



Boulder Steel Ltd

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22 December 2014

Ben Tippet
Advisor, Listings (Perth)
The Australian Securities Exchange
Level 40, Central Park
152-158 ST Georges Terrace
PERTH, WA, 6000

Dear Ben,

UPDATED PRO FORMA BALANCE SHEET

Following is an updated pro forma Balance Sheet based on actual funds raised pursuant to the Prospectus dated 26 November 2014.

Yours faithfully,

Andrew Rowell
Company Secretary



	30-Jun-14 Audited ¹	31-Oct-2014 Proforma Unaudited Actual Subscription
Cash ²	7,647	1,595,866
Trade Receivables ³	-	50,000
TOTAL CURRENT ASSETS	7,647	1,645,866
Property plant and equipment	-	-
Investments accounted for using the equity method	-	-
Intangible assets ⁴	600,000	300,000
TOTAL NON-CURRENT ASSETS	600,000	300,000
TOTAL ASSETS	607,647	1,945,866
Trade and other payables ⁵	368,278	-
Short term provisions ⁵	458,486	-
Other liabilities ⁶	100,000	100,000
TOTAL CURRENT LIABILITIES²	926,764	100,000
TOTAL LIABILITIES	926,764	100,000
NET ASSETS (LIABILITIES)	(319,117)	1,845,866
Share capital	54,036,006	56,537,006
Reserves ⁷	13,575,267	13,855,267
Accumulated Losses	(67,930,390)	(68,546,407)
TOTAL EQUITY	(319,117)	1,845,866

Notes:

1. The audited figures for the period ended 30 June 2014 covers a period during which the current Board was not in control of the Company's management and affairs. The Directors' qualify this balance sheet on the basis that, to prepare it, the Directors had to reconstruct the Company's financial records using limited data that could be extracted from the Company's accounting system and the record of receipts and payments made available by the Administrator and Deed Administrator. As disclosed elsewhere in this Prospectus, the Company was subject to a DOCA, which had the effect of extinguishing the Creditors' Claims and facilitating the recapitalisation of the Company. The DOCA has now been effectuated.



2. The movement in the cash assets is reconciled as follows:

Cash assets	Actual Subscription \$
Opening balance	7,647
Transferred to the creditors trust	(7,647)
Promoter Placement Shares	500
Promoter Placement Options	500
General Placement Shares	2,500,000
Repayment of Syndicate loan and interest that enabled the Company to satisfy its obligations under the DOCA	(275,000)
Otsana Corporate Advisory Fee	(200,000)
Cost of Recapitalisation Process (legal, accounting, audit, share registry, printing and postage)	(48,333)
Expenses of the Offer	(276,616)
Repayment of Adamantium working capital loan (including interest of \$333)	(20,333)
Reimbursement of Lead Manager's Expenses	(50,000)
Accrued Directors and Company Secretary Fees, Office rent and Otsana Capital expense reimbursement	(34,852)
Closing balance	1,595,866

3. This amount is receivable from GSPL as 50% of the final payment of \$100,000 due to the Creditors Trust, as described in Section 3.3(c).
4. On 4 November 2014, the Company announced that it had entered into an Asset Sale Agreement with ESPP (summarised in Section 7.1, whereby ESPP, a company owned equally by the Company and GSPL, would acquire the business and assets of the Company. The change in Intangible Assets reflects the sale to ESPP.
5. Following the effectuation of the DOCA, Creditors' Claims against the Company were transferred to the Creditors' Trust. The reduction in the Short Term Provisions reflects the impact of this action.
6. The \$100,000 amount at 30 June 2014 reflects the deposit made under the DOCA by the Syndicate. This deposit has been transferred to the Creditors Trust and the remaining \$100,000 liability that exists at re-quotation of the Company's shares represents the Company's obligation to pay \$100,000 to the Creditors Trust to complete the Creditor Payment.
7. Using the Black-Scholes option valuation methodology, the fair value of the Lead Manager Options has been calculated. The Following inputs were used for these options issued:



Lead Manager Options	
Underlying share price	\$0.01
Exercise price	\$0.01
Issue date	31 October 2014
Expiry date	31 October 2017
Life of the options	3 years
Volatility	86.26%
Risk free rate	2.59%

The valuation of the Lead Manager Options has been calculated at \$280,000 using the above Black-Scholes valuation methodology.