
BOULDER STEEL LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 074 588
NOTICE OF GENERAL MEETING

TIME: 11:00 am (AEST)

DATE: 6 August 2014

PLACE: CTA Business Club Ltd, MLC Centre, Martin Place, Sydney

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Deed Administrator on +61 2 9299 2289.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	7
Explanatory Statement (explaining the proposed Resolutions)	11
Glossary	36
Schedule 1 – Terms and Conditions of Promoter Options	39
Schedule 2 – Pro-Forma Balance Sheet	41
Schedule 3 – Valuation of Proposed Directors' Promoter Options	43
Proxy Form	enclosed

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 11:00 am (AEST) on 6 August 2014 at:

CTA Business Club Ltd, MLC Centre, Martin Place, Sydney

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Deed Administrator has determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AEST) on 4 August 2014.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

LETTER TO SHAREHOLDERS

Dear Shareholder

On 22 July 2013, the Company's securities were suspended from quotation on the Australian Securities Exchange (**ASX**).

On or about 22 July 2013, the Board resolved to place the Company into voluntary administration and appointed Messrs Trevor Pogroske and Said Jahani of Grant Thornton Australia Limited as joint and several administrators of the Company. Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

On 29 October 2013, at an adjourned second meeting of creditors of the Company, the creditors of the Company resolved to end the voluntary administration and control was handed back to the Directors.

On or about 30 October 2013, Steven Nicols of Nicols + Brien Business Recovery was appointed as administrator of the Company. Following appointment of the administrator, the powers of the Company's officers (including Directors) were again suspended and the administrator assumed control of the Company's business, property and affairs.

On 4 February 2014, at an adjourned meeting of creditors of the Company, the creditors of the Company resolved to execute a deed of company arrangement (**DOCA**) recommended by the administrator. The Company, Otsana Pty Ltd trading as Otsana Capital (**Otsana** or the **Promoter**) and the administrator executed the DOCA on 27 February 2014, which embodied a proposal by Otsana for the reconstruction and recapitalisation of the Company (**Recapitalisation Proposal**). Under the terms of the DOCA, the administrator was appointed as deed administrator of the DOCA (**Deed Administrator**).

The ASX has advised that it will not require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a result of the Recapitalisation Proposal, subject to certain conditions.

Otsana has formed a syndicate of investors (**Syndicate**) in order to assist with the reconstruction and recapitalisation of Boulder.

In summary, the Recapitalisation Proposal involves:

- (a) Boulder consolidating its existing Securities on a one (1) for forty six (46) basis (**Consolidation**);
- (b) Boulder proceeding with the following issues of securities (on a post-Consolidation basis):
 - (i) up to 50,000,000 Shares to sophisticated and professional investors nominated by Otsana to receive Securities and their associates (the **Promoter Nominees**) at an issue price of \$0.00001 each to raise up to \$500 (**Promoter Shares**);
 - (ii) up to 250,000,000 Shares to the Promoter Nominees and/or existing Shareholders at an issue price of not less than \$0.01 each to raise up to \$2,500,000 (**General Placement Shares**); and
 - (iii) up to 50,000,000 unquoted Options to the Promoter Nominees each with an exercise price of not less than \$0.01, expiring on the date which is

4 years after the date of issue, at an issue price of \$0.00001 each to raise up to \$500 (**Promoter Options**);

- (c) Boulder using \$600,000 of the funds raised from the equity raisings referred to above to pay out an existing debt to the creditors of the Company (**Creditor Payment**). The balance of the funds will be used for costs, developing the Company's existing business, review of new business opportunities and for working capital and as otherwise described in Section 1.7 of the Explanatory Statement;
- (d) new directors being appointed to the Board and all of the existing Directors and company secretary resigning; and
- (e) the creation of a creditors trust (**Creditors Trust**).

The DOCA is subject to a number of conditions, including obtaining necessary shareholder approvals. The Resolutions proposed in this Notice of Meeting will enable this condition of the DOCA to be completed.

Further to the Recapitalisation Proposal, it was agreed that the Company would:

- (a) incorporate or acquire a company to be jointly owned by the Company and Gladstone Steel Pty Ltd (**GSPL**), this company is Euroa Steel Plant Project Pty Ltd (**ESPP**);
- (b) attend to transfer all of the existing business and assets of the Company to ESPP;
- (c) in consideration for making a payment to the Company of 50% of the Creditor Payment, being \$300,000, GSPL would acquire a 50% interest in an incorporated joint venture comprising the existing assets of the Company held by ESPP; and
- (d) the Company would hold a 50% interest in the incorporated joint venture with GSPL over the existing assets of the Company which will have been transferred to ESPP.

If the Resolutions are passed and the Recapitalisation Proposal completed, the Company will seek the reinstatement to trading of its Securities on ASX.

None of the Resolutions required under the Recapitalisation Proposal and listed in this Notice of Meeting will take effect unless all of the Resolutions are duly passed.

If any of those Resolutions are not passed by Shareholders, the Company will have to seek a new recapitalisation proposal and, if unsuccessful, may go into liquidation (in which event no return to Shareholders is anticipated). If the Resolutions are passed but are not implemented, the trading suspension imposed by the ASX will remain in force and the Company's directors at that time will need to consider other alternatives.

I urge you to attend the Meeting, or, if you are unable to attend the Meeting personally, your proxy should be forwarded to the Company so as to be received by no later than the time and date specified on the Proxy Form.

The Recapitalisation Proposal maximises the chances of the Company continuing in existence and to provide a better return to the creditors and Shareholders of the Company than would result from the immediate winding up of the Company.

I encourage you to consider the attached documentation carefully and to exercise your vote in favour of the Resolutions proposed for approval at the forthcoming Meeting. It is very important that you participate in the decision which could be crucial for the future of your investment in the Company.

However, I do not warrant that the Recapitalisation Proposal will enhance Shareholder value and have not considered the situation of any particular Shareholder. To the maximum extent permitted by law, the Deed Administrator does not accept personal responsibility for the contents of this Notice of General Meeting or the Recapitalisation Proposal. The information contained in this Notice of General Meeting and Explanatory Statement has been provided by a third party and has not been verified by the Deed Administrator. Accordingly, the Deed Administrator accepts no responsibility whatsoever for the accuracy of any information contained herein or for any action taken in reliance thereon. Shareholders should make their own enquiries to satisfy themselves on all aspects. Details contained herein do not constitute any representation by the Deed Administrator.

Yours faithfully

Steven Nicols
Deed Administrator

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, pursuant to section 254H(1) of the Corporation Act, ASX Listing Rules 7.20 and 7.22.1 and for all other purposes, Shareholders approve and authorise the Company to consolidate the issued capital of the Company on the basis that:

(a) every 46 Shares be consolidated into one Share; and

(b) every 46 Options be consolidated into one Option,

and otherwise on the terms and conditions set out in the Explanatory Statement.”

2. RESOLUTION 2 – ISSUE OF PROMOTER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF GENERAL PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 250,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF PROMOTER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ELECTION OF DIRECTOR – FALDI ISMAIL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for all purposes, Mr Faldi Ismail, having been nominated and given his consent to act, be elected as a director of the Company with effect from Settlement.”

6. RESOLUTION 6 – ELECTION OF DIRECTOR – JOHN CIGANEK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for all purposes, Mr John Ciganek, having been nominated and given his consent to act, be elected as a director of the Company with effect from Settlement.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR – NICHOLAS YOUNG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for all purposes Mr Nicholas Young, having been nominated and given his consent to act, be elected as a director of the Company with effect from Settlement.”

8. RESOLUTION 8 – ISSUE OF SHARES AND OPTIONS TO FALDI ISMAIL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to all Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

(a) 10,000,000 General Placement Shares (on a post-Consolidation basis);

(b) 10,000,000 Promoter Shares (on a post-Consolidation basis); and

(c) 10,000,000 Promoter Options (on a post-Consolidation basis),

to Mr Faldi Ismail (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Faldi Ismail (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – ISSUE OF SHARES AND OPTIONS TO JOHN CIGANEK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to all Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

(a) 10,000,000 General Placement Shares (on a post-Consolidation basis);

(b) 10,000,000 Promoter Shares (on a post-Consolidation basis); and

(c) 10,000,000 Promoter Options (on a post-Consolidation basis),

to Mr John Ciganek (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr John Ciganek (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – ISSUE OF SHARES AND OPTIONS TO NICHOLAS YOUNG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to all Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

(a) 10,000,000 General Placement Shares (on a post-Consolidation basis);

(b) 10,000,000 Promoter Shares (on a post-Consolidation basis); and

(c) 10,000,000 Promoter Options (on a post-Consolidation basis),

to Mr Nicholas Young (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Nicholas Young (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 11 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to all Resolutions being passed and completion of the Recapitalisation Proposal, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to BGD Corporation Ltd.”

12. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to all Resolutions being passed, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the Chair for identification purposes.”

Dated: 7 July 2014

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Proposed Directors and Deed Administrator believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

If all of the Resolutions are passed and the proposed re-structuring set out in the Recapitalisation Proposal is completed, the Company will be in a position to seek the reinstatement of its Securities to official quotation on ASX. This reinstatement is, of course, subject to the discretion of ASX.

If Shareholders reject the proposed recapitalisation, the Company may be placed into liquidation. In this circumstance, it is likely that there would be no return to Shareholders.

The Deed Administrator is not responsible for the contents of this Notice of Meeting and do not accept any further responsibility for any disclosure in or failure to include any disclosure in this document.

1. OVERVIEW

1.1 Recapitalisation proposals

A recapitalisation proposal typically involves an injection of new cash (by way of issuing new securities) into a company that is either in financial distress or has been placed into voluntary administration.

In the ordinary course, the entity in question will retain some or all of its assets and seek reinstatement to trading following completion of a recapitalisation proposal.

That is what is proposed by the Resolutions set out in this Notice of Meeting. The background on the Company and an overview of the Recapitalisation Proposal is set out in the balance of this Section of the Explanatory Statement below.

1.2 Background

Boulder was incorporated on 1 September 1983 as Boulder Steel Ltd and was subsequently listed on the ASX. Boulder trades under the ASX code "BGD".

Boulder, a resources company, is currently engaged in the planning and development of the Euroa Steel Plant Project (**Project**), an integrated steel making plant to be built in Gladstone, Queensland.

According to Boulder's Directors and senior management, Boulder is in the final stages of completing an Environmental Impact Study (**EIS**) for the Project. The initial advice statement for the Project was submitted to the Queensland State Government on 11 November 2008. On 6 March 2009, the project was referred to the Commonwealth Minister for the Environment.

The EIS went through a public consultation period from 12 January 2013 to 25 February 2013. Additional information to the EIS was requested by the Co-ordinator-General on 16 May 2013. Boulder is currently providing additional information to the EIS. It is anticipated that once satisfactory additional information is provided the government will provide the necessary approvals for the project to commence construction.

The site allocated for construction of the plant is within the Aldoga Precinct of the Gladstone State Development Area (**GSDA**). The plant is designed to

produce 5M tonnes per annum of high quality steel in bloom and round billet form (i.e. semi-finished steel) for export to overseas finishing plants.

Previous estimates provide a total capital expenditure for the Project of around US\$4.28 billion, 80% higher than a similar project in China. The internal rate of return of the Project is 13.64%, much higher than the cost of capital.

1.3 Otsana Recapitalisation Proposal

On 27 February 2014, the Company, Otsana and the administrator executed the DOCA, which embodied a proposal by Otsana for the reconstruction and recapitalisation of the Company (**Recapitalisation Proposal**).

A summary of Otsana's Recapitalisation Proposal, as contained in the DOCA, is set out below:

- (a) Otsana has paid a non-refundable deposit of \$100,000 on or before 5:00pm on 28 February 2014 (**Deposit**). If, for any reason, the Company is recapitalised by a party other than Otsana or the assets of the Company are sold, then the Deed Administrator shall repay Otsana the Deposit from the proceeds of that other recapitalisation proposal or assets sale, in priority to any other payments and immediately after the receipt of those proceeds.
- (b) The DOCA is subject to the satisfaction (or waiver by Otsana) of the following outstanding conditions (**Conditions**) on or before 5:00pm (Sydney time) on 11 August 2014:
 - (i) Shareholder's approving, in general meeting, all resolutions without alteration as proposed by Otsana.
 - (ii) The satisfaction (or waiver by Otsana in its absolute discretion) of the following conditions:
 - (A) all liabilities and long term commitments of the Company as at settlement of the Recapitalisation Proposal being released and compromised via the DOCA;
 - (B) the DOCA is wholly effectuated and the appointment of the Deed Administrator terminates contemporaneously with the payment by the Company of the sum of \$500,000 (including the Deposit) to the trustee of the Creditors Trust Deed;
 - (C) all creditors will be required to prove debts against the trustee of the Creditors Trust Deed as if they were the Company and payments will be made in accordance with the DOCA and the Creditors Trust Deed;
 - (D) the Deed Administrator will attempt to sell shareholdings and all subsidiaries (at no cost to the Company or the Syndicate);
 - (E) all employees of the Company be terminated at no cost to the Company post termination of the DOCA;
 - (F) the Recapitalisation Proposal and the information memorandum to be sent to creditors and Shareholders

respectively shall specify that if the creditors do not approve the Recapitalisation Proposal and the Shareholders do not approve the Recapitalisation Proposal respectively, then the Deed Administrator shall have no other option but to recommend to the creditors that the Company be placed into liquidation; and

- (G) the receipt of Shareholder approval with respect to the terms of the Recapitalisation Proposal; and
- (iii) the Creditors Trust Deed being executed and taking effect and the receipt of \$10.00 by the trustee of the Creditors Trust prior to or at Settlement.
- (c) Subject to Settlement occurring, the Company will pay a further \$100,000 to the trustee of the Creditors Trust within five days of the Company obtaining ASX reinstatement to official quotation.
- (d) Boulder will consolidate its existing Shares on a one (1) for forty six (46) basis (**Consolidation**).
- (e) The Company will proceed with the following issues of securities (on a post-Consolidation basis):
 - (i) up to 50,000,000 Shares to be issued at a price of \$0.00001 each to raise up to \$500 (**Promoter Shares**);
 - (ii) up to 250,000,000 Shares at an issue price of not less than \$0.01 each to raise up to \$2,500,000 (**General Placement Shares**); and
 - (iii) up to 50,000,000 unquoted Options each with an exercise price of \$0.01, expiring on the date which is 4 years after the date of issue, at an issue price of \$0.00001 each to raise up to \$500 (**Promoter Options**),(together, the **Capital Raising**).
- (f) The Company will use \$600,000 of the funds raised from the equity raisings referred to above to reimburse Otsana and to pay creditors (**Creditor Payment**). The balance of the funds are intended to be applied as set out in Section 1.7 of this Explanatory Statement.
- (g) New directors will be appointed to the board of directors of the Company and all of the existing directors will resign.
- (h) The claims of creditors of the Company will be compromised pursuant to the DOCA and the Company will thereafter be debt free.
- (i) Settlement will occur on the date that is five business days after the satisfaction (or waiver) of the last of the Conditions. At Settlement:
 - (i) the Deed Administrator will create the Creditors Trust and effectuate the DOCA;
 - (ii) Otsana will pay \$400,000 into the deed fund;
 - (iii) the existing Directors of the Company must resign and the Proposed Directors will be appointed as directors;

- (iv) the creditors with a PPSR registered interest, if any, will release from its charges all of the assets and undertakings of the Company, and deliver signed discharges to the Company; and
 - (v) the Deed Administrator will resign and lodge a Form 5056 online at ASIC.
- (j) The creditors will accept the amount to be paid to each creditors from the Creditors Trust fund in full satisfaction and complete discharge or all debts following which, they and each of them will, if called upon to do so, execute and deliver to the Company such release of any debt as the Company or Deed Administrator may require.
- (k) The DOCA will terminate:
- (i) immediately after Settlement, or such later time as the Deed Administrator and Otsana provide notice for the purpose of meeting any requirement of the Corporations Act or ASX; and
 - (ii) if:
 - (A) at any time prior to Settlement the Deed Administrator, with the agreement of Otsana, determine that the terms of the DOCA cannot be fulfilled; or
 - (B) Settlement does not occur by 5:00 pm on 11 August 2014,
- the Deed Administrator may terminate the DOCA by notice of termination delivered to the Company, and lodged with ASIC a notice that the DOCA has been terminated and take steps to place the Company into liquidation.

Further to the Recapitalisation Proposal, it was agreed that the Company would:

- (a) incorporate or acquire a company to be jointly owned by the Company and GSPL, this company is Euroa Steel Plant Project Pty Ltd (**ESPP**);
- (b) attend to transfer all of the existing business and assets of the Company to ESPP;
- (c) in consideration for making of making a payment to the Company of 50% of the Creditor Payment, being \$300,000, GSPL would acquire a 50% interest in an incorporated joint venture comprising the existing assets of the Company held by ESPP; and
- (d) the Company would hold a 50% interest in the incorporated joint venture with GSPL over the existing assets of the Company which will have been transferred to ESPP.

1.4 Material contracts to the recapitalisation

Asset Sale Agreement

Following effectuation of the DOCA, the Company intends to enter into an agreement with ESPP pursuant to which the Company will agree to sell and ESPP will agree to purchase the business and assets of the Company (**Asset Sale Agreement**).

The key terms of the Asset Sale Agreement are as follows:

- (a) The Company agrees to sell and ESPP agrees to acquire all of the business and assets of the Company.
- (b) Settlement of the acquisition is conditional upon the satisfaction or waiver of the following conditions precedent (**Conditions Precedent**):
 - (i) all transaction documents relating to the Recapitalisation Proposal being executed and all conditions precedent to those document being satisfied or waived;
 - (ii) the Company obtaining, and doing all things required to obtain, the requisite Shareholder approvals and all other approvals, to give effect to the terms of the Recapitalisation Proposal;
 - (iii) Otsana declaring the Recapitalisation Proposal unconditional;
 - (iv) all consents, approvals and transfers necessary or relevant for the sale and purchase of the business and assets and all other applicable transactions contemplated by the Asset Sale Agreement to take place without breaching any law or agreement are granted and received; and
 - (v) the Company obtaining, and doing all things required to obtain, the requisite Shareholder approvals, to give effect to the settlement of the Asset Sale Agreement, pursuant to the ASX Listing Rules and the Corporations Act.
- (c) The consideration for the acquisition of the business and assets of the Company is a nominal amount.

Shareholders Deed

Following effectuation of the DOCA, the Company and GSPL intend to enter into a shareholders deed in connection with their incorporated joint venture interest in ESPP to set out their aims and objects in relation to ESPP and how ESPP will manage its affairs and carry on its business (**Shareholders Deed**).

Each party's initial interest in ESPP will be 50%, and they are each entitled to appoint two directors to the board of directors of ESPP (**ESPP Board**). The initial members of the ESPP Board will be appointed by agreement. A representative of GSPL will be appointed to manage the business and operations of ESPP.

Under the Shareholders Deed, if the ESPP Board considers that ESPP requires further funds, the funding may be obtained by way of equity, loans, a cash call or any of them, unless the shareholders of ESPP (**ESPP Shareholders**) agree otherwise.

For at least 12 months following the execution date of the Shareholders Deed (unless the ESPP Board otherwise determines) and thereafter for so long as GSPL nominates to sole finance ESPP's operations, all funding of ESPP must be provided by way of debt finance from GSPL (and not equity contributions from the ESPP Shareholders). After at least 12 months following the execution date of the Shareholders Deed (and unless the ESPP Board otherwise determines), any debt or loans provided by GSPL (before or after the date of the Shareholders Deed) may be converted into equity in ESPP.

Any dilution of the Company's interest in ESPP below 50% is subject to and conditional upon the Company obtaining any required Shareholder approvals.

The Shareholder Deed also provides that if the Company enters into a transaction that would be regarded as a change in nature and/or scale of Company's activities in accordance with ASX Listing Rule 11.1.2 then, the Company must notify GSPL in writing and is deemed to have granted to GSPL a call option to acquire all of the Company's shares in ESPP at the relevant time, for a total sale price of \$1.00 (**Call Option**). If the Call Option is exercised, the Company must obtain Shareholder approval for the sale of shares in ESPP to GSPL.

The Company is also entitled under the Shareholder Deed to require GSPL to purchase all of the shares which the Company holds in ESPP for a total sale price of \$1.00 (**Put Option**) by giving written notice to GSPL. If the Put Option is exercised, completion of the sale of shares in ESPP to GSPL will be subject to the receipt of any necessary regulatory or Shareholder approvals. The Put Option allows BST to exit the Project at any time should the Company consider it has become not commercially viable.

The Shareholders Deed contains such other terms and conditions as are standard for an agreement of this nature.

Creditors Trust Deed

Pursuant to the terms of the DOCA, the Company has agreed to establish a trust (the **Creditors Trust**) to deal with the debts and claims against the Company that, but for the release of claims under the DOCA, would have been payable by the Company.

The Creditors Trust Deed provides for the establishment of the Creditors Trust and sets out, amongst other things, the powers of the trustee of the Creditors Trust and the manner of distribution of trust funds.

1.5 Capital Raising

The Company will, following all of the Resolutions being passed, offer the Promoter Securities and General Placement Shares to raise up to \$2,501,000.

The funds raised will enable the recapitalisation of the Company to be completed and enable the Company to meet its initial objectives and proposed expenditure plans.

The Company will make an application to ASX for its Securities to be reinstated to trading on the official list of ASX.

The purpose of the capital raising is to:

- (a) fund the Company's on-going operations;
- (b) provide funds to develop the Company's existing business;
- (c) provide funds for the acquisition and development of other investments, as identified by the Company; and
- (d) meet the administration costs of the Company and the expenses of the recapitalisation of the Company, including payments for the benefit of creditors pursuant to the DOCA.

1.6 Indicative timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal, subject to compliance with all regulatory requirements.

	Indicative Timing*
General Meeting of Shareholders ASX notified whether Shareholders' approval has been granted for the Resolutions	6 August 2014
Offers open for the General Placement, following notification to ASX that the Resolutions were approved by Shareholders	6 August 2014
Date that would ordinarily be the last day for trading in pre-Consolidation securities	7 August 2014
Date that securities would ordinarily commence trading on a deferred settlement (post-Consolidation) basis**	8 August 2014
Offers close for the General Placement	12 August 2014
Last day to register transfers on a pre-Consolidation basis (although the Company is anticipated to remain suspended at this stage)	12 August 2014
First day for the Company to send notice to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Consolidation basis First day for issue of new holding statements and certificates	13 August 2014
Settlement of the Recapitalisation Proposal, including issue of Promoter Shares, Promoter Options and General Placement Shares	19 August 2014
Dispatch date – deferred settlement market ends** Last day for the Company to send notice to each security holder of the change in their details of holdings Last day for despatch of new holding statements and certificates Lodgement of cleansing prospectus to permit secondary trading on the ASX.	19 August 2014
Normal T+3 trading anticipated to commence on a post-Consolidation basis and commencement of trading of Securities, including the Promoter Shares and General Placement Shares, on ASX (subject to ASX agreeing to reinstate the Company's Securities to quotation).	20 August 2014

* The Proposed Directors and Deed Administrator reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Optionholders. The above table is indicative only.

** As the Company's securities are anticipated to be suspended from trading, deferred settlement trading will not occur.

1.7 Use of funds

An indicative two year expenditure budget for the funds raised is set out below:

Total funds raised	Minimum subscription \$1,951,000¹	Full subscription \$2,501,000
Cost of recapitalisation process	\$100,000	\$100,000
Payment of re-listing fees (estimated)	\$20,000	\$20,000
Creditor Payment ²	\$600,000	\$600,000
Payment to Otsana (corporate fee)	\$200,000	\$200,000
Review and development of existing business	\$500,000	\$700,000
Review of new projects	\$350,000	\$500,000
Working capital	\$181,000	\$381,000
Total	\$1,951,000	\$2,501,000

Notes:

1. Based on a minimum subscription under the General Placement of \$1,950,000, which is anticipated to be necessary to comply with requirements of the ASX and raising \$1,000 by virtue of the issue of the Promoter Shares and grant of the Promoter Options.
2. GSPL has agreed to make a payment to the Company of 50% of the Creditor Payment in consideration for the acquisition of a 50% interest in ESPP.

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time. The Company's review and development plans are the best estimates available to the Company at this time. It is important to recognise that work programs are subject to changes in line with emerging results and circumstances.

The "Review of new projects" are proposed to include expenditure in sourcing and reviewing both complementary acquisitions which may potentially add to the existing business model as well as acquisitions or investments in industries which are different to the existing business operated by Boulder or otherwise these funds will be applied towards general working capital. As with any business, the exact application of these funds is likely to develop and evolve over time.

In practical terms it is proposed that the budgeted expenditure outlined above will be aimed, subject to the potential changes noted above and budgeted expenditure on new projects, towards the review and finalisation of the EIS. If successful this will allow Boulder to seek project partners and financiers for the construction of the Project, which will involve the review of existing supply and procurement contacts as well as seeking the tenders for the construction contracts.

1.8 Pro-forma capital structure

The estimated proposed capital structure post Settlement (assuming all Resolutions are approved, the General Placement is fully subscribed and no Options are exercised) is set out in the table below.

The Company proposes to also lodge a transaction specific prospectus for the offer of the Promoter Securities and General Placement Shares.

Securities	Shares	Options
Currently on issue	552,596,852	300,123,255 ¹
Post Consolidation (1:46)	12,012,976	6,524,419 ²
Promoter Shares and Promoter Options	50,000,000	50,000,000 ³
General Placement Shares	250,000,000	-
TOTAL	312,012,976	56,524,419

Notes:

1. Comprising on a pre-Consolidated basis:
 - (a) 284,673,255 quoted Options exercisable at \$0.10 each on or before 30 June 2015; and
 - (b) 15,450,000 unquoted Options exercisable at \$0.20 each on or before 31 October 2015.
2. These Options will be significantly "out of the money" after the Consolidation.
3. Promoter Options exercisable at \$0.01 each (on a post-Consolidation basis) on or before the date which is 4 years after the date of issue, at an issue price of \$0.00001 each.

1.9 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following Settlement is set out in Schedule 2.

1.10 Proposed directors

As noted above, upon Settlement, all of the Directors and company secretary of Boulder will resign and the Proposed Directors and a new company secretary will be appointed to Boulder.

Set out below are summaries of the background and experience of each of the Proposed Directors.

Faldi Ismail – proposed Executive Chairman

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies.

He is also the founder and owner of Otsana Capital, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and Initial Public Offerings (IPO's).

With many years of investment banking experience and significant international experience, Mr Ismail has advised on the structuring of acquisitions and joint ventures in numerous countries.

Mr Ismail is currently a director and CEO of Kalimantan Gold Corporation Limited (TSX-V/AIM Listed), director of ASX listed Style Limited (ASX: SYP) and WHL Energy Limited (ASX: WHN).

John Ciganek – proposed Non-Executive Director

Mr Ciganek has over 20 year experience as a senior executive within mining and investment banking. Most recently, he was General Manager Corporate Development for PMI Gold Corporation, an AIM and TSX list developer with gold assets in Ghana. Prior to PMI Gold Corporation, he held various investment banking roles including partner/co-founder of Everspring Partners, Resources Analyst for BBY, associate director for BurnVoor Corporate Finance and Risk Executive with Commonwealth Bank. Mr Ciganek is a qualified Mining Engineer and holds a Masters of Business of Administration.

Nicholas Young – proposed Non-Executive Director

Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance and is a Chartered Accountant. Nicholas commenced his career at Pitcher Partners and has gained valuable experience in Australia and Southern Africa in corporate restructuring, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX listed companies.

1.11 Business plan and strategy

(a) Environmental Impact Study

The Environmental Impact Study (**EIS**) is one of the remaining hurdles in order for the Project to proceed. On 12 January 2013, the EIS was made public and underwent a 6 week public consultation period. During the public consultation period the EIS summary could be downloaded from the Queensland Government's Department of State Development, Infrastructure and Planning website (<http://www.dsdip.qld.gov.au/assessments-and-approvals/gladstone-steel-making-facility.html>) with a full copy available at the State Library of Queensland.

The EIS has been project managed by CQG Consulting (**CQG**) who have engaged technical expertise for specific input in specialist areas. The EIS addresses infrastructure, land and nature conservation, air quality and greenhouse gases, noise and vibration, waste, transportation, cultural heritage, social and economic benefits, hazard and risk along with a proposed environmental management plan and systems. CQG has prepared the EIS in accordance with the Coordinator-General's terms of reference, which were published on 23 November 2009.

The public consultation period has taken place and as a result Boulder has a number of queries and questions to address prior to the EIS being finalised. Once Boulder has addressed all of the questions raised as a result of the public consultation period the Coordinator-General will prepare a report evaluating the EIS and in consideration of other material pursuant to Section 35 of the *State Development and Public Works Organisation Act 1971 (SDPWO Act)*. It is open to the Coordinator-General to either approve the project with or without conditions, or reject it. Subject to this decision, Boulder will make a final investment decision soon afterwards.

(b) **Project Raw Material Supply and Off-take**

Raw materials will be delivered by sea and will be unloaded within Port Curtis and transported by trucks to the plant site. On 21 September 2012, Boulder signed a Letter of Intent for the supply of iron ore with Chichester Metals Pty Ltd, a subsidiary of Fortescue Metals Group.

Coal can be sourced from the Bowen Basin and delivered to the vicinity of the site by rail. On 12 October 2012, Boulder signed a non-binding Letter of Intent with Wesfarmers Curragh Pty Ltd for the supply of hard coking coal and PCI coal produced from the Curragh mine, located in Central Queensland. On 19 September 2012, Boulder signed a Memorandum of Understanding with Xstrata Coal Queensland Pty Ltd for the supply of coal. On 14 September 2012, BHP Billiton Mitsubishi Alliance provided a letter expressing its interest in tendering for the supply of coal for the Project.

Other raw materials, such as lime can be sourced locally. Boulder signed a non-binding Letter of Intent with Phoenix Lime Pty Ltd on 17 September 2012 for the supply of limestone and burnt lime.

On 24 January 2013, Boulder announced that it had signed a Letter of Intent (**LOI**) for the supply of steel slabs with Panyu Chu Kong Steel Pipe Co. Ltd (**PCK**), a wholly owned subsidiary of Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd (**Chu Kong**) for the potential off-take by PCK of up to 2.2 million tonnes a year, from a total proposed production of 5 million tonnes per year, once Project is in operation.

Chu Kong is listed on the Hong Kong stock exchange and employs more than 3,800 employees.

The LOI formed the basis for Boulder and PCK to negotiate a formal off-take agreement, which would be subject to approval from the Queensland Government of the Project's EIS, the financing of the project, the Project being completed and agreement as to price or a pricing formula for the steel slabs and any other applicable conditions.

Under the LOI, there is a requirement to enter into a formal off-take agreement between Boulder and PCK within a period of 12 months from execution of the LOI. This has not occurred.

Boulder intends to review the above agreements and if commercial will, where necessary, look to extend the validity period the agreements as this may assist Boulder to secure project finance for construction of the Project.

(c) **Proposed Project Capabilities**

The ESPP is the construction and operation of a 5 mtpa steel plant producing semi-finished steel slabs and billets and other products such as blooms and round billets for seamless tube, and potentially downstream products such as hot rolled coil, for export to Asia and other markets

The Project will be a world leading state-of-the-art flat steel products plant. It will be the only one of its type in the Asia Pacific region. Existing demand exceeds the Project's capacity by at least a factor of two.

The Project, once constructed will be 5km long and 1.25km wide. The total land area required to be occupied by the Project is 7.3 sq km (730 hectares). There is currently a land purchase agreement draft in place with the Queensland Government.

Two blast furnaces of 3,200 cubic meters are included in the Project that will produce 5 mtpa of semi finished steel slabs and billets. Below is an illustration of a blast furnace.

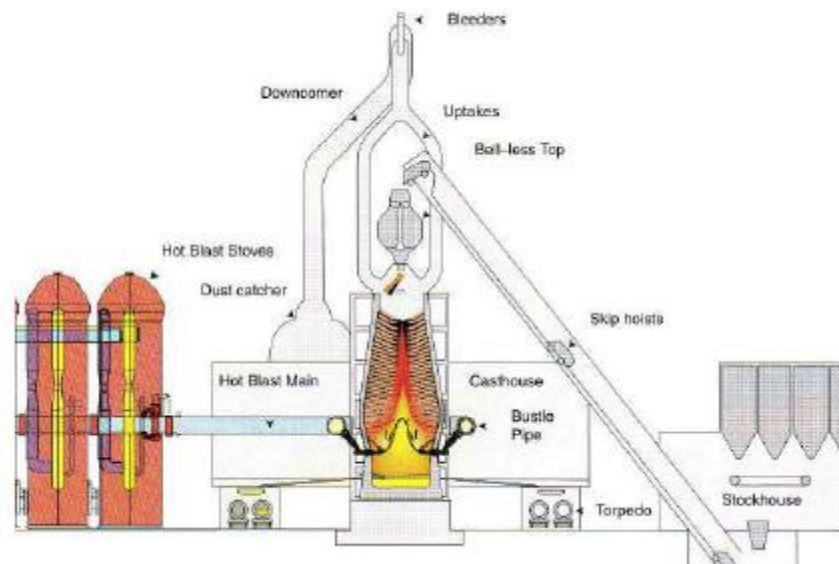


Figure 1: Illustration of a Blast Furnace

(d) **Project economic and social benefits**

Since project inception, Boulder has been committed to delivering the Project in accordance with the principle of sustainable development. To this end, Boulder is looking to:

- add Value-add to Australia's natural resources by utilising its coal, iron ore and limestone to produce at Gladstone the finished product of high grade steel;
- develop a closed loop system for the integrated steel plant whereby wastes from the steel making process become inputs for other industries. This will include the capture of waste heat to generate electricity via a third-party co-generation plant and the recycling of granulated slag from the steel plant to the cement and construction industries;
- locate all of the facilities (steel plant, private haul road, material stockpiles and shipping berths) on lands designated and already approved for industrial development;
- investigate various options for delivery of raw materials to minimise impacts;
- design the plant and equipment in a manner that uses scrap steel as feed to the plant, thus recycling this waste product; and
- develop truck trailers that can readily transport a mix of products (iron ore, semi-finished steel product and blast furnace granulated slag) and implement this back loading operation to reduce the

number of trips made by haul trucks and therefore reduce fuel usage.

Gladstone State Development Area (**GSDA**) is an area set aside by the Queensland Government under Section 70 of the SDPWO Act for industrial development. The proposed Project site is within the Aldoga Precinct of the GSDA, with a private haul road located within the GSDA's materials transportation and services corridor.

The construction phase of the Project is expected to employ a peak construction workforce of 2,000 persons and a long-term operational workforce of approximately 1,800 persons (comprising over 1,200 on-site personnel and over 500 full-time equivalent contractors). Employing locally is a key objective for Boulder and is aiming to achieve 40% local employment during the construction phase and does not intend to have fly-in fly-out employees for the operational phases of the project.

The Queensland State Government has endorsed the development of a steel making facility in the GSDA. The Gladstone Mayor has provided her support for the Project, quoting in her letter in February 2014 "the size of the project and the opportunity to diversify our manufacturing sector make it the ideal fit for our economy".

There are a number of taxation benefits for the Project, including no taxes on exported steel products or imported materials, all GST paid on inputs is refunded as the production is all for export, there is potential for a zero payroll tax for 5 to 10 years after start-up, potential relief from 5% import duty on equipment and accelerated plant depreciation thereby increasing the amount of the tax deduction.

(e) **Other opportunities**

In addition to the above, the new management team will actively seek out complementary and non-complementary assets, investments and businesses that will generate additional shareholder value.

1.12 Reinstatement to official quotation

The Company is already admitted to the official list of ASX, however, trading in the Company's Securities was suspended on 22 July 2013. Following Settlement, the Company will apply to ASX for reinstatement to trading of its Securities on ASX.

Reinstatement to trading is at the discretion of ASX and will be subject to compliance with ASX and Corporations Act regulatory requirements. The Company will seek reinstatement to trading to occur soon after Settlement, subject to ASX's discretion and compliance with all conditions it applies to the Company's reinstatement.

1.13 Effect of the Recapitalisation Proposal

For the purposes of this Explanatory Statement, the following information is provided for consideration by the existing Shareholders.

The Company's Securities were last traded on ASX on 19 July 2013. Prior ASX share trading prices for the Company are not considered a reliable basis to assess the new Shares.

Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the new Shares. Accordingly, the current implicit value of the Shares at the date of this Explanatory Statement is nil.

The effect of the Recapitalisation Proposal is that the Company will dispose of all of its business (including all its operating assets) to a new company to be controlled by an incorporated joint venture between the Company and GSPL, this company is ESPP. That agreement is conditional upon Shareholders approving the disposal of the business to ESPP and GSPL acquiring a 50% interest in ESPP.

The advantages of passing the Resolutions and subsequent Settlement include:

- (a) a cash injection of up to approximately \$2,500,000 into the Company, together with negligible liabilities, compared with the current position whereby the Company is in a net liability position; and
- (b) the Company's ability to seek reinstatement to trading of its Securities on ASX is enhanced. By obtaining reinstatement to trading of the Company's Securities, the Shareholders are offered potential liquidity to sell their post-Consolidation shareholdings on ASX.

The principal disadvantage to Shareholders is that their existing shareholdings will be diluted following the Consolidation on a one (1) for forty six (46) basis and the issue of Promoter Securities and General Placement Shares pursuant to Resolutions 2 to 4. However, this must be balanced with the fact that their existing shareholdings currently have nil value and the fact that, should the Recapitalisation Proposal not proceed, the Company could be placed into liquidation. Following Settlement, their reduced shareholdings would have value based on the cash raised by the Company and the return to liquidity through reinstatement to trading on ASX.

1.14 Vision of the Board and Proposed Directors

The Board initially intends to raise sufficient funds to ensure the Company's current business operations can continue operating as a going concern.

Following the issue of the Promoter Securities and General Placement Shares contemplated by this Notice of Meeting, the Board and Proposed Directors intend to review the previous strategy implemented by the Company with a view to the Company pursuing other acquisitions that have a strategic fit or will otherwise add value to Shareholders. Thereafter, the business plan going forward will focus on strategies that will generate the greatest returns and value for Shareholders.

While no arrangements are currently in place for new businesses or assets, the Proposed Directors are confident that the Company will attract new business or asset opportunities once it has sufficient cash to meet its commitments going forward.

2. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

2.1 Background

Resolution 1 seeks Shareholder approval for the Company to undertake a consolidation of its capital (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

Resolution 1 is subject to all Resolutions being approved by Shareholders.

2.2 Legal requirements

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that in respect of options, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

2.3 Fractional entitlements

Not all Securityholders will hold that number of Shares or Options which can be evenly divided by 46. Any fractional entitlements of Securityholders as a consequence of the Consolidation will be rounded up to the nearest whole Share or Option as the context requires.

2.4 Effect on capital structure

The effect of the Consolidation on the capital structure of the Company (excluding additional issues contemplated in this Notice), as illustrated in the table in Section 1.8 of this Explanatory Statement and below, is that each holding of Securities will be reduced by 46 times its current level (subject to rounding). In addition, the exercise price of the Options will be increased by 46 times its current level. However, each Securityholder's proportional interest in the Company's capital will remain unchanged as a result of the Consolidation.

Security	Current	Post-Consolidation
Shares	552,596,852	12,012,976
Total Shares	552,596,852	12,012,976
Options (quoted) (exercise price: \$0.10 (\$4.60 post-Consolidation) (expiry date: 30/06/2015)	284,673,255	6,188,549
Options (unquoted) (exercise price: \$0.20 (\$9.20 post-Consolidation) (expiry date: 31/10/2015)	15,450,000	335,870
Total Options	300,123,255	6,524,419

2.5 Taxation implications

It is not considered that any taxation implications will exist for Securityholders arising from the Consolidation. However, Securityholders are advised to seek their own tax advice on the effect of the Consolidation. Neither the Company, Otsana nor the Deed Administrator (or any of their advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

2.6 Holding statements and certificates

From the date the Consolidation is approved by Shareholders all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares or Options, as the context requires, on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange, in accordance with the timetable set out below, for new holding statements for Shares and Options to be issued to Shareholders and Optionholders respectively.

It is the responsibility of each Securityholder to check the number of Shares or Options held prior to disposal or exercise (as the case may be).

2.7 Indicative Timetable

If Resolution 1 is passed and all other Resolutions are passed, the Consolidation will take effect from the date on which this Resolution 1 is passed pursuant to the timetable set out in Section 1.6 of this Explanatory Statement and in accordance with the timetable set out in Appendix 7A (paragraph 8) of the ASX Listing Rules.

3. RESOLUTION 2 – ISSUE OF PROMOTER SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the issue of up to 50,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.00001 per Share to raise up to \$500 (**Promoter Shares**).

Resolution 2 is subject to all Resolutions being approved by Shareholders.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Promoter Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Promoter Shares:

- (a) the maximum number of Promoter Shares to be issued is 50,000,000 (on a post-Consolidation basis);
- (b) the Promoter Shares are anticipated to be issued upon Settlement and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Promoter Shares will occur on the same date;
- (c) the issue price will be \$0.00001 per Promoter Share (on a post-Consolidation basis);

- (d) the Promoter Shares will be issued to the Promoter Nominees. Other than as contemplated by Resolutions 8 to 10, none of these subscribers will be related parties of the Company;
- (e) the Promoter Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the Promoter Shares as described in Section 1.7 of this Explanatory Statement.

4. RESOLUTION 3 – ISSUE OF GENERAL PLACEMENT SHARES

4.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 250,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.01 per Share to raise up to \$2,500,000 (**General Placement Shares**).

As part of the issue of General Placement Shares, it is the Company's intention to make available to existing Shareholders (other than related parties) a priority offer to acquire a total of up to 25,000,000 General Placement Shares (on a post-Consolidation basis) (**Priority Offer**).

It is intended that the Priority Offer will be made via a prospectus, subject to Shareholder approval being obtained pursuant to Resolution 3.

In the event that existing Shareholders do not subscribe for all General Placement Shares under the Priority Offer, any shortfall will be made available to Promoter Nominees.

Resolution 3 is subject to all Resolutions being approved by Shareholders.

A summary of ASX Listing Rule 7.1 is set out in Section 3.1 above.

The effect of Resolution 3 will be to allow the Company to issue the General Placement Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the General Placement Shares:

- (a) the maximum number of General Placement Shares to be issued is 250,000,000 (on a post-Consolidation basis);
- (b) the General Placement Shares are anticipated to be issued upon Settlement and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the General Placement Shares will occur on the same date;
- (c) the issue price will be \$0.01 per General Placement Share (on a post-Consolidation basis);

- (d) the General Placement Shares will be issued to both existing Shareholders under the Priority Offer and to the Promoter Nominees. The identity of those parties is not yet known. Other than as contemplated by Resolutions 8 to 10, none of these subscribers will be related parties of the Company;
- (e) the General Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the General Placement Shares as described in Section 1.7 of this Explanatory Statement.

5. RESOLUTION 4 – ISSUE OF PROMOTER OPTIONS

5.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 50,000,000 Options (on a post-Consolidation basis) at an issue price of \$0.00001 per Option to raise up to \$500 (**Promoter Options**).

Resolution 4 is subject to all Resolutions being approved by Shareholders.

A summary of ASX Listing Rule 7.1 is set out in Section 3.1 above.

The effect of Resolution 4 will be to allow the Company to issue the Promoter Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue the Promoter Options:

- (a) the maximum number of Promoter Options to be issued is 50,000,000 (on a post-Consolidation basis);
- (b) the Promoter Options are anticipated to be issued upon Settlement and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price will be \$0.00001 per Promoter Option (on a post-Consolidation basis);
- (d) the Promoter Options will be issued to the Promoter Nominees. Other than as contemplated by Resolutions 8 to 10, none of these subscribers will be related parties of the Company;
- (e) the Promoter Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) the Company intends to use the funds raised from the issue of the Promoter Options as described in Section 1.7 of this Explanatory Statement.

6. RESOLUTIONS 5 TO 7 – ELECTION OF DIRECTORS – FALDI ISMAIL, JOHN CIGANEK AND NICHOLAS YOUNG

At Settlement, the current Directors and company secretary of the Company will resign and the Proposed Directors and, a new company secretary will be appointed to Boulder.

Resolutions 5 to 7 seek approval for the election of Faldi Ismail, John Ciganek and Nicholas Young as directors with effect from Settlement.

Rule 6.1(c) of the Constitution provides that the Company may by resolution elect any natural person to be a director of the Company, either as an addition to the existing directors or as otherwise provided in the Constitution.

Refer to Section 1.10 of the Explanatory Statement for a summary of the background and experience of the Proposed Directors.

Resolutions 5 to 7 are subject to all Resolutions being approved by Shareholders.

7. RESOLUTIONS 8 TO 10 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES

7.1 General

Pursuant to Resolutions 2, 3 and 4 the Company is seeking Shareholder approval for the issue of up to:

- (a) 50,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.00001 per Share to raise \$500 (**Promoter Shares**);
- (b) 250,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.01 per Share to raise up to \$2,500,000 (**General Placement Shares**); and
- (c) 50,000,000 Options (on a post-Consolidation basis) at an issue price of \$0.00001 per Option to raise up to \$500 (**Promoter Options**),

(together, the **Capital Raising**).

Faldi Ismail, John Ciganek and Nicholas Young (**Proposed Directors**) wish to participate in the Capital Raising.

Resolutions 8 to 10 seek Shareholder approval for the issue of up to:

- (a) 30,000,000 General Placement Shares (on a post-Consolidation basis);
- (b) 30,000,000 Promoter Shares (on a post-Consolidation basis); and
- (c) 30,000,000 Promoter Options (on a post-Consolidation basis),

to the Proposed Directors (or their respective nominees) arising from the participation by the Proposed Directors in the Capital Raising (**Participation**).

Resolutions 8, 9 and 10 are subject to all Resolutions being approved by Shareholders.

7.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Promoter Shares, General Placement Shares and Promoter Options which constitutes giving a financial benefit and the Proposed Directors are related parties of the Company by virtue of being proposed directors of the Company.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the Participation.

7.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the related parties are Messrs Ismail, Ciganek and Young and they are related parties by virtue of being proposed Directors of the Company;
- (b) the maximum number of Promoter Shares, General Placement Shares and Promoter Options (being the nature of the financial benefits being provided) to be issued to the Proposed Directors will be as follows:
 - (i) up to 10,000,000 General Placement Shares, 10,000,000 Promoter Shares and 10,000,000 Promoter Options (all on a post-Consolidation basis) to Faldi Ismail (or his nominee);
 - (ii) up to 10,000,000 General Placement Shares, 10,000,000 Promoter Shares and 10,000,000 Promoter Options (all on a post-Consolidation basis) to John Ciganek (or his nominee); and
 - (iii) up to 10,000,000 General Placement Shares, 10,000,000 Promoter Shares and 10,000,000 Promoter Options (all on a post-Consolidation basis) to Nicholas Young (or his nominee);
- (c) the maximum number of Promoter Shares, General Placement Shares and Promoter Options to be issued is up to 30,000,000 General Placement Shares, 30,000,000 Promoter Shares and up to 30,000,000 Promoter Options (all on a post-Consolidation basis);

- (d) the Promoter Shares, General Placement Shares and Promoter Options will be issued to the Proposed Directors no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Promoter Shares, General Placement Shares and Promoter Options will occur on the same date;
- (e) the issue price will be:
- (i) \$0.00001 per Promoter Share (on a post-Consolidation basis), being the same price as all other Promoter Shares issued under the Capital Raising;
 - (ii) \$0.01 per General Placement Share (on a post-Consolidation basis), being the same price as all other General Placement Shares issued under the Capital Raising; and
 - (iii) \$0.00001 per Promoter Option (on a post-Consolidation basis), being the same as all other Promoter Options issued under the Capital Raising;
- (f) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 1.7 of this Explanatory Statement;
- (g) the Promoter Shares and General Placement Shares issued under the Capital Raising will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the Promoter Options will be issued on the same terms and conditions as all other Promoter Options issued under the Capital Raising, being those set out in Schedule 1;
- (i) the value of the financial benefit provided to each Proposed Director is calculated by the number of securities being issued to that Proposed Director multiplied by the issue price under the General Placement and is set out below:

Securities	Value per Security	Financial Benefit
Faldi Ismail		
10,000,000 Promoter Shares	\$0.01	\$100,000
10,000,000 General Placement Shares	\$0.01	\$100,000
10,000,000 Promoter Options	\$0.006357	\$63,572
TOTAL		\$263,572

John Ciganek		
10,000,000 Promoter Shares	\$0.01	\$100,000
10,000,000 General Placement Shares	\$0.01	\$100,000
10,000,000 Promoter Options	\$0.006357	\$63,572
TOTAL		\$263,572
Nicholas Young		
10,000,000 Promoter Shares	\$0.01	\$100,000
10,000,000 General Placement Shares	\$0.01	\$100,000
10,000,000 Promoter Options	\$0.006357	\$63,572
TOTAL		\$263,572

The Company has been suspended from trading since July 2013, with the last trading price of the Company prior to going into administration being \$0.016.

However, pursuant to the General Placement, the Company will be issuing Shares at \$0.01, and the Proposed Directors therefore consider that \$0.01 is a more appropriate valuation for the cost of the Promoter Shares and General Placement Shares being issued, the subject of Resolutions 8, 9 and 10.

- (j) the value of the Promoter Options to be issued to the Proposed Directors and the valuation methodology is set out in Schedule 3;
- (k) the relevant interests of the Proposed Directors in the securities of the Company are set out below:

Related Party	Shares	Options
Faldi Ismail	Nil	Nil
John Ciganek	Nil	Nil
Nicholas Young	Nil	Nil

- (l) the remuneration and emoluments from the Company to the Proposed Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Financial year ended 30 June 2015	Financial year ended 30 June 2014
Faldi Ismail	\$36,000	Nil
John Ciganek	\$36,000	Nil
Nicholas Young	\$36,000	Nil

- (m) if the Promoter Shares, General Placement Shares and Promoter Options are issued to the Proposed Directors and the Promoter Options are exercised into Shares, a total of 90,000,000 Shares (on a post-Consolidation basis) would be issued. This will increase the number of Shares on issue from 12,012,976 to 342,012,976 (assuming that no other Options are exercised and no Shares other than those contemplated by Resolutions 2 and 3 of this Notice are issued), with the effect that the Shareholding of existing Shareholders would be diluted by an aggregate of 26.31%, comprising 8.77% by Faldi Ismail, 8.77% by John Ciganek and 8.77% by Nicholas Young.

The market price for Shares during the term of the Promoter Options would normally determine whether or not they are exercised. If, at any time any of the Promoter Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Promoter Options, there may be a perceived cost to the Company.

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	2.5 cents	11, 12, 13, 14, 17, 18, 19, 20 & 24 June 2013
Lowest	1.6 cents	19 July 2013
Last	1.6 cents	19 July 2013

Shareholders should note that the Company's securities were suspended from quotation on 22 July 2013 and remain in suspension;

- (o) the primary purpose of the issue of the Promoter Shares, General Placement Shares and Promoter Options is to allow the Proposed Directors to participate in the Capital Raising; and
- (p) none of the Directors of the Company has an interest in the outcome of Resolutions 8 to 10. The Directors do not make a recommendation because the Company is subject to a Deed of Company Arrangement. However, it is noted that:
- (i) the issue of Promoter Shares, General Placement Shares and Promoter Options pursuant to Resolutions 8 to 10 are on the same terms as the issue of Promoter Shares, General Placement Shares and Promoter Options under the Capital Raising; and
 - (ii) the issue of Promoter Shares, General Placement Shares and Promoter Options to the Proposed Directors might be regarded as aligning the interests of the Proposed Directors with those of Shareholders; and
- (q) the Proposed Directors and the Deed Administrator are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 8 to 10.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Promoter Shares, General Placement Shares and Promoter Options to the

Proposed Directors (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTION 11 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 11 seeks the approval of Shareholders for the Company to change its name to "BGD Corporation Ltd".

If Resolution 11 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 11 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Recapitalisation Proposal in order to effect the change.

Resolution 11 is subject to all Resolutions being approved by Shareholders.

9. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

9.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 12 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2010.

The Proposed Directors and Deed Administrator believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in Resolution 11;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Proposed Directors and Deed Administrator believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Deed Administrator (Level 2, 350 Kent Street, Sydney, NSW 2000). A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Deed Administrator (+61 2 9299 2289). Shareholders are invited to contact the Deed Administrator if they have any queries or concerns.

Resolution 12 is subject to all Resolutions being approved by Shareholders.

9.2 Summary of material proposed changes

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Proposed Directors and Deed Administrator consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

Asset Sale Agreement has the meaning given in Section 1.4 of the Explanatory Statement.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Call Option has the meaning given in Section 1.4 of the Explanatory Statement.

Capital Raising has the meaning given in Section 1.3(e) the Explanatory Statement.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Boulder** means Boulder Steel Limited (Subject To Deed of Company Arrangement) (ACN 009 074 588).

Conditions Precedent has the meaning given in Section 1.4 of the Explanatory Statement.

Consolidation means the consolidation, on a one (1) for forty six (46) basis, of the Company's existing Securities.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Creditor Payment has the meaning given in Section 1.3(f) of the Explanatory Statement.

Creditors Trust means the trust established pursuant to the Creditors Trust Deed.

Creditors Trust Deed means the Boulder Creditors Trust Deed between the Company and the Deed Administrator.

Deed Administrator means Steven Nicols of Nicols + Brien Business Recovery.

DOCA means the deed of company arrangement between the Company, Otsana and Steven Nicols dated 27 February 2014, which embodies the Recapitalisation Proposal.

Directors means the current directors of the Company.

ESPP means Euroa Steel Plant Project Pty Ltd (ACN 169 438 500).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

General Placement means the offer of up to 250,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.01 each to raise up to \$2,500,000.

General Placement Shares means up to 250,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.01 each.

GSPL means Gladstone Steel Pty Ltd (ACN 169 371 028).

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Otsana or **Promoter** means Otsana Pty Ltd (ACN 145 168 216) trading as Otsana Capital.

Project has the meaning given in section 1.2 of the Explanatory Statement.

Promoter Nominees means Otsana, any sophisticated or professional investors nominated by Otsana to receive Promoter Securities and General Placement Shares, and their associates.

Promoter Options means up to 50,000,000 Options (on a post-Consolidation basis), with an issue price of \$0.00001 each, to be issued to the Promoter Nominees, exercisable at \$0.01 each and expiring on the date that is 4 years after the date of issue.

Promoter Securities means the Promoter Shares and Promoter Options.

Promoter Shares means up to 50,000,000 Shares (on a post-Consolidation basis) to be issued to the Promoter Nominees at an issue price of \$0.00001 each, to raise up to \$500.

Proposed Directors means Faldi Ismail, John Ciganek and Nicholas Young.

Proxy Form means the proxy form accompanying the Notice.

Put Option has the meaning given in Section 1.4 of the Explanatory Statement.

Recapitalisation Proposal means the proposal submitted by Otsana to the Company to reconstruct and recapitalise Boulder in order that the Company can continue to operate as a going concern and seek reinstatement to trading on ASX.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Security means a Share or Option as the context requires.

Securityholder means a holder of a Security.

Settlement means settlement and completion of the Recapitalisation Proposal which is anticipated to occur as soon as practicable after the date of the Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Shareholders Deed means has the meaning given in Section 1.4 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PROMOTER OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date which is 4 years after the date of their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on any Option certificate issued to the holder (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reorganised or reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation or reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Unquoted

The Company will not apply for quotation of the Options on ASX.

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – PRO-FORMA BALANCE SHEET

		Reviewed as at 31 December 2012	Unaudited Pro- forma after Recapitalisation Proposal
	Notes	\$	\$
Current Assets			
Cash & cash equivalents	1,3	680,046	1,581,000
Trade receivables		694,658	-
Other financial assets		27,943	-
Other current assets		-	-
Total Current Assets		1,402,647	1,581,000
Non-Current Assets			
Investments accounted for using the equity method	5	-	-
Other financial assets		317,741	-
Property, plant and equipment		5,294	5,294
Intangible assets		5,133,176	5,133,176
Total Non-Current Assets		5,456,211	5,138,470
TOTAL ASSETS		6,858,858	6,719,470
Current Liabilities			
Creditors Trust			-
Trade & other payables	2	(300,038)	-
Provisions		(125,272)	-
Total Current Liabilities		(425,310)	-
TOTAL LIABILITIES		(425,310)	-
NET ASSETS		6,433,548	6,719,470
Equity attributable to the equity holders of the Company			
Issued Capital	1	67,611,272	70,112,272
Accumulated losses	3	(61,177,724)	(63,392,802)
TOTAL EQUITY		6,433,548	6,719,470

Notes: the pro forma balance sheet is based on a half yearly review for the period ended 31 December 2012 and is subject to finalisation of the DOCA and Recapitalisation Proposal and audit and review for periods ending 30 June 2013 and 31 December 2013.

1. Assuming the issue of:
 - (a) 50,000,000 Promoter Shares (on a post-Consolidation basis) to Promoter Nominees;
 - (b) 250,000,000 General Placement Shares (on a post-Consolidation basis) to existing Shareholders and Promoter Nominees; and
 - (c) 50,000,000 Promoter Options (on a post-Consolidation basis) to Promoter Nominees.

2. Total ordinary trade creditors (subject to adjudication) and outstanding deed administration fees inc GST.
3. Includes: cost of Recapitalisation Process of \$100,000, payment of estimated listing fees of \$20,000, payment of Otsana Corporate Fee of \$200,000 and payment to creditors trust of \$600,000.
4. Should Boulder enter into the Asset Sale Agreement and Shareholders Deed as contemplated under Section 1.4 of the Explanatory Statement, Boulder will be entitled to receive \$300,000 cash in consideration for a 50% interest in ESPP.

SCHEDULE 3 – VALUATION OF PROPOSED DIRECTORS’ PROMOTER OPTIONS

The Promoter Options to be issued to the Proposed Directors pursuant to Resolutions 8, 9 and 10 have been independently valued.

Using the Black and Scholes option model and based on the assumptions set out below, the Promoter Options were ascribed the following value:

Assumptions:	
Valuation date	<i>11 June 2014</i>
Market price of Shares	<i>\$0.01</i>
Exercise price	<i>\$0.01</i>
Expiry date (length of time from issue)	<i>4 years</i>
Risk free interest rate	<i>3.14%</i>
Volatility (discount)	<i>86.26%</i>
Indicative value per Related Party Option	<i>\$0.006357</i>
Total Value of Related Party Options	<i>\$190,717</i>
- <i>Faldi Ismail</i>	<i>\$63,572</i>
- <i>John Ciganek</i>	<i>\$63,572</i>
- <i>Nicholas Young</i>	<i>\$63,572</i>

Note: The valuation noted above is not necessarily the market price that the Promoter Options could be traded at and is not automatically the market price for taxation purposes.

APPOINTMENT OF PROXY FORM

BOULDER STEEL LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 074 588

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11:00 am, on 6 August 2014 at CTA Business Club Ltd, MLC Centre, Martin Place, Sydney, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Issue of Promoter Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of General Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Promoter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Election of Director – Faldi Ismail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Election of Director – John Ciganek	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Election of Director – Nicholas Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Issue of Shares and Options to Faldi Ismail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Issue of Shares and Options to John Ciganek	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Issue of Shares and Options to Nicholas Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES NO

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Boulder Steel Limited (Subject to Deed of Company Arrangement), c/- Nicols + Brien Business Recovery, PO Box Q191, QVB Post Shop, Sydney NSW 1230; or
 - (b) facsimile to the Company on facsimile number +61 2 9299 2239,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.