

## BC Iron Board Unanimously Recommends Cash Offer of A\$3.30 Per Share From Regent Pacific Group Limited

### Key Points:

- Proposed acquisition of all the outstanding BC Iron shares not already owned by 19.9% shareholder Regent Pacific by way of a Scheme of Arrangement
- Offer price of A\$3.30 cash per BC Iron share values the fully diluted equity in BC Iron at approximately A\$345 million
- BC Iron shareholders have the opportunity to crystallise immediate value now with the certainty of cash at a time of elevated iron ore prices
- Offer price represents an all time high price for BC Iron shares and is well above EV/reserve tonne multiples within the peer group, and
- BC Iron Directors will unanimously recommend that BC Iron shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an Independent Expert concluding that the Scheme is in the best interests of BC Iron shareholders

Australian iron ore development company **BC Iron Limited** (“**BC Iron**” or “**the Company**”) (ASX: BCI) is pleased to announce that it has entered into a Scheme Implementation Agreement (“**SIA**”) with 19.9% shareholder Regent Pacific Group Limited (“**Regent Pacific**”) (HSKE: 0575) in respect of a Scheme of Arrangement (“**Scheme**”) for all of the outstanding BC Iron shares not already owned by Regent Pacific (“**Offer**”).

Under the Offer which is subject to BC Iron shareholders approving the Scheme at a meeting to be convened by the Court, BC Iron shareholders will receive consideration of A\$3.30 cash for each BC Iron share they own at the appropriate record date.

Following careful consideration, the BC Iron Board is unanimously recommending shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the opinion of Independent Expert, KPMG, concluding that the Scheme is in the best interests of BC Iron shareholders.

### Offer Details

The Offer of A\$3.30 cash per BC Iron share, values the fully diluted equity in BC Iron at approximately A\$345 million and represents attractive share price premiums across a range of metrics:

- Implied EV/Reserve multiple is A\$30.9/t (Fe units) against the peer median of A\$14.4/t
- Implied EV/Resource multiple is A\$11.4/t (Fe units) against the peer median of A\$7.3/t;

- 43% premium to the issue price of A\$2.30 from the A\$18.4 million institutional placement announced on 11 November 2010;
- 65% premium to the six month volume weighted average BC Iron share price of A\$2.00;
- 30% premium to the two month volume weighted average BC Iron share price of A\$2.54;
- 18% premium to the one month volume weighted average BC Iron share price of A\$2.79; and
- 4% premium to the closing price of A\$3.17 on 18 January being the date on which BC Iron shares were placed in a trading halt following receipt of the Offer.

The Offer delivers an all time high price for BC Iron shares with the certainty of cash at a time when iron ore prices are reaching historical highs.

The Offer extends to any BC Iron shares that are issued as a result of the exercise of BC Iron options before the record date for the Scheme. Regent Pacific will also make separate offers to acquire all outstanding BC Iron Options by way of either an Option Acquisition Agreement or Option Consideration Agreement (Option Offer) for a consideration of \$3.30 in cash less the exercise price of the respective BC Iron Option.

A Scheme Booklet detailing the Offer, the reasons for BC Iron Directors supporting the Offer in the absence of a superior proposal and subject to the opinion of an Independent Expert, together with a copy of the Independent Expert Report, will be mailed to shareholders with the notice convening the meeting at which shareholders will be able to vote on the Offer.

None of BC Iron's material contracts, including its joint venture with Fortescue Metals Group Limited and associated infrastructure arrangements, nor iron ore sales agreements, will be affected by the change of control of BC Iron resulting from implementation of the Scheme. Likewise, BC Iron's Native Title claimant agreements and other Heritage Agreements and commitments to Aboriginal People in the area will continue as before.

### **BC Iron Comment**

Tony Kiernan, Chairman of BC Iron stated:

*“After careful consideration, the BC Iron Board has concluded that BC Iron shareholders should have the opportunity to vote on Regent Pacific's offer. As part of its deliberation, the Board considered various metrics including the very favourable Enterprise Value per resource tonne multiple of A\$11.41/t against the peer median of A\$7.3/t.*

*“Based on our assessment of the Offer's value and certainty, the BC Iron Board unanimously recommends shareholders vote in favour of this Offer subject to a favourable opinion from our Independent Expert, KPMG, and no superior proposal emerging. Shareholders should now await the Scheme Booklet which will contain all relevant information relating to this offer.”*

Mr Mike Young, Managing Director of BC Iron commented:

*“In a little over four years the BC Iron Board and management have successfully transformed BC Iron from one of many iron ore IPOs into Australia's latest iron ore producer with an implied value of A\$345 million pursuant to the Offer. The Offer from Regent Pacific is an all time high price for our Company. BC Iron shareholders will benefit from having the opportunity to crystallise immediate value now with the certainty of cash.”*

Jamie Gibson, Chief Executive Officer of Regent Pacific commented:

*“The Board and management of BC Iron have done a fantastic job to build a successful iron ore producer of great value within a short period of time, which is reflected in this attractive offer. The all cash offer crystallises the recent gains in the BC Iron share price, provides a substantial additional premium, and effectively de-risks BC Iron achieving its high growth strategy whilst capturing the benefits of that future growth.”*

*“Regent Pacific is seeking to be a long term player in both the growth and development of BC Iron and the Australian iron ore sector. Regent Pacific intends to retain BC Iron’s current management team and all current operations, and will not seek any changes to BC Iron’s strategy in the foreseeable future.”*

### **Scheme Implementation Agreement**

BC Iron has entered into a Scheme Implementation Agreement (“SIA”) with Regent Pacific under which it is proposed there be a Scheme of Arrangement for the acquisition of all the BC Iron shares not already owned by Regent Pacific for cash consideration, payable by Regent Pacific, of A\$3.30 per BC Iron share.

BC Iron has engaged KPMG as the Independent Expert to opine as to whether the Scheme is in the best interests of BC Iron shareholders.

Further details of the SIA and conditions precedent are set out in Appendix A to this announcement.

### **Financing of Offer**

Regent Pacific is financing the Offer's cash consideration via its existing cash reserves and a loan from Standard Chartered Bank (Hong Kong) Limited.

### **Exclusivity Arrangements**

BC Iron and Regent Pacific have agreed certain exclusivity arrangements, under which BC Iron will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal unless the SIA is terminated or unless required to do so to enable compliance with directors’ fiduciary duties.

As a condition of the offer, Regent Pacific has a 5-day period in which it has the right to match any competing proposal that BC Iron determines to be a superior proposal to the Offer.

### **Offer Conditions and Indicative Timetable**

The Offer is subject to conditions precedent typical for a Scheme that must be satisfied or waived for the Scheme to be implemented including:

- Court approvals;
- Requisite shareholder approvals from both BC Iron and Regent Pacific;
- Australian Foreign Investment Review Board (FIRB) approval; and
- No Material Adverse Change in relation to BC Iron;

The Offer is also subject to a financing condition which the BC Iron Directors have reviewed, and to certain agreed arrangements in relation to some of the BC Iron Options (defined in the SIA as the Affected Options) but is not subject to further due diligence.

A summary of key terms of the SIA is attached as Appendix A to this announcement. Full particulars of the Offer will be provided in the Scheme Booklet along with an Independent Expert's report.

Appendix B sets out a copy of the corresponding announcement regarding the Offer from Regent Pacific.

The indicative timetable in relation to the Offer is as follows:

<b>Event</b>	<b>Date</b>
Date of the SIA Agreement and announcement	20 January 2011
First court date	Early March 2011
Meeting of Regent Pacific shareholders to consider Regent Pacific Shareholder Resolution	Mid April 2011
Scheme meeting of BC Iron Shareholders	Mid April 2011
Second court date	Late April 2011
Implementation of Scheme	Early May 2011

### **Existing Contracts, Agreements and Commitments**

All contracts and agreements entered into by BC Iron Limited and its wholly owned subsidiary, BC Iron Nullagine Pty Ltd will be unaffected by any change of control and will remain in full force.

### **Advisers to the Offer**

BC Iron's corporate adviser is Argonaut Capital Limited and its legal adviser is Middletons.

Regent Pacific's financial adviser is Standard Chartered and its legal adviser is Clayton Utz.

**- ENDS -**

**FOR FURTHER INFORMATION:**

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**About BC Iron Limited**

BC Iron is an iron ore development and mining company with key assets in the Pilbara region of WA. The Company's core asset is the Nullagine Iron Ore Project, a 50/50 joint venture with Fortescue Metals Group Limited. The JV will use Fortescue's infrastructure at Christmas Creek, 50 km south of the Mine, to rail its ore to Port Hedland from where it will be shipped to customers overseas. Mining commenced in November 2010 and first ore on ship will occur in the March Quarter of 2011 - just over four years from listing on the ASX. The Company plans to export 1 Mt by June 2011 at which point BC Iron will be mining at a throughput of 3Mtpa.

**About Regent Pacific**

Regent Pacific is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the Hong Kong Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Group operates as a diversified mining group focused, primarily, on the Asian region. Its principal assets are located in Yunnan Province and Inner Mongolia, China.

## Appendix A

### Summary of the Key Terms of the Scheme Implementation Agreement

BC Iron Limited (BC Iron), Regent Pacific Group Limited (Regent Pacific) and Regent Pilbara Pty Limited (BidCo), a wholly owned subsidiary of Regent Pacific, have entered into a Scheme Implementation Agreement (SIA) dated 20 January 2011 which sets out the terms of the Scheme and the basis upon which BidCo will acquire all of the outstanding BC Iron shares that Regent Pacific does not already own. The SIA also sets out various obligations of the parties in connection with the proposed Scheme including the obligation of BC Iron to seek an order of the Court convening a shareholders meeting for the purpose of voting on the Scheme. A summary of the structure of the Scheme and an outline of the key terms and conditions of the SIA are set out below. Please refer to the Definitions in Point 9 below when reading this summary.

#### 1. Structure of the Scheme

Under the Scheme, Scheme Shareholders will transfer all their shares in BC Iron to BidCo in exchange for the Scheme Consideration.

#### 2. Conditions precedent

Implementation of the Scheme is subject to the satisfaction or waiver of, *inter alia*, the following conditions precedent:

- **Approvals:** BC Iron shareholders, Regent Pacific shareholders and the Court approving the Scheme;
- **Regulatory:** Receipt of necessary government agency approvals, including FIRB approval, and no court or regulatory authority taking steps to restrain, restrains, prohibits or impedes the Scheme;
- **Independent Expert:** The Independent Expert's Report concluding the Scheme is in the best interests of BC Iron shareholders and the Independent Expert not changing that conclusion or withdrawing its report prior to the Second Court Date;
- **Warranties:** The warranties provided by BC Iron and Regent Pacific to each other are true and correct in all material respects on the date of the SIA and as at the Second Court Date;
- **Market Out:** Before the Second Court Date, the S&P/ASX 300 Index does not close at less than 85% of the value of the S&P/ASX 300 Index as at the date of the SIA for a period of three or more consecutive trading days;
- **Financing:** On the Second Court Date, financial accommodation in favour of Regent Pacific on the terms as notified by Regent Pacific to BC Iron before entry in to the SIA, continues to be available;
- **No Material Adverse Change:** no Material Adverse Change occurs or becomes known to Regent Pacific, and no Material Adverse Matter in respect of BC Iron becomes known to Regent Pacific after the date of the SIA and before the Second Court Date; and

- **Affected Options:** all Affected Options have lapsed, been exercised or are the subject of an Option Consideration Agreement.

### 3. Implementation

Each of BC Iron and Regent Pacific are obliged to take all steps reasonably necessary to propose and implement the Scheme as soon as is reasonably practicable after the date of the SIA in accordance with the timetable set out in the SIA, including in the case of Regent Pacific convening a meeting of its shareholders to approve the Offer under the Scheme in accordance with the Rules of the Hong Kong Stock Exchange.

BC Iron has agreed to commission an Independent Expert's Report in respect of the Scheme, and to carry on its business and operations in the ordinary course.

### 4. Recommendation of the BC Iron Board

BC Iron must in the Explanatory Memorandum, unanimously recommend that BC Iron shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject only to the Independent Expert concluding that the Scheme is in the best interests of BC Iron shareholders.

BC Iron has agreed to use its best endeavours to procure that each BC Iron director maintains their recommendation of the Scheme subject to:

- the Independent Expert's Report concluding that the Scheme is in the best interests of BC Iron shareholders; and
- there being no Superior Proposal.

### 5. Exclusivity

#### (a) No Solicitation / No Talk / No Due Diligence

Under the SIA, BC Iron has agreed to the following exclusivity arrangements until the earlier of implementation of the Scheme, termination of the Scheme and 31 July 2011:

- **(No Solicitation)** it will not solicit or invite any Competing Proposal or expression of interest or offer which may lead to a Competing Proposal, or initiate discussions with any third party which may reasonably be expected to lead to a Competing Proposal;
- **(No Talk)** it will not participate or continue to engage in any discussions or negotiations in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal; and
- **(No Due Diligence)** it will not provide any information to a third party for the purposes of enabling that person to make an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal.

The no solicitation, no talk and no due diligence obligations do not apply to unsolicited Competing Transactions where the BC Iron Board has determined, in good faith and acting reasonably, that:

- such bona fide Competing Proposal could reasonably be considered to be a Superior Proposal; and
- after receiving advice from Senior Counsel on the matter failing to respond to such a bona fide Competing Proposal would be reasonably likely to constitute a breach of the BC Iron Board's fiduciary or statutory obligations.

**(b) Competing Transactions and Regent Pacific's Right to Match**

If BC Iron receives a written or verbal proposal for a Competing Proposal or is approached or requested by any person to engage in or resume any activity that would breach its exclusivity obligations, it must inform Regent Pacific and provide the material terms of any such proposal.

BC Iron must not enter into any agreement in relation to any such Competing Proposal unless:

- it has determined that it is a Superior Proposal; and
- Regent Pacific has been given the opportunity to match any such proposal (and any amended proposal) within 5 Business Days of being notified.

If Regent Pacific submits to BC Iron an unconditional written proposal which provides at least an equivalent outcome for the holders of BC Iron Shares and BC Iron Options then BC Iron must implement Regent Pacific's proposal.

**6. Break Fee**

**(a) Payment of Break Fee by BC Iron**

BC Iron is to pay Regent Pacific a break fee of approximately A\$3.3 million being 1% of the equity value of BC Iron as reflected in the Scheme Consideration if:

- BC Iron materially breaches its obligations under the SIA;
- any director of BC Iron makes any public statement changing or withdrawing their support or recommendation of the Scheme (unless the Independent Expert has concluded that the Scheme is not in the best interests of BC Iron shareholders);
- a majority of BC Iron directors recommends a Competing Proposal;
- a Competing Proposal in relation to BC Iron is announced or open for acceptance before the Scheme becomes Effective and the person proposing the Competing Transaction acquires:
  - i. control of BC Iron, within the meaning of section 50AA of the Corporations Act;
  - ii. acquires the whole or a substantial part or a material part of the business or property of the BC Iron Group (taken as a whole);
  - iii. a relevant interest in more than 50% of the voting shares in BC Iron; or
  - iv. otherwise acquires or merges with BC Iron.

## **(b) Reverse Break Fee**

Regent Pacific is to pay BC Iron a break fee of A\$500,000 if:

- Regent Pacific Shareholders fail to approve Regent Pacific proceeding with the Offer under the Scheme; or
- the financing for Regent Pacific falls away.

## **7. Termination**

### **(a) Termination by either party**

The SIA provides that either party may, prior to the Second Court Date, terminate the SIA if:

- the Independent Expert concludes that the Scheme is not in the best interests of BC Iron shareholders;
- the resolution to approve the Scheme is not approved by the requisite majority of BC Iron shareholders at the Scheme Meeting;
- the Court refuses to make an order convening the Scheme Meeting or approving the Scheme;
- FIRB approval to the Scheme is not obtained;
- a court or other regulatory authority (including ASIC) issues an order, decree or ruling or takes any other action which permanently restrains or prohibits the Scheme;
- Regent Pacific shareholders fail to approve Regent Pacific proceeding with the Offer under the Scheme;
- there is a failure of any condition precedent; or
- the BC Iron Board publicly changes its recommendation or publicly recommends a Superior Proposal.

### **(b) Termination by BC Iron**

The SIA provides that BC Iron may, prior to the Second Court Date, terminate the SIA if:

- there is a material breach by Regent Pacific of the SIA (in relation to payment of the Scheme Consideration, its obligations for implementation of the Scheme and its representations and warranties); or
- the board of Regent Pacific publicly changes its recommendation in relation to proceeding with the Offer under the Scheme.

### **(c) Termination by Regent Pacific**

The SIA provides that Regent may, prior to the Second Court Date, terminate the SIA if:

- there is a material breach by BC Iron of the SIA (including in relation to obligations for implementation of the Scheme, its representations and warranties, conduct of business and exclusivity obligations) which is not remedied within 10 Business Days or before 5pm on the last Business Day before the Second Court Hearing Date.

## **8. Treatment of BC Iron Options**

Regent Pacific will make an offer to the holders of all BC Iron Options on the terms and conditions agreed between Regent Pacific and BC Iron and subject to the Scheme becoming Effective, to acquire all outstanding BC Iron Options.

BC Iron must use its best endeavors to encourage BC Iron Optionholders to execute an option acquisition agreement (which provides for the transfer of BC Iron Options for consideration) or an Option Consideration Agreement, as appropriate.

## 9. Definitions

In this Scheme, unless the contrary intention appears or the context requires otherwise:

**Affected Option** means a BC Iron Option that includes a term of issue to the effect that it will automatically lapse on a specified day following the issue or dispatch by BC Iron of the notice convening the Scheme Meeting.

**Affected Optionholder** means a holder of Affected Options.

**BC Iron** means BC Iron Limited.

**BCI** means BC Iron.

**BC Iron Board** means the board of directors of BC Iron.

**BC Iron Group** means BC Iron and each of its subsidiaries.

**BC Iron Options** means the options to subscribe for BC Iron Shares outstanding as at the date of the SIA.

**BC Iron Share** means a fully paid ordinary share in the capital of BC Iron.

**BC Iron Share Register** means the register of members of BC Iron maintain by or on behalf of BC Iron in accordance with section 168(1) of the Corporations Act.

**Business Day** is any day that is both a Business Day within the meaning given in the ASX Listing Rules and a day that banks in Perth, Western Australia and Hong Kong are open for business.

**Competing Proposal** means a transaction or arrangement pursuant to which (other than as contemplated pursuant to the SIA) a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a majority of the business of the BC Iron Group;
- (b) acquire a Relevant Interest in any BC Iron Shares, as a result of which the Third Party will have a Relevant Interest in 50% or more of the BC Iron Shares;
- (c) otherwise acquire control of BC Iron or the BC Iron Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquire or merge with BC Iron,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the BC Iron Group or other synthetic merger or any other transaction or arrangement.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Court** means the Federal Court of Australia or such other court of competent jurisdiction as BC Iron and Regent Pacific agree in writing.

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Excluded Shares** means any BC Iron Shares held by, or by any person on behalf of or for the benefit of, Regent Pacific or its Related Bodies Corporate.

**Exclusivity Period** means the period commencing on the date of this agreement and ending on the earlier of:

- (a) the date this agreement is lawfully terminated in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

**Explanatory Memorandum** means the explanatory memorandum to be prepared by BC Iron in respect to the Scheme in accordance with the SIA and to be dispatched to BC Iron shareholders.

**Independent Expert** means the independent expert to be engaged by BC Iron to express an opinion on whether the Scheme is in the best interests of BC Iron shareholders.

**Independent Expert's Report** means the report from the Independent Expert for inclusion in the Explanatory Memorandum, and any updates to such report that the Independent Expert issues.

**Material Adverse Change** means any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category, has (or would be likely to have) a material adverse effect on the business, properties, financial condition, results, operations or prospects of the BC Iron Group (taken as a whole), including, without limitation:

- (a) any creditor lawfully demanding repayment of a debt of A\$2 million or more; or
- (b) any event, occurrence or matter which individually or when aggregated with all such events, occurrences or matters of a like kind or category, diminishes (or would be likely to diminish) the consolidated net assets of the BC Iron Group by A\$10 million or more (except where such diminution of such consolidated net assets is a result of fluctuations in the value of the iron ore stockpile of the BC Iron Group),

but excluding the announcement, proposal or introduction of any taxation law or policy by the Australian federal Government in the nature of a "Mineral Resources Rent Tax" on terms consistent, in all material respects, with the terms generally and publicly known as at the date of this agreement.

**Material Adverse Matter** means any one or more events, occurrences or matters which individually or when aggregated with all such events, occurrences or matters of a like kind or category which has occurred but is not in the public domain at the date of this agreement or has not been disclosed to Regent Pacific before the date of this agreement and which had it occurred after the date of this agreement would have been a Material Adverse Change.

**Option Consideration Agreement** means an agreement between BidCo, BC Iron and an Affected Optionholder under which:

- (a) BidCo agrees to pay cash consideration equal to the Scheme Consideration less the applicable exercise price to the Affected Optionholder, subject to the Affected Options having lapsed without being exercised and to the Scheme becoming Effective; and
- (b) BC Iron agrees to grant options to subscribe for BC Iron Shares to the Affected Optionholder on the same terms as the Affected Options if the Scheme does not become Effective before the termination of the SIA.

**Record Date** means the date which is five Business Days after the Effective Date.

**Relevant Interest** has the meaning given in section 9 of the Corporations Act.

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between BC Iron and BC Iron shareholders as described in the SIA, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Regent Pacific and BC Iron.

**Scheme Consideration** means the consideration to be provided to Scheme Shareholders under the terms of this Scheme, being \$3.30 cash for each Scheme Share.

**Scheme Meeting** means the meeting of BC Iron shareholders ordered by the Court in relation to this Scheme to be convened under section 411(1) of the Corporations Act.

**Scheme Share** means each BC Iron Share on issue at 5.00pm on the Record Date other than the Excluded Shares.

**Scheme Shareholder** means a person who is registered in the BC Iron Share Register as a holder of a Scheme Share.

**Second Court Date** means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**Superior Proposal** means a Competing Proposal which:

- (a) in the determination of the BC Iron Board acting in good faith, is reasonably capable of being completed without undue delay, taking into account both the nature of the Competing Proposal and the person or persons making it; and
- (b) in the determination of the BC Iron Board acting in good faith, after receiving the advice of its external legal and financial advisers, would, if completed substantially in accordance with its terms, result in a transaction more favourable to the BC Iron Shareholders.

## Appendix B

Regent Pacific Press Release.



# Regent Pacific Group Limited

Stock Code: 0575.HK

(Incorporated in the Cayman Islands with Limited Liability)

20 January 2011

## PRESS RELEASE

### Regent Pacific to Enter Australia with a Transformational Transaction

#### Recommended All-cash Offer to Acquire ASX-listed BC Iron Limited at A\$3.30 per Share

20 January, 2011 – HONG KONG, Regent Pacific Group Limited (“Regent Pacific” or the “Group”, stock code: 575), a holding and investment company engaged in the exploration and mining of natural resources, today announces a cash offer to acquire all the issued share capital in BC Iron Limited (“BCI”) shares and options that it does not already own.

#### Summary:

- A\$3.30 cash offer per share values BCI’s undiluted share capital at A\$305.5 million (US\$306.3 million)
- Offer unanimously recommended by BCI’s board, in the absence of a superior offer and subject to an independent expert concluding that it is in the best interest of BCI’s shareholders
- Acquisition financed from cash reserves and a fully underwritten loan facility
- BCI’s key asset is a 50% stake in the operational Nullagine Iron Ore Joint Venture:
  - High-quality, low phosphorous Pilbara Direct Ship iron ore
  - Mine life of eight and half years
  - Production target of 5Mtpa iron ore by 2013
  - Resource base of 101.6Mt iron ore with an average grade of 54%
  - Reserve base of 35.6Mt iron ore with an average grade of 57% with potential to increase this reserve with additional exploration
  - Cash operating costs of A\$43/t life of mine, excluding State government royalties, marketing fees, and Aboriginal royalties





The offer will proceed via an Australian Scheme of Arrangement (the “Scheme”), and is subject to the usual legal, shareholder, and regulatory approvals. Under the proposed Scheme, BCI shareholders will receive A\$3.30 in cash for each BCI share.

**The cash value of the offer represents attractive premia of:**

- 43.5% to the price at which BCI recently conducted a share placement
- 29.7% to the 60 day volume-weighted average price of BCI shares on ASX
- 18.5% to the 30 day volume-weighted average price of BCI shares on ASX
- 4.1% to the closing price of BCI shares on ASX on 18 January 2011

**Commenting on the transaction, Jamie Gibson, Chief Executive Officer of Regent Pacific:**

*“This is a very important step in our diversification, where we are reinvesting the profits we made from our previous China based copper and coal investments into Pilbara iron ore assets from which we expect to generate immediate cashflow. We have been a long-term shareholder and supporter in BCI and have developed a solid understanding of its operations, management and future potential.*”

*We are delighted to be in a position to make an attractive all cash offer to BCI shareholders, which crystallises the recent gains in the BCI share price for BCI shareholders and provides a substantial additional premium. The board of BCI is unanimously recommending this offer.*

*We intend to continue to work with the management and staff of BCI and at all current operations. We fully support BCI’s existing strategy and the strong working relationship that it enjoys with Fortescue, such that it will be business as usual. Longer term, we will seek to utilise Regent Pacific’s in house project management and development skills to grow the business in exciting new directions and continue to maximise shareholder value.*

*Acquiring BCI is an opportunity for Regent Pacific to establish a wholly-owned operating subsidiary in the Pilbara, one of the world’s leading iron ore regions. The proposed transaction is a key element in the company’s strategy to expand its footprint and increase its diversification across geographies and mineral types.”*

**Mike Young, Managing Director of BCI said:**

*“Regent Pacific has been strong supporters of BCI from their initial investment in June 2009. They have a very strong management and technical team with whom we have worked closely during the due diligence. The executive management team has a clear strategy for growth which is line with our team’s goals and our project provides a springboard for their plans.*”

*For our shareholders, this is an opportunity to crystallise a considerable return over a relatively short period of time. From 2006 when we were a one person company with an iron prospect, we have now developed into an iron ore producer, delivering on our plan. With record iron ore prices and a record share price, the Board of BCI is supporting this offer subject to no superior proposal and an independent expert concluding that it is in shareholders’ best interest”*



## Board recommendations and shareholder support

The BCI board of directors has unanimously recommended all BCI shareholders to vote in favour of the Scheme, in the absence of a superior proposal, and subject to an independent expert concluding that the proposal is in the best interests of BCI shareholders. Each BCI director intends to vote in favour of the Scheme in respect of any BCI shares they hold.

Importantly, none of BCI's material contracts, including its joint venture with Fortescue Metals Group and associated infrastructure arrangements, nor iron ore sales agreements, will be affected by the change of control of BCI resulting from implementation of the Scheme.

Regent Pacific Group currently controls 19.9% of the issued share capital in BCI, and has been a substantial shareholder in BCI since June 2009.

The Transaction is expected to be completed in the first half of 2011, subject to various customary conditions, including:

- foreign investment approval from the Australian Federal Treasurer;
- all required court approvals and approvals by BCI shareholders by the requisite majorities under the Corporations Act; and
- approval by Regent Pacific's shareholders in accordance with the HK Listing Rules and Regent Pacific's constitutive documents

## General

Please refer to Regent Pacific's detailed announcement, to be found at [www.hkexnews.hk](http://www.hkexnews.hk) or [www.regentpac.com](http://www.regentpac.com), for more details about the acquisition, the SIA and the conditions to the offer. The Circular containing, among other things, further details of the Transaction, and notice of EGM, will be despatched to the Regent Pacific shareholders as soon as practicable.

Standard Chartered Bank is acting as the financial advisor to Regent Pacific on this transaction.

## For more information:

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### About Regent Pacific Group Limited

Regent Pacific is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the Hong Kong Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. Regent Pacific operates as a diversified mining group focused, primarily, on the Asian region. Its principal assets are located in Yunnan Province and Inner Mongolia, China.

### About BC Iron Limited

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 Fortescue Metals Group in the Nullagine Iron Ore Joint Venture project. The venture is forecast to produce 35.6 Mt over an 8.5 year period at a saleable, high-quality 57% iron ore grade. Further, BCI has potential upside for mine expansion and an extended mine life, with a significant 101.6 Mt resource estimate and surrounding iron ore outcrops.

### Overview of BCI operations

