



Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

18 April 2013

ANNOUNCEMENT

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SPECIFIC SECURITY DEED IN FAVOUR OF THE COMMONWEALTH OF AUSTRALIA

SUMMARY

The Company refers to its announcement issued on 28 January 2013, referencing the fact that on 24 January 2013, the Company received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A\$12,783,976.50 (or approximately US\$13,152,155 or HK\$102,586,809) following completion of the sale of its securities in BCI for gross proceeds of A\$81,609,173 (or approximately US\$83,959,517 or HK\$654,884,233). The amount of potential tax assessed is expressed to be due and payable on 2 December 2013.

The orders were adjourned to 19 April 2013, unless extended further by the Court.





Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed, the Company has agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a Specific Security Deed in respect of certain of the Company's Venturex Shares, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection.

The powers of the Commissioner of Taxation under the Specific Security Deed, including the power to have the relevant Venturex Shares registered in its name and/or sold, take effect principally in the event that the Company fails to pay the Assessment or any other amount payable by it within the time provided for in any relevant law following the Final Determination of Objection.

The Company is taking external professional advice in relation to the Assessment and understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets. Following the receipt of advice, the Company will consider its position and provide an update to the market in due course.

The execution of and possible disposal of the relevant Venturex Shares under the Specific Security Deed is not a transaction of the Company under Chapter 14 of the HK Listing Rules.

Specific Security Deed in favour of The Commonwealth of Australia

The Company refers to its announcement issued on 28 January 2013, referencing the fact that on 24 January 2013, the Company received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A\$12,783,976.50 (or approximately US\$13,152,155 or HK\$102,586,809) following completion of the sale of its securities in BCI for gross proceeds of A\$81,609,173 (or approximately US\$83,959,517 or HK\$654,884,233). The amount of potential tax assessed is expressed to be due and payable on 2 December 2013.

The orders were adjourned to 19 April 2013, unless extended further by the Court.



Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed, the Company has agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a Specific Security Deed in respect of certain of the Company's Venturex Shares, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection.

Further particulars of the Specific Security Deed are set out below:

(a) **Date**

18 April 2013

(b) **Parties**

Grantor: The Company

Secured Party: The Commonwealth of Australia, represented by the Commissioner of Taxation

(c) **Assets the subject of the Specific Security Deed**

336,420,435 Venturex Shares, together with all entitlements, including dividends, distributions, return of capital, proceeds, money and other amounts from time to time payable to or accruing to the Company in respect of these Venturex Shares

(d) **Consideration**

The relevant Venturex Shares were made subject to the Specific Security Deed as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection.



(e) Events of default

- the Company failing to pay the Assessment or any other amount payable by it within the time provided for in any relevant law following the Final Determination of Objection;
- any one of the representations or warranties in the Settlement Deed or the Specific Security Deed becoming incorrect at any time;
- the Specific Security Deed becoming void, voidable or wholly or partly unenforceable; or
- the Company becoming insolvent.

(f) Powers of the Secured Party

If an event of default occurs then, during the period it subsists, the secured party may, among other things, without notice:

- (i) whether or not in possession, dispose of the secured property in such manner and on such terms as the secured party thinks fit;
- (ii) register itself or its nominee as the holder of the secured property;
- (iii) exercise all or any of the rights, privileges or entitlements conferred on or accruing to the registered holder of the secured property as if it were the absolute beneficial owner of the secured property;
- (iv) receive all dividends, interest, income and other money payable on the secured property and to apply any money so received towards satisfaction of the Assessment without being liable to account for it; and
- (v) appoint an agent or agents (whether severally, jointly or jointly and severally) and delegate the powers (or any of them) to the agent or agents.

(g) Release of secured property

The secured party must at its own cost, promptly grant a release of the secured property from the Specific Security Deed and release the Company from personal liability under the Specific Security Deed on the first to occur of:

- (i) the Final Determination of the Objection in the Company's favour;
- (ii) the withdrawal of the Assessment by the secured party; or
- (iii) payment of the Assessment by the Company.



(h) **Representations, warranties and covenants**

The Company has provided customary representations, warranties and covenants, to the Commissioner of Taxation principally in respect of title to its Venturex Shares, capacity and authority to enter into and to complete the transactions contemplated under the Specific Security Deed, together with an undertaking to prevent an event of default from happening and agreeing not to encumber the relevant Venturex Shares.

The execution of and possible disposal of the relevant Venturex Shares under the Specific Security Deed is not a transaction of the Company under Chapter 14 of the HK Listing Rules.

Basis of consideration

The terms of the Specific Security Deed were determined on normal commercial terms and negotiated on an arm's length basis between the relevant parties, and the number of Venturex Shares made subject to the Specific Security Deed approximated, at the time of the negotiations, the Assessment, and the Specific Security Deed was only executed upon agreement with the Commissioner of Taxation pursuant to the Settlement Deed that it takes steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and stays recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection.

The Directors consider the Specific Security Deed and Settlement Deed 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 Specific Security Deed and Settlement Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for entering into the Specific Security Deed and Settlement Deed

As announced by the Company on 28 January 2013, the Court orders received from the Federal Court of Australia and the related Assessment issued by the Commissioner of Taxation in the amount of A\$12,783,976.50 (or approximately US\$13,152,155 or HK\$102,586,809) were in respect of the Company's recent and successful disposal of its securities in BCI.

The amount of potential tax assessed is expressed to be due and payable on 2 December 2013.



As further announced on 28 January 2013, the orders provide that the Company must not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the assessed amount. Moreover, the Company was not notified that an application had been made to the Court and had no prior opportunity to discuss the matter with the Commissioner of Taxation before the aforementioned action was taken.

The orders were adjourned to 19 April 2013, unless extended further by the Court.

The Company has now had an opportunity to consult with the Commissioner of Taxation. In light of the orders sought and obtained by Commissioner of Taxation, the Company's primary objective has been to reach agreement with the Commissioner of Taxation to have the orders extinguished, thereby removing the aforementioned restrictions on the Company's Australian assets, so as to enable the Company to follow due process and take relevant advice on the merits of the Assessment.

The compromise agreed under the Settlement Deed was for the Company to grant, as grantor, The Commonwealth of Australia, represented by the Commissioner of Taxation, as secured party, a Specific Security Deed in respect of the relevant Venturex Shares. The Specific Security Deed was granted in consideration of the Commissioner of Taxation agreeing to take steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection.

Following the extinguishment of the Court orders, the Company can now give due attention to the merits of the Assessment and, in this regard, is taking external professional advice. From initial and preliminary advice received, the Company understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets. Following the receipt of further advice, the Company will consider its position and provide an update to the market in due course.

In light of the prevailing circumstances, the Directors consider the Specific Security Deed and Settlement Deed 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 Specific Security Deed and Settlement Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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. Its principal assets and investments are located in Yunnan Province, China as well as the Pilbara region of Western Australia where the Company has strategic interests in Venturex Resources Limited (31.87%). The Company also has passive interests in a number of other mining companies.

Definitions

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

“A\$”	Australian dollars, the lawful currency in Australia
“Assessment”	the assessment of Australian taxation issued by the Commissioner of Taxation and received as part of the orders from the Federal Court of Australia on 24 January 2013 in the amount of A\$12,783,976.50 (or approximately US\$13,152,155 or HK\$102,586,809) in respect of completion of the sale of the Company’s securities in BCI for gross proceeds of A\$81,609,173 (or approximately US\$83,959,517 or HK\$654,884,233), which potential tax is expressed to be due and payable on 2 December 2013
“associate(s)”	shall have the meaning defined in the HK Listing Rules
“ASX”	ASX Limited ACN 008 624 691
“BCI”	BC Iron Limited (ACN 120 646 924), a limited liability company incorporated in Australia, whose securities are listed on the ASX
“Board”	the board of directors of the Company
“China”	Peoples’ Republic of China



“Company”	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
“Director(s)”	the directors of the Company
“Final Determination of Objection”	the final resolution of the Objection by: (A) mediation, conciliation or alternate dispute resolution mechanism; or (B) whichever of the following occurs the latest (i) determination of any objection under Part IVC of the TAA (the “Determination of Objection”); (ii) any decision of the Administrative Appeals Tribunal or the Federal Court of Australia under Part IVC of the TAA in respect of the Determination of Objection; (iii) any decision of the Full Court of the Federal Court of Australia in respect of the Determination of Objection; and (iv) any decision of the High Court of Australia in respect of the Determination of Objection
“Group”	the Company and its subsidiaries
“HK Listing Rules”	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Objection”	an objection under Part IVC of the TAA, including any appeal from or review of an objection decision pursuant to section 14ZZ of the TAA
“Shareholder(s)”	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



“Settlement Deed”	the settlement deed entered into between the Company and The Commonwealth of Australia, represented by the Commissioner of Taxation, on 18 April 2013 in respect of the proposed settlement arrangements in respect of the Court orders in relation to the Assessment
“Specific Security Deed”	the specific security deed entered into between the Company and The Commonwealth of Australia, represented by the Commissioner of Taxation, on 18 April 2013 in respect of 336,420,435 Venturex Shares, as security against the Assessment, in consideration of the Commissioner of Taxation agreeing to take steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection
“TAA”	Taxation Administration Act 1953 (Cth)
“US\$”	United States dollars, the lawful currency of the United States
“Venturex”	Venturex Resources Limited (ABN 28 122 180 205), a limited liability company incorporated in Australia, whose securities are listed on the ASX
“Venturex Shares”	the fully paid ordinary shares in the capital of Venturex

Note: Unless otherwise specified herein, (i) amounts dominated in A\$ have been translated, for the purpose of illustration only, into US\$ using the exchange rate of A\$ 1.00 = US\$1.0288; and (ii) amounts dominated 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*)^{*}

Stephen Dattels (*Co-Chairman*)^{*}

Jamie Gibson (*Chief Executive Officer*)

David Comba[#]

Julie Oates[#]

Mark Searle[#]

Jayne Sutcliffe^{*}

^{*} *Non-Executive Directors*

[#] *Independent Non-Executive Directors*

Hong Kong, 18 April 2013