



# Regent Pacific Group Limited

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

Stock Code: 0575

14 July 2011

## ANNOUNCEMENT

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### **DISCLOSEABLE TRANSACTION: FURTHER ACQUISITIONS OF SHARES IN BC IRON LIMITED**

#### **SUMMARY**

This announcement is made by the Company in compliance with the disclosure requirements under Chapter 14 of the HK Listing Rules.

The Board announces that during the period from 11 to 17 November 2010 and the period subsequent to the termination of the Company's recent bid to acquire BCI by way of a scheme of arrangement (announced on 11 May 2011) and up to and including 13 July 2011 (being the date the latest trade settled), the Company has further acquired, in aggregate, 3,702,406 BCI Shares by a series of transactions on the market at an average price of A\$2.89 (or approximately US\$3.11 or HK\$24.26) per BCI Share, representing approximately 3.92 per cent of the existing issued share capital of BCI, for an aggregate amount of cash consideration of A\$10,697,447 (or approximately US\$11,516,871 or HK\$89,831,594).





Following the above referenced acquisitions, the Company now holds 21,584,131 BCI Shares, representing approximately 22.87 per cent of the existing issued share capital of BCI.

The above referenced acquisition of 3,702,406 BCI Shares, in isolation, constitutes a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules. Moreover, the Company's total acquisition of 21,584,131 BCI Shares to date, on an aggregated basis, continues to constitute a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules.

This announcement is made by the Company in compliance with the disclosure requirements under Chapter 14 of the HK Listing Rules.

### **Further acquisitions of shares in BC Iron Limited**

The Board refers to the announcements issued by the Company on 10 November 2010, 20 January 2011 and 11 May 2011 and announces that during the period from 11 to 17 November 2010 and the period subsequent to the termination of the Company's recent bid to acquire BCI by way of a scheme of arrangement (announced on 11 May 2011) and up to and including 13 July 2011 (being the date the latest trade settled), the Company has further acquired, in aggregate, 3,702,406 BCI Shares by a series of transactions on the market at an average price of A\$2.89 (or approximately US\$3.11 or HK\$24.26) per BCI Share, representing approximately 3.92 per cent of the existing issued share capital of BCI, for an aggregate amount of cash consideration of A\$10,697,447 (or approximately US\$11,516,871 or HK\$89,831,594).

Previously, the Company held, as announced on 20 January 2011, 18,392,255 BCI Shares, representing approximately 19.87 per cent of the then issued share capital of BCI. Following the above referenced acquisitions, the Company now holds 21,584,131 BCI Shares, representing approximately 22.87 per cent of the existing issued share capital of BCI.

The above referenced acquisition of 3,702,406 BCI Shares, in isolation, constitutes a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules. Moreover, the Company's total acquisition of 21,584,131 BCI Shares to date, on an aggregated basis, continues to constitute a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules.



## Basis of consideration

The consideration was determined on the basis of normal commercial terms and arm's length transactions by on-market trades.

In respect of the Company's interest in BCI, the Company's attributable share of BCI's: (i) net loss for the financial year ended 30 June 2010 from continued operations is A\$551,381 (or approximately US\$593,617 or HK\$4,630,213); and (ii) net loss for the financial year ended 30 June 2009 from continued operations is A\$378,627 (or approximately US\$407,630 or HK\$3,179,514), both before taxation and extraordinary items.

The Company's attributable share of BCI's: (i) net loss for the financial year ended 30 June 2010 from continued operations is A\$316,837 (or approximately US\$341,107 or HK\$2,660,635); and (ii) net loss for the financial year ended 30 June 2009 from continued operations is A\$299,976 (or approximately US\$322,954 or HK\$2,519,041), both after taxation and extraordinary items.

The net asset value of BCI was A\$64,529,860 (or approximately US\$69,472,847 or HK\$541,888,207) as at 31 December 2010, as reported in BCI's latest publicly disclosed interim financial statements for the period ended 31 December 2010.

## Principal business activities of BCI

As previously disclosed in the Company's announcements on 18 June 2009, 10 November 2010 and 20 January 2011, *BCI* (ASX code: *BCI*) is an emerging iron ore producer focused on Western Australia's world-class Pilbara region.

BCI's main project is a 50/50 joint venture with FMG in respect of the Nullagine Iron Ore Joint Venture project. The Nullagine Iron Ore Joint Venture project (or "**NIOP**") is situated approximately 300km south-east from Port Hedland in Western Australia and approximately 60km north of FMG's Chichester Hub, which comprises the Cloudbreak and Christmas Creek operations. The NIOP is principally comprised of three contiguous districts, Bonnie Creek, Shaw River and Nullagine and initial mining is focussed on the Bonnie Creek deposits. The figure below illustrates the location of the NIOP and BCI's 100% held early stage Bungaroo Creek Project in relation to other iron ore mineral deposits in the Pilbara Region of Western Australia.



The NIOP's principal activity is the mining of iron ore for sale into the seaborne market, principally into China. It is targeting to produce 35.6Mt over an 8.5 year period at a saleable 57% iron ore grade. Iron ore sales are underpinned by a 20Mt iron ore purchase agreement with Henghou Industries (Hong Kong) Limited and infrastructure access through the agreement with FMG. The 101.6Mt resource estimate (including 35.6Mt product) and surrounding iron ore outcrops offers upside, as detailed in the summary of BCI's independent expert's report (a report that was produced in conjunction with the Company's recent bid to acquire BCI by way of a scheme of arrangement), released by BCI on ASX on 17 May 2011, for mine expansion and an extended mine life. The summary of BCI's independent expert's report estimated that the mine life may be extended by a further 6 years to reflect a notional future conversion of 51% of resources to mining inventory.

The Nullagine Iron Ore Joint Venture loaded its first ship of production iron ore on 24 February 2011 and recently announced (BCI on ASX on 16 June 2011) that the forecast total shipped product for the year ending 30 June 2011 was expected to be 300,000t with approximately 330,000t of product material stockpiled on the mine-site as at 31 May 2011. This reflects a production downgrade from the forecast 800,000 tonnes of shipped product that BCI announced to the ASX on 15 March 2011. The shortfall in production is largely due to extreme rainfall



events that extended over much of the Pilbara Region in the summer months and negatively impacted on the planned completion of the 55 kilometre private haul road linking the mine to the train loading facility at Christmas Creek. With haulage commencing on the private haul road in May 2011, BCI have announced that by the end of the September 2011 quarter, production and export tonnages will reach an annualised rate of 3.5Mtpa and be further increased to a 5.0Mtpa rate in early 2012.

Additional background information on BCI, including mineral resource estimates and ore reserves, can be found in the Company's announcements on 18 June 2009, 10 November 2010 and 20 January 2011. Further information can also be found on BCI's web site [www.bciron.com.au](http://www.bciron.com.au).

### **Reasons for acquisitions of further shares in BC Iron Limited**

The Board considers a further investment in BCI as a sensible expansion of its already significant stake in the company. The Company has been and continues to be supportive of BCI's efforts to ramp up production and views an increased holding of 22.87 per cent as being important from a strategic investment standpoint.

The Company retains a positive outlook towards iron ore and Pilbara based iron ore in particular (a region of Western Australia, widely regarded as a premium source of iron ore) in the near term based on the current macroeconomic indicators. Moreover, in light of BCI's recent shipments of iron ore and its moves to ramp up production, the Company considers BCI to be well placed to capitalize on what the Company expects to be favourable conditions for Australian iron ore exporters in the near term and therefore expects the value of its investment in BCI to continue to grow at encouraging levels.

Specifically, the Board notes that BCI Shares are currently trading at a significant discount to the value range included in the recently released summary of BCI's independent expert's report (a report that was produced in conjunction with the Company's recent bid to acquire BCI by way of a scheme of arrangement, the summary of which was released by BCI on ASX on 17 May 2011), in which the independent expert cited an assessed value range for BCI Shares (inclusive of a full premium for control and subject to various assumptions) to be A\$3.80 (or approximately US\$4.09 or HK\$31.90) to A\$4.13 (or approximately US\$4.45 or HK\$34.71) per BCI Share. Based on closing prices as of 13 July 2011, BCI Shares are trading at a significant discount of 25.26 per cent to the low end of the stated range.

The Directors consider the above referenced acquisitions to be on normal commercial terms and in the ordinary and usual course of business of the Company. They believe that the terms of the acquisitions referred to above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



### **Source of funds**

The acquisition costs in respect of the BCI Shares were paid from the working capital of the Company.

### **Discloseable transaction**

In view of the fact that the aggregate amount of cash consideration paid for the above referenced acquisition of 3,702,406 BCI Shares (being A\$10,697,447 or approximately US\$11,516,871 or HK\$89,831,594), in isolation or when viewed in aggregate with the Company's total acquisition of 21,584,131 BCI Shares to date (for a total cash consideration of A\$35,520,457 or approximately US\$38,241,324 or HK\$298,282,327), exceeds 5 per cent but is less than 25 per cent of the Company's market capitalisation, the acquisitions, both in isolation and in aggregate, constitute a discloseable transaction of the Company under Chapter 14 of the HK Listing Rules.

The purpose of this announcement is to provide the Shareholders with information on the details of the above referenced acquisitions in accordance with the HK Listing Rules.

### **Not a connected transaction**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the BCI Shares were acquired on the market from third parties who, together with their respective beneficial owner(s), were independent from the Company and were not connected persons of the Group.

### **Principal business activities of the Company**

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified mining group focused, primarily, on the Asian region. While it explores for and mines copper, zinc, gold, silver, lead and thermal coal, it also has passive interests in a number of mining companies, including Venturex Resources Limited (25.92%). Its principal assets are located in Yunnan Province and Inner Mongolia, China.



## Definitions

In this announcement, the following expressions have the following meanings unless the context require otherwise:

<b>“A\$”</b>	Australian dollars, the lawful currency in Australia
<b>“associate(s)”</b>	shall have the meaning defined in the HK Listing Rules
<b>“ASX”</b>	Australian Securities Exchange
<b>“BCI”</b>	BC Iron Limited, a company having limited liability, the shares of which are listed on ASX
<b>“BCI Shares”</b>	ordinary voting and listed shares in BCI
<b>“Board”</b>	the board of directors of the Company
<b>“China”</b>	Peoples’ Republic of China
<b>“Company”</b>	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“connected person(s)”</b>	shall have the meaning defined in Chapter 14A of the HK Listing Rules
<b>“Director(s)”</b>	the directors of the Company
<b>“HK Listing Rules”</b>	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
<b>“HK Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency in Hong Kong
<b>“Shareholder(s)”</b>	the holders of the Shares



**“Share(s)”** the ordinary shares, with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange

**“US\$”** United States dollars, the lawful currency in the United States

Note: Unless otherwise specified herein, (i) amounts denominated in A\$ have been translated, for the purpose of illustration only, into US\$ using the exchange rate of A\$1.00 = US\$1.0766; and (ii) amounts denominated in US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.80.

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, 14 July 2011