

Boulder Steel Ltd

ABN 78 009 074 588

Address: 108 Outram Street, WEST PERTH, WA, 6005

Tel: (+61 8) 9486 7244 Fax: (+61 8) 9463 6373

Postal: PO Box 1974, WEST PERTH, WA, 6872

3 December 2014

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

Dear Ben,

CONSOLIDATED ACTIVITIES REPORT

Following is a consolidated activities report setting out the proposed business strategy for the Company. The activities report is as described in the Prospectus dated 26 November 2014.

Yours faithfully,

Andrew Rowell
Company Secretary



1.1 The Objectives

The Company's main objectives on completion of the Offers are:

- reinstating its quoted Securities to trading on the ASX;
- progressing the studies on the proposed Project, via its shareholding in ESPP; and
- investigating further investment opportunities.

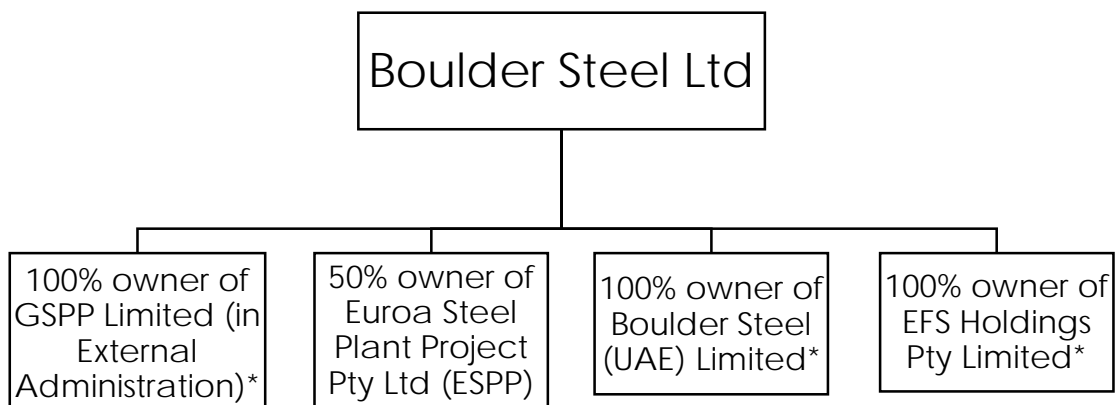
1.2 Key Investment Highlights

The following is a non-exhaustive list of investment highlights:

- (a) the proposed Project is envisaged to be developed as a producer of steel products. The proposed Project is subject to various study programs and approvals, which need to be satisfied before funding sources can be investigated and there are significant risks attached to its commercial viability (as outlined in this Prospectus); and
- (b) the Company will investigate a range of new business opportunities to complement the existing investment, although no such business opportunities have yet been identified.

1.1 Group Structure

The structure of the Company's corporate group as at the date of this Prospectus is set out below. The Directors do not consider Boulder Steel (UAE) Limited, EFS Holdings Pty Limited or GSPP Limited to be material to the Company as those subsidiaries have no active or proposed businesses.



* These companies are either proposed to be deregistered or liquidated.

1.2 Business Model

The Company holds a 50% interest in an incorporated joint venture, ESPP. ESPP holds a conceptual study for the construction and development of the Project.



ESPP aims to progress the EIS (as detailed further in Section 6.4(a)), secure funding for development and construction of the Project, enter into raw material supply contracts and sale and off-take agreements, although the Company makes no forecast as to whether any of those events will occur and there are numerous impediments to those goals being achieved. Please refer to Sections 3.9 and 10 for a non-exhaustive list of risk factors concerning development of the Project.

The Project has a number of dependencies, some of which include demand for steel, raw material prices, construction and labour costs, government policy and support for the project, environmental approval, compliance with further legal requirements and regulation, infrastructure access and cost, availability of funding, availability of key management and personnel and the uncertainty of whether sales and off-take agreements can be secured.

The above dependencies also represent barriers to entry for ESPP and the Project.

Under the Shareholders Deed comprising the terms of the incorporated joint venture, ESPP is to be funded for at least the first 6 months by GSPL. Section 7.2 contains a summary of the Shareholders Deed.

It is intended that Company's representatives on the board of ESPP (initially being Faldi Ismail and Nicholas Young) will each be paid a fee of \$3,000 (inclusive of superannuation) in relation to services rendered in managing the Company's interest in ESPP. This fee is to be paid by the Company and is likely to include any travel and administrative costs incurred with managing the Company's interest in ESPP. Further details of the fees to be paid to Mr Ismail and Mr Young are included in section 3.13 of this Prospectus.

1.3 Proposed business plan and strategy

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.

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.

The public consultation period has taken place and as a result the Company has a number of queries and questions to address prior to the EIS being finalised. It is open for governmental authorities to either approve the project with or without conditions, or reject it. Subject to this decision and depending on whether key dependencies can be satisfied, such as obtaining of suitable finance (which may never occur), ESPP may make a final investment decision soon afterwards.



Potential Project Raw Material Supply and Off-take

During 2012 and 2013, the Company made various ASX announcements that it had entered into non-binding letters of intent for the supply of various commodity inputs, including iron ore, coking coal and lime. The Company also announced non-binding letters of intent with potential off-take partners for the sale of steel products.

As at the date of this Prospectus, no binding agreements have been entered into with any of these parties and the Company makes no representation as to whether any binding agreement will be entered into in the future for such purposes. ESPP may investigate these and other new opportunities, as required. There is no guarantee that these investigations will lead to a formal agreement.

Proposed Project

ESPP is investigating the feasibility for construction and operation of the Project, being a steel plant designed to produce 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.

However, the Project is in its early planning stage and there are many incomplete hurdles which will potentially cause the project to not be completed or commercialised.

The Project, if constructed is proposed to be 5km long and 1.25km wide. The total land area required to be occupied by the Project is 7.3 square km (730 hectares). Neither the Company nor ESPP has any current agreement in place or sufficient funding to acquire interests in land necessary to develop the Project. Such interests may never be acquired.

Two blast furnaces of 3,200 cubic meters are proposed to be included in the Project though there is a likelihood that the Project may not progress to that stage or if it does that the Company will not hold an interest in it by then.

The Project is still a long way from becoming a reality and there is a strong likelihood that it will never eventuate or become commercialised.

Below is an illustration of a blast furnace.

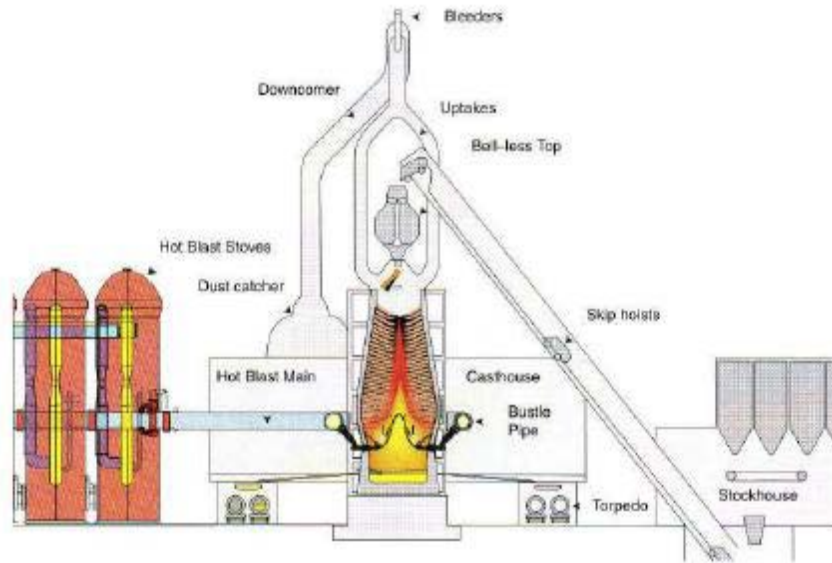


Figure 1: Illustration of a Blast Furnace

Other opportunities

In addition to the above, the new Board intends to actively seek out and review complementary and non-complementary assets, investments and businesses.