

NEWSLETTER FROM THE CHAIRMAN OF **BOULDER STEEL LIMITED**

22 June 2012

Dear Shareholders,

Since my appointment as Chairman of Boulder Steel Limited (Boulder) at the beginning of August, 2011, Boulder has faced many difficulties not envisaged at the time I accepted the position.

Boulder and MCCI were to jointly conduct a Bankable Feasibility Study and then commence project development, following the successful completion of their re-assessment of Boulder's Pre-Feasibility Study (PFS). The PFS was undertaken by the Wuhan Iron and Steel Design and Research Institute (WISDRI, which is part of the same corporate group as MCCI). In August, 2011 the PFS concluded that the project was viable and capable of delivering solid financial returns.

Although the recent credit squeeze in China did not allow the joint activities to proceed as planned, MCCI always maintained a genuine interest in the project. Now, a further meeting of MCCI management and Boulder representatives has been arranged for early July 2012.

From late last year, Boulder extended and expanded its search for additional project partners on a global basis.

The aftermath of the Global Financial Crisis and the debt crisis in Europe means that we face an environment in which there is a lot of negative sentiment towards major capital investment, including investment in a multi-billion dollar project in Australia.

However, the serious interest in the project from several large steel companies, gives us confidence that the project can be realised. We are pursuing opportunities with prospective partners vigorously.

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Management and Board Changes

It became apparent to me that Boulder's ability to attract a partner required Boulder to enhance its in-house skills, and to that end, we strengthened our management team by inviting David Simpson and Alex Lang to join the Board of Directors.

David is a highly regarded lawyer who has negotiated many multi-billion dollars deals with Asian companies while working for over 13 years in Singapore and Indonesia. We are extremely pleased to have him on our Board and I am pleased to announce that on 19 June 2012, David was appointed the Managing Director of Boulder, which renders Carl Moser's position as General Manager redundant. Carl's role and directorship with Boulder will cease on 30 June 2012 and he will receive the redundancy payment to which he is entitled. Carl has been with Boulder for 24 years – he will be missed and we wish him well for the future.

Alex Lang predominantly has experience in the construction and management of large process engineering projects. This is of particular importance to Boulder in its discussions with partners to demonstrate our skills in negotiating with process engineering companies to determine the construction and production costs for the project, required for the Bankable Feasibility Study, and contractual arrangements with project partners. He also brings significant experience managing key stakeholders such as Government, financiers and unions.

These two well qualified, experienced, competent and highly praised managers would not have accepted a position on Boulder's Board if they were not convinced of the great opportunity that exists in bringing the Gladstone Steel Project to successful completion.

As many shareholders will be aware, Markus Buhl and Dieter Hopf voluntarily resigned as directors on 19 June 2012. The current Board and Markus and Dieter had irreconcilable differences.

We will be looking to replace Markus and Dieter with new directors. The recent appointment of David and Alex gives Boulder the opportunity to start with new leadership and with a revitalised 'spring in its step'.

Environmental Impact Statement

The date of lodgement of Boulder's EIS was extended to 23 November, 2012 as the final location of the project's rail facilities is subject to the final design of other parties' rail facilities in the area where the plant will be located. The new Queensland Government has made it very clear to Boulder that, under the law, no further extension can be granted for the submission of the EIS. Failure to submit the EIS within time would mean that Boulder would lose the land allocated for the project and thus, the project.

Euro Forming Services

To assist with Boulder's cash position after the disappointing result of the September/October, 2011 share purchase plan, it became necessary to sell 60% of Boulder's 50% ownership in Euro Forming Services GmbH (EFS) in February, 2012 for Euro 3,250,000, leaving Boulder with a 20% interest in EFS. This allowed us to settle the outstanding dispute with TNI for \$220,000 and to fund essential activities for the Gladstone Steel Project to be successful

New Options

Not having a partner has meant that Boulder's share price has, in recent times, remained in the disappointing price range of \$0.02 to \$0.03, well below the option exercise price of \$0.10 for the listed options which expired on 31 March, 2012.

Boulder is seeking shareholder approval on 13 July, 2012 to issue new options at a purchasing price of \$0.002. These options can be converted to shares at an exercise price of \$0.10 on or before 30 June, 2015.

It is essential that Boulder secures project partners capable and willing to construct, finance and operate the Gladstone Steel Plant with Boulder. I am confident that Boulder can achieve this goal in spite of current adverse market conditions.

Yours faithfully,

Detlef Sulzer

Chairman