



Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

18 March 2011

ANNOUNCEMENT

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RESPONSE TO AUSTRALIAN MEDIA SPECULATION

SUMMARY

The Company explains the facts surrounding its decision to terminate the SIA pursuant to its acceptance of ConsMin's unqualified position that it is "flatly opposed" to the Scheme.

Regent Pacific Group Limited (the "**Company**") refers to the announcement issued on 15 March 2011 (the "**Announcement**") in respect of the termination of the proposed conditional all cash takeover offer for BC Iron Limited ("**BCI**") by way of a scheme of arrangement ("**Scheme**").

The Company notes the media release of Consolidated Minerals Limited ("**ConsMin**") dated 16 March 2011 and the associated media speculation in respect of that media release. In light of these public statements, the Company believes it is necessary to set out the facts surrounding the Company's decision to terminate the scheme implementation agreement dated 20 January 2011 between the Company and BCI ("**SIA**"):





- On or around 14 February 2011, an article by John Helmer, a journalist based in Moscow, was published on a foreign website (www.businessinsider.com based in the United States) (the “**Article**”) which attributed the unqualified statement that ConsMin is “flatly opposed” to the Scheme to the directing mind and controller of ConsMin, Gennadiy Bogolyubov, and noted that ConsMin has the votes to veto the deal. The Article went on to quote a senior spokesman for ConsMin, Oleg Sheiko, to the effect that the Scheme offer lacked logic and that the offer price was “*lower than anyone in our business would look twice at*”.
- The unqualified statements attributed to ConsMin in the Article (“**Statements**”) were plainly provided without the benefit of BCI’s Scheme booklet containing, *inter alia*, an Independent Expert’s Report, nor was any reference or qualification made in that or any respect.
- Upon investigation by the Company, the author of the Article confirmed its content and that the quote from the ConsMin spokesman was “verbatim”.
- The Article is not, as has been suggested by BCI, a mere “blog”. The Article was widely reported in the Australian media, including The Australian, the Financial Review and the West Australian. The gravity of the Article is evident from the impact of the Article on the BCI share price (it fell from around A\$3.25 before the Article to less than A\$3.00 shortly after dissemination of the Article reached Australia, a fall of about 8 per cent. on trading volume of more than 1.38 million shares, the third highest daily trading volume since the Scheme was announced) and BCI’s response to it, which was to enter a trading halt for the sole purpose of preparing an announcement to respond to the Article and confirm that, based on discussions with ConsMin that preceded the date of the Article, BCI was unsure of ConsMin’s intentions in respect of the Scheme.
- Before taking any action in respect of the unqualified position of ConsMin presented in the Article, the Company delivered a detailed letter to ConsMin specifically identifying the unqualified Statements attributed to ConsMin in the Article, providing numerous examples of the resulting Australian media speculation, and highlighting the impact of those Statements on the market for BCI shares. The Company’s letter stated that in the absence of an unequivocal response from ConsMin in a specified form (which, importantly, permitted ConsMin to assume that a favourable conclusion from the independent expert appointed by BCI would be forthcoming and that no superior proposal would emerge), the Company would treat such conduct as determinative evidence of the Statements being an accurate representation of ConsMin’s intention to vote against the transaction. Further, ConsMin was specifically put on notice that, in those circumstances, the board of directors of the Company (“**the Company’s Board**”) would act in accordance with its fiduciary duties, and was entitled to take steps to prevent the further futile expenditure of the Company’s resources, including by terminating the SIA in accordance with its contractual right to do so.



- The Company received a response from ConsMin late on 10 March 2011 which was unsatisfactory, including because it seemingly intentionally avoided any explanation or clarification of the Statements.
- The Company had previously sent an email to Oleg Sheiko, a senior spokesman for ConsMin, on 21 January 2011 and again on 14 February 2011 with a view to gauging ConsMin's attitude towards the Scheme. No response to these emails was received.
- Uncertainty regarding ConsMin's attitude towards the Scheme prevailed, to such an extent that on 14 March 2011 BCI shares traded as low as A\$2.78, a very significant 16 per cent. discount to the A\$3.30 offer price. This represented a clear indication of the market's view of the likelihood of ConsMin supporting the Scheme.
- At the earliest available opportunity, the Company's Board met to consider the circumstances surrounding the Scheme, and on the evening of 14 March 2011 the Company's Board 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) required it to withdraw its recommendation to the Company's shareholders in respect of the Scheme.

The Company is very disappointed with the failure of the Scheme, not least of all because it expended significant resources in its prosecution, and its decision to terminate the SIA was not one that was reached lightly. That said, the Company's Board is entirely comfortable that it has acted in accordance with the SIA, its fiduciary duties, Australian law and the standards expected of participants in the Australian M&A industry.

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^{*}

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[#] *Independent Non-Executive Directors*

Hong Kong, 18 March 2011