



# Regent Pacific Group Limited

*(Incorporated in the Cayman Islands with Limited Liability)*

Stock Code: 0575

15 March 2011

## ANNOUNCEMENT

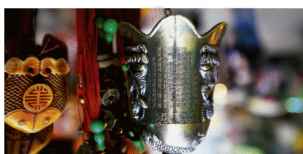
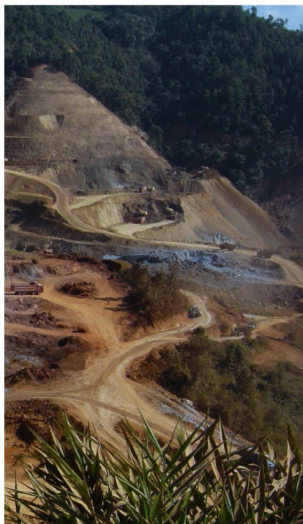
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## TERMINATION OF THE BC IRON TRANSACTION

### SUMMARY

In light of ConsMin's unqualified position presented that it is "flatly opposed" to the Scheme, a position accepted by the Company and acknowledged with the understanding that the ConsMin vote is determinative of the success or otherwise of the Scheme and therefore the Transaction, the Board has decided in good faith, having received a specific written legal opinion from Australian Senior Counsel on the matter, that its fiduciary and statutory duties to the Company (including having regard to the best interests of the Company's Shareholders) require it to withdraw its recommendation in respect of the proposed Transaction.

In accordance with the SIA, the Company has communicated to BCI (after market close yesterday) its decision to unilaterally terminate the SIA and therefore the Transaction, effective immediately.





The Company wants to reiterate its stated strategy of becoming Hong Kong's next major mid-tier mining house focussed on bulk commodities, base metals and gold in the Asia-Pacific region. Our strengthened balance sheet means we are in a good position to deliver on this. We will continue to pursue growth by way of accretive acquisitions and will target small to medium sized acquisitions. That will not change.

We take this opportunity to underscore our satisfaction with our holding in BCI, our support for the BCI management team and our continued confidence in BCI's future potential.

Regent Pacific Group Limited (the "**Company**") refers to the announcements issued on 20, 21 and 25 January 2011 (the "**Announcements**") in respect of the proposed conditional all cash takeover offer for BC Iron Limited by way of a scheme of arrangement by Regent Pilbara Pty Limited (a wholly-owned subsidiary of the Company).

Capitalised terms used in this announcement shall have the same meaning given to them in the Announcements (unless otherwise defined herein).

As previously disclosed and as is publicly available through filings made with the ASX and BCI, the largest shareholder of BCI is Consolidated Minerals Pty Limited, together with entities that it controls or is otherwise associated with (together, "**ConsMin**"), who, collectively, hold a relevant interest in 19,538,000 BCI Shares representing 20.8 per cent. of the total BCI Shares on issue.

In its announcement made on ASX on 21 January 2011, the board of BCI unanimously recommended the Scheme, in the absence of a superior proposal and subject to the independent expert reaching a positive conclusion.

As disclosed in our Announcement of 20 January 2011, it is a condition to the Scheme that it is approved by 75 per cent. of all votes cast on the Scheme in person or by proxy, together with approval by a simple majority (i.e. more than 50 per cent.) of all BCI shareholders voting on the Scheme in person or by proxy.

In light of its significant stake in BCI, the ConsMin vote is determinative of the success or otherwise of the Scheme and therefore the Transaction because it holds more than 25 per cent. of the votes that may be cast on the Scheme.



On or about 14 February 2011, an article appeared on a foreign website ([www.businessinsider.com](http://www.businessinsider.com) based in the United States) (the “**Article**”) quoting a senior spokesperson for ConsMin to the effect that ConsMin looked most unfavourably on the Scheme and that:

- the directing mind and controller of ConsMin, Gennady Bogolyubov, “*flatly opposed*” the deal and has the votes to veto the deal; and
- a senior spokesman for ConsMin, Oleg Sheiko, was quoted as saying “*the logic of Regent Pacific’s offer, as well as of the acceptance by the BC Iron directors, escapes us. Here is an iron-ore miner on a roll toward substantial export revenues at an iron-ore price which may not go higher, but will certainly not decline for the foreseeable future. Regent Pacific comes along with a share price offer whose multiple to BC Iron’s earnings is lower than anyone in our business would look twice at. In addition, Regent Pacific is almost too small to identify – a loss-making venture, with less than half the cash required to make good on its offer.*”

The author of the Article has confirmed to the Company that the quote attributed to Mr Sheiko was verbatim.

ConsMin’s unqualified position presented in the Article that it is “flatly opposed” to the Scheme has plainly been of concern to the Company, a concern shared by the market in that, since wider dissemination of the Article in Australia, BCI’s share price immediately began to fall, significantly, supported by a number of articles in the press speculating on ConsMin’s attitude to the Scheme (on 14 March 2011, the BCI share price closed at A\$2.85 per share, representing a 13.6 per cent. discount to the offer price of A\$3.30 per BCI share).

Following the Company’s 20 January 2011 Announcement, the Company has made attempts to engage ConsMin with a view to having the opportunity to explain the merits of the proposed Transaction and gauge ConsMin’s reaction to it. More recently and in light of the statements attributed to ConsMin and persons associated with ConsMin concerning the Scheme, the Company wrote (more formally) to ConsMin to seek an unequivocal clarification as to its position in respect of the Scheme.

At the time of this announcement, ConsMin has declined to clarify the unqualified position presented in the Article that it is “flatly opposed” to the Scheme.

The Company has therefore accepted ConsMin’s publicly stated position and, as a consequence, the Board is firmly of the view, formed in good faith, that ConsMin will vote against the Scheme at the proposed Scheme Meeting and that ConsMin holds a blocking stake which would vote down the Scheme at the proposed Scheme Meeting.



Consequently, and after much deliberation and consultation with the Company's legal advisers, the Board has decided in good faith, having received a specific written legal opinion from Australian Senior Counsel on the matter, that its fiduciary and statutory duties to the Company (including having regard to the best interests of the Company's Shareholders) require it to withdraw its recommendation in respect of the proposed Transaction.

By doing so, the SIA permits the Company to terminate the SIA unilaterally, which the Company has communicated to BCI after market close yesterday in the appropriate way, which the Company considers to be only appropriate in light of the circumstances now prevailing.

The Company therefore announces that both the Scheme and the proposed Transaction are hereby terminated, effective immediately.

The Company wants to reiterate its stated strategy of becoming Hong Kong's next major mid-tier mining house focussed on bulk commodities, base metals and gold in the Asia-Pacific region. Our strengthened balance sheet means we are in good position to deliver on this. We will continue to pursue growth by way of accretive acquisitions and will target small to medium sized acquisitions. That will not change.

We take this opportunity to underscore our satisfaction with our holding in BCI, our support for the BCI management team and our continued confidence in BCI's future potential.

On Behalf of the Board of  
**Regent Pacific Group Limited**

Jamie Gibson  
*Director*



**Directors of the Company:**

James Mellon (*Co-Chairman*)<sup>\*</sup>

Stephen Dattels (*Co-Chairman*)<sup>\*</sup>

Jamie Gibson (*Chief Executive Officer*)

David Comba<sup>#</sup>

Julie Oates<sup>#</sup>

Mark Searle<sup>#</sup>

Jayne Sutcliffe<sup>\*</sup>

<sup>\*</sup> *Non-Executive Directors*

<sup>#</sup> *Independent Non-Executive Directors*

Hong Kong, 15 March 2011