreciation and amortisation	66,212	60,812
Provision for diminution of investment	-	3,025,689
Unrealised foreign exchange (gain)/loss	475,193	2,007,275
Equity accounting	(558,248)	345,905
Provision for non-recovery of loans	-	-
Provision for employee entitlements	39,700	45,308
Share based expenses	55,542	-
Changes in assets and liabilities:		
Increase/(decrease) in other creditors and accruals	176,438	(879,970)
(Increase)/decrease in other debtors	(37,962)	(1,547)
Net cash flows from/(used in) operating activities	(1,485,502)	(2,414,672)

21. EARNINGS/(LOSS) PER SHARE

	CONSOLIDATED ENTITY	
	2011	2010
	\$	\$
Profit/(loss) used in calculation of earnings per share	(1,702,377)	(7,018,144)
Weighted average number of ordinary shares on issue used in the calculation of basic loss per share	512,974,968	494,317,887
Basic profit/(loss) per share (cents)	(0.33)	(1.42)
Weighted average number of ordinary shares on issue used in the calculation of diluted loss per share	512,974,968	537,500,880
Diluted profit/(loss) per share (cents)	(0.33)	(1.31)

22. SUBSEQUENT EVENTS

All subsequent events are disclosed on pages 13 and 14 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 2011 was \$0.076 (30 June 2010 \$0.12)

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

	CONSOLIDATED ENTITY
Opening balance	2,300,000
Granted during the year	11,500,000
Exercised during the year	-
Lapsed during the year	(2,300,000)
Closing balance	11,500,000

5.5 Notes to the Financial Statements

For the year ended 30 June 2011

23. EMPLOYEE BENEFITS CONT.

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

Grant date	Exercise date	Exercise price	Number
3 December 2010	31/10/2015	20 cents	11,500,000

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 Average Interest Rate	Variable Interest	Fixed Interest Rate Maturity			Total
			Term Less than 1 Year	Term 1 to 5 Years	Interest Free	
	%	\$	\$	\$	\$	\$
2011						
Financial assets:						
Cash	4.81	359,495	-	-	-	359,495
Trade debtors	-	-	-	-	-	-
Receivables	-	-	-	-	69,183	69,183
Security deposits	4.83	105,353	-	-	-	105,353
Total	-	464,848	-	-	69,183	534,031
Financial liabilities:						
Trade payables	-	-	-	-	230,259	230,259
Employee provisions	-	-	-	-	254,060	254,060
Other liabilities	-	-	-	-	-	-
Total	-	-	-	-	484,319	484,319
2010						
Financial assets:						
Cash	4.55	1,085,124	-	-	-	1,085,124
Trade debtors	-	-	-	-	-	-
Receivables	-	-	-	-	36,187	36,187
Security deposits	4.71	100,387	-	-	-	100,387
Total	-	1,185,511	-	-	36,187	1,221,698
Financial liabilities:						
Trade payables	-	-	-	-	53,821	53,821
Employee provisions	-	-	-	-	214,357	214,357
Other liabilities	-	-	-	-	-	-
Total	-	-	-	-	268,178	268,178

(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.

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5.5 Notes to the Financial Statements

For the year ended 30 June 2011

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:

	PARENT ENTITY	
	2011	2010
	\$	\$
Statement of Financial Position		
Current assets:	516,253	1,205,506
Total assets	12,407,130	12,723,165
Current liabilities	474,248	258,107
Total liabilities	474,248	258,107
Shareholders equity:		
Issued capital	65,171,425	63,453,812
Accumulated losses	(53,238,542)	(50,987,131)
	11,932,883	12,465,205
Profit/(loss) for the year	(1,776,181)	(4,899,953)
Total comprehensive income/(loss)	(2,251,374)	(6,907,230)

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

As at 30 June 2011, the Parent Entity had no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and contingent liabilities

As at 30 June 2011, the Parent Entity had no guarantees or contingent liabilities.

5.6 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 2011 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 2011 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 2011

5.7 INDEPENDENT AUDITOR'S REPORT

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 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow 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 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 2011 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

5.7 INDEPENDENT AUDITOR'S REPORT CONT.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 13 of the report of the Directors for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with S 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 2011, complies with S 300A of the *Corporations Act 2001*.

Wong & Mayes

Chartered Accountants

Martin G. Thompson

Partner

Sydney

Dated this 30th day of September 2011

5.8 ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 21 September 2011.

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	285
1,001 - 5,000	355
5,001 - 10,000	212
10,001 - 100,000	475
100,001 and over	114

The total number of shareholders was 1,441. The number of shareholdings held in less than marketable parcels is 678.

2. TWENTY LARGEST SHAREHOLDERS

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

Rank	Name	Units	Percentage of Units
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED	412,287,234	77.17
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,318,163	2.12
3.	BELL POTTER NOMINEES LIMITED <BB NOMINEES A/C>	8,165,000	1.53
4.	MERRIL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,700,000	1.25
5.	BERNE NO 132 NOMINEES PTY LIMITED <77102917 A/C>	6,500,000	1.22
6.	MRS SUSAN HOUSTON	4,810,000	0.90
7.	LEFTONE NOMINEES PTY LIMITED	4,525,000	0.85
8.	NATIONAL NOMINEES LIMITED	4,474,408	0.84
9.	CATHOLIC CHURCH INSURANCES LIMITED	4,100,000	0.77
10.	FIRST CAPE MANAGEMENT PTY LIMITED	3,556,238	0.67
11.	LINK TRADERS (AUST) PTY LIMITED	2,915,139	0.55
12.	BERNE NO 132 NOMINEES PTY LIMITED	2,280,000	0.43
13.	GOLDRIM INVESTMENTS PROPRIETARY LIMITED	2,135,000	0.40
14.	CITICORP NOMINEES PTY LIMITED	2,045,199	0.38
15.	DB MCDONAGH PTY LIMITED	1,965,640	0.37
16.	BERNE NO 132 NOMINEES PTY LIMITED	1,374,471	0.26
17.	BOW LANE NOMINEES PTY LIMITED	1,304,000	0.24
18.	BOOST UP PTY LIMITED	1,200,000	0.22
19.	MR PAUL PAP	1,182,793	0.22
20.	DES YOUNG PTY LIMITED <YOUNG FAMILY SUPER>	1,100,000	0.21
Totals: Top 20 holders		483,938,285	90.58
Total remaining holders balance		50,298,567	9.42
Grand total		534,236,852	100.00

5.8 ASX Additional Information

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	3
1,001 - 5,000	3
5,001 - 10,000	11
10,001 - 100,000	72
100,001 - 9,999,999,999	114

The total number of listed option holders was 203. The number of holdings held in less than marketable parcels is 36.

4. TWENTY LARGEST HOLDERS OF LISTED OPTIONS

The names of the twenty largest holders of options expiring 31 March 2012 are:

Rank	Name	Units	Percentage of Units
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED	93,086,460	32.69
2.	BERNE NO 132 NOMINEES PTY LIMITED <77102917 A/C>	30,750,000	10.80
3.	BERNE NO 132 NOMINEES PTY LIMITED <7733306 A/C>	20,667,000	7.26
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,016,399	6.68
5.	BANQUE THALER SA	7,000,000	2.46
6.	NATIONAL NOMINEES LIMITED	5,484,489	1.93
7.	BERNE NO 132 NOMINEES PTY LIMITED <77103066 A/C>	5,000,000	1.76
8.	STELPLATE PTY LTD (BOLERO SUPERANNUATION)	4,730,000	1.66
9.	MRS RUTH SCHMITZ BRECHMANN	4,600,000	1.62
10.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,229,500	1.49
11.	MR ANTHONY FRANCIS GREVE LE BRUN	3,069,250	1.08
12.	CATHOLIC CHURCH INSURANCES LIMITED	3,050,000	1.07
13.	MR HUGH DAVIS	3,000,000	1.05
14.	SUDARSHAN UJAGAR SINGH	3,000,000	1.05
15.	MR MICHAEL HELBIG	2,865,000	1.01
16.	CAMERON BLOOM PHOTOGRAPHY PTY LIMITED	2,535,000	0.89
17.	MR GEOFFREY ROSS JOHNSON AND MRS ROBYN LYNETTE JOHNSON <JOHNSON SUPER FUND A/C>	2,522,467	0.89
18.	BERNE NO 132 NOMINEES PTY LIMITED <7796234 A/C>	2,500,000	0.88
19.	MR RALF RUDOLF KONIG	2,500,000	0.88
20.	BE COPYMART PTY LIMITED (B&E MCCONNELL S/F A/C)	2,250,000	0.79
Totals: Top 20 holders		221,855,565	77.92
Total remaining holders balance		62,857,690	22.08
Grand total		284,713,255	100.00

5.8 ASX Additional Information

5. UNLISTED OPTIONS

The total number of unlisted option holders is 13. There are 14,450,000 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:

Name	Number of Shares	Percentage of Ordinary Shares
JP MORGAN NOMINEES AUSTRALIA LIMITED	412,287,234	77.17

8. STOCK EXCHANGE

The Company is listed on the Australian Stock Exchange (Perth) and the Frankfurt, Stuttgart, Munich and Berlin/Bremen Exchanges in Germany.

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06 Corporate Directory

BOULDER STEEL LIMITED

ABN 78 009 074 588

DIRECTORS

Mr Richard Shubrick Martin
(Resigned 12 May 2011)

Mr Detlef Sulzer
(Appointed 4 August 2011)

Mr Carl Ulrich Moser

Mr Markus Buhl

Mr Dieter Hopf

COMPANY SECRETARY

Daniel George Owen

REGISTERED OFFICE

Level 2, 16 Byfield Street
North Ryde NSW 2113
Australia

Tel: (+61 2) 9413 1811

Fax: (+61 2) 9419 2818

Email: admin@bouldersteel.com.au

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Australia

SOLICITORS

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SYDNEY NSW 2000 Australia

BANKERS

Westpac Bank
425 Victoria Avenue
CHATSWOOD NSW 2067 Australia

SHARE REGISTER

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000 Australia
Tel: (+61 8) 8236 2300
Fax: (+61 8) 8236 2305

AUDITORS

Wong & Mayes
Chartered Accountants
Lumley Building
Level 16, 309 Kent Street
SYDNEY NSW 2000

INTERNET ADDRESS

www.bouldersteel.com.au

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