



8 April 2011

Cameron Bill
Adviser, Listings (Perth)
ASX Compliance Pty Limited
PERTH WA 6000

By facsimile: (08) 9221 2020

Dear Cameron

BC Iron Limited ("Company")

I refer to your letter of 7 April 2011.

The Company provides the following responses to the questions in your letter. All times referred to in this response are to Perth time.

- 1 The Company considered the Finance Termination (as that term is defined in your letter) material from the time that it made its announcement to the market on 7 April 2011. Prior to then and by virtue of the purported termination of the Scheme (as referred to below), the Finance Termination was not material in the context of the Listing Rules.
- 2 The Company became aware of the Finance Termination on receipt of the preliminary submissions of Regent Pacific Group Limited ("**Regent Pacific**") to the Takeovers Panel. The preliminary submissions were emailed to the Takeovers Panel and the parties to the proceedings, including the Company and ASIC, at 11.20pm on 22 March 2011.

Given this termination, it was not reasonable to expect that a separate announcement of the Finance Termination would have a material effect on the price or value of the Company's securities.

3 Background

Regent Pacific announced its purported termination of the Scheme Implementation Agreement ("**SIA**") on 15 March 2011.

The Company then announced both its rejection of this purported termination and application to the Takeovers Panel for a declaration of unacceptable circumstances.

The Company first became aware of the purported Finance Termination in reviewing Regent Pacific's submissions to the Takeovers Panel. The Company did not consider the Finance Termination to be material at that time as the SIA had already been terminated by Regent Pacific as announced to ASX and HKSE.

Confidentiality

In accordance with the undertakings given to the Takeovers Panel, Regent Pacific's (and all parties) submissions were provided on a confidential basis.

Disclosure of the Finance Termination would have required the Company to be satisfied that there was a requirement for disclosure under Listing Rule 3.1. The Company considered it was subject to a higher threshold for disclosure given that disclosing unnecessarily and prematurely could have breached of the Company's confidentiality undertakings to the Takeovers Panel.

Reasons

The Company acknowledges that the termination of a bidder's finance in isolation would typically be considered a material and announceable event.

In this circumstance, Regent Pacific's purported termination of the SIA had been disclosed to the market well before the Company became aware of the Finance Termination. This prior disclosure rendered the subsequent Finance Termination immaterial given that the SIA had already been purportedly terminated.

Further, the Company was disputing the purported termination (and by implication the Finance Termination) and considered (as submitted to the Takeovers Panel on 23 March 2011) that the Finance Termination was solely a consequence of Regent Pacific's actions in terminating the SIA.

Accordingly, the Company did not consider the Finance Termination to be material at that time.

Announcement

The Company considered that the Takeovers Panel's declaration and order effectively put the SIA back on foot. The Company considered that any termination of the Finance documents (if confirmed) would become material to the prospects of the Scheme.

On 5 April 2011 at 5.35pm, the Company received Regent Pacific's draft announcement to the Hong Kong Stock Exchange confirming that the Finance documents had been terminated and that Regent Pacific was in discussions with its financier to reinstate them. This was the first time the Company had actual confirmation that Regent Pacific's finance was unavailable.

Based on this confirmation, the Company applied for a trading halt prior to the opening of trade on 6 April 2011. The trading halt remained in place until the release of both the Takeovers Panel's declaration and the Regent Pacific announcement to the Hong Kong Stock Exchange.

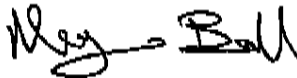
Following these events, the Company released its announcement at 3.19pm. The Company's disclosure of the Finance Termination included full, extracted sections of the Regent Pacific announcement relating to the Finance Termination and an appropriate warning to market participants as to the prospects of the Scheme proceeding. The full announcement from Regent Pacific was also attached.

The Company's approach to its announcement and disclosure was also discussed with ASIC, a participant to the Takeovers Panel proceedings, on the afternoon of 5 April 2011 and morning of 6 April 2011.

4 Not applicable.

5 The Company confirms that it is in compliance with Listing Rule 3.1.

Yours sincerely



Morgan Ball
Company Secretary





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7 April 2011

Mr Morgan Ball
BC Iron Limited
Level 1, 15 Rheola Street
WEST PERTH WA 6005

By Email: morgan.ball@bciron.com.au

Dear Morgan,

BC Iron Limited (the "Company")

We refer to the announcement lodged by the Company to ASX Limited ("ASX") and announced yesterday at 3:19 pm (E.S.T) titled "Takeovers Panel Declares Unacceptable Circumstances" ("Announcement").

The Announcement confirmed, among other things, that:

Regent Pacific has today made an announcement to the Hong Kong Stock Exchange. A copy of this announcement is attached.

In that announcement, Regent Pacific advises that

"Following the Company's [Regent Pacific] announcement on 15 March 2011 of its withdrawn recommendation of the Scheme and the giving of notice of termination of the proposed Scheme, SCB [Standard Chartered Bank (Hong Kong) Limited], for completeness and as a natural consequence of the Company's action, exercised its contractual right and terminated the Finance Documents [the binding mandate letter and term sheet for a US\$155 million debt finance facility], so as at the date of this announcement [6 April 2011] the debt finance is not available to fund the consideration payable under the Scheme..." ("Finance Termination").

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the Finance Termination to be material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the Finance Termination? In your response to this question please indicate the date and approximate time the Company became aware.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Finance Termination prior to the release of the Announcement, please advise the following:
 - 3.1 Please advise why the Company did not make an announcement at an earlier time or request a trading halt prior to the Announcement?
 - 3.2 Why was the information not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Finance Termination to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5:00pm (W.S.T) tomorrow, being Friday 8 April 2011.

Your response should be sent to ASX by facsimile on facsimile number (06) 9221 2020. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0054.

Yours sincerely,



Cameron Bill
Adviser, Listings (Perth)