

GLADSTONE Steel Plant Project

23 August 2011

Media Statement

Confidence in Gladstone Steel Project remains strong

Boulder Steel Limited is pleased to reaffirm its intention to build and operate the proposed \$4 billion Gladstone Steel Plant Project (GSPP).

A leading Australian steel producer announced earlier this week that it will close one of its blast furnaces and that it will reduce its workforce in order to exit the steel export business. Boulder Steel Limited provides the following comments in relation to the impact on plans to move forward with the Gladstone Steel Plant Project:

The Gladstone plant would be a modern, state-of-the-art facility to be built efficiently in terms of capital expenditure and operate with highly competitive production costs in the global steel market.

The Gladstone plant will feature a mix of traditional and more contemporary steel-making processes that deliver greater cost efficiencies in comparison to existing steel producers, both in Australia and overseas.

Production costs would also be significantly reduced through the use of a co-generation power plant to be established adjacent to the GSPP. All waste heat and gases from the steel plant would be supplied to the co-gen plant for conversion into electricity. The energy balance is such that the plant will be a net energy exporter, whereas many other steel plants around the world are net energy importers.

Boulder Steel Limited General Manager Carl Moser said the Gladstone plant would be a fully integrated plant with smart in-plant logistics.

"Many steel making facilities around the world require an internal rail system whereas the Gladstone plant will not require such a rail system," Mr. Moser explained. "The Gladstone plant will also have purpose built steel product ship-loading facilities using state-of-the-art product handling systems."

Overall, Mr Moser said that Boulder Steel Limited has calculated that the Gladstone plant would enjoy significantly lower operating costs being in the lowest quartile of international steel producers.

"It is always difficult to compare new modern facilities with those built decades ago and obviously the proposed Gladstone Steel Plant can take advantage of new technology and processes leading to lower operating costs, which is much more cost effective than retrofitting existing steel plants. Our extensive market research has identified potential customers and strong demand for our semi-finished steel products in Asian markets, which are key drivers pushing this project forward."

The Pre-Feasibility Study review for the GSPP is currently being completed and the Company expects to receive a finalised version by the end of this week.

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