

First Bauxite Corporation Announces Completion of Strategic Review

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TORONTO, ONTARIO--(Marketwired - Dec 3, 2014) - [First Bauxite Corp. \(TSX VENTURE:FBX\)\(BERLIN:FBI\)\(FRANKFURT:FBI\)](#) ("**First Bauxite**" or the "**Company**") is pleased to announce that it has completed a strategic review of development alternatives for its industrial mineral grade bauxite deposit located in Guyana. The Company has defined what it believes to be a new and more robust project concept and has engaged an engineering firm to complete a feasibility study on the new project concept. The Company has also received an extension on its construction obligations under its Mining Licence with the Government of Guyana.

During 2014, the Company has undertaken a detailed strategic review of both the Bankable Feasibility Study Update, filed on 21 November 2011, on producing sintered bauxite in Guyana for the refractory market ("**BFSU Project**"); and the planned pre-feasibility study, first announced on 14 February 2013, on producing sintered bauxite in Guyana for the ceramic proppant market ("**Planned PFS Project**"). This strategic review also included an assessment of alternative project concepts.

1. 2014 Detailed Strategic Review

The conclusions of the detailed strategic review were as follows:

i) BFSU Project.

- **Energy risk.** Sintering bauxite is an energy intensive process and the lack of a readily available, reliable and competitive domestic supply of energy in Guyana creates potential operating cost risks through the reliance on imports of heavy fuel oil and diesel. In addition, the lack of a domestic energy source in Guyana requires the BFSU Project to construct its own power generation facility which places it at a capital cost disadvantage.
- **Market risk.** The BFSU Project is reliant on a single product for use only in refractory applications. Lack of product and market diversification creates potential market and revenue risks.
- **Technology risk.** The BFSU Project contemplated the use of pressurised vertical shaft kilns. While this technology has been used in sintering other industrial minerals, it has never been used for sintering bauxite. Despite the extensive testwork that was undertaken on the BFSU Project, there is still a potential technical risk.
- **Resource risk.** The BFSU Project's focus on sintered refractory grade bauxite requires exploitation of the deposit's highest grading material. This results in higher levels of waste being generated, lower utilisation of the mineral deposit, reduced mine life and higher operating costs. It also results in higher capital costs with the required installation of wash plants and tailings ponds to ensure grade control.

The Company believes these risks have significantly contributed to the inability to secure the required level of finance for construction, commissioning and operation of the BFSU Project.

ii) Planned PFS Project.

As a result of high capital cost, high energy intensity and low plant capacity, the initial economic analysis that was undertaken on the Planned PFS Project was unfavourable. This, together with the same energy and market risks described above, which are also applicable to the Planned PFS Project, has lead the Board to conclude that the Planned PFS Project is not viable in its current form and completion of a pre-feasibility study is not justified. Consequently, the Board has decided the Company will not pursue the PFS.

iii) Alternative Project Concepts.

To overcome the risks identified in the BFSU Project and the Planned PFS Project, a number of alternative project concepts were identified and reviewed including:

- Locating the energy intensive sintering component of the operation in a low energy cost location.
- Using traditional rotary kiln sintering technology rather than pressurised vertical shaft kiln technology.
- Evaluating existing brownfield sintering plant opportunities as well as the construction of a greenfield plant.
- Producing multiple products in the sintering plant for a range of applications in both the refractory and ceramics proppants markets.
- Producing multiple products that require a range of different grades of mineralization to optimise the mineral deposit with the market.
- Increasing plant capacity to get greater capital cost and operating cost efficiencies.

Following an extensive and detailed strategic review during 2014, an optimised project concept has been defined which provides a much greater level of flexibility, improved economic potential and reduced risk. This new flexible project concept ("**Flexible Project**") involves:

- Bauxite mining and beneficiation taking place in Guyana. This process step has a low level of energy intensity and reduces the energy risk associated with basing the entire plant in Guyana.
- Bauxite calcining and sintering taking place in Southern Louisiana, USA to take advantage of readily available, reliable and low cost supplies of natural gas and power. This will reduce capital costs and operating costs.
- Plant capacity increasing from a 100,000mtpa vertical shaft kiln operation proposed in the BFSU Project to a 150,000tpa rotary kiln greenfield operation. This is expected to provide greater capital cost and operating cost efficiencies and reduced technical risk.
- The plant being designed to produce a range of different products for both the refractory and ceramic proppants markets. This is expected to increase market flexibility and utilisation of the mineral deposit.

As a result of the detailed analysis that has been conducted on the Flexible Project, the Board has approved the engagement of Ausenco Engineering Canada Inc. to complete a NI 43-101 compliant Feasibility Study (FS) on the Flexible Project by the end of June 2015. In addition, the Company is in discussions with its largest shareholder (Resource Capital Funds) to provide funding to complete the Flexible Project FS.

iv) Cautionary Statement Regarding BFSU.

Given the Company's plan to proceed with the Flexible Project FS, and its determination that the BFSU Project is unlikely to be financed and may no longer be viable, investors are cautioned not to rely on the reserve estimates or project economics for the BFSU Project as described in the NI 43-101 Technical Report filed on 21 November 2011 (**the "BFSU Technical Report"**) and other disclosure documents of the Company that contain that information, including those posted under the Company's profile at www.sedar.com and the Company's website at www.firstbauxite.com. The other sections of the BFSU Technical Report remain current.

2. Discussions with the Government of Guyana on the Flexible Project.

As the Flexible Project is a major departure from the BFSU Project, it has been necessary for the Company to engage in discussions with the Government of Guyana regarding the changes involved with the Flexible Project. The Company has in place a number of agreements with the Government of Guyana covering the BFSU Project including a Mineral Agreement dated 24 November 2011 and a Mining Licence dated 26 July 2012. The Mining Licence required the Company to commence construction of the BFSU Project by 31 January 2015 (extended from the original date of 31 January 2013).

Following discussions with the Government of Guyana, an agreement has been reached and formal confirmation has been received that:

1. The Mining Licence is compliant and in good standing.
2. The required date for the Company to commence construction under the Mining Licence is extended to 31 January 2016.

Discussions with the Government of Guyana on the detailed changes that are required to the Mineral Agreement, Mining Licence and associated agreements will continue throughout 2015 as the FS is completed and the Flexible Project is more clearly defined.

About First Bauxite

[First Bauxite Corp.](#) (TSX VENTURE:FBX) is a Canadian natural resource company engaged in the exploration and development of bauxite deposits in Guyana, South America. The Company has its head office in Toronto and is managed by experienced professionals with worldwide experience in the global industrial minerals industry across a number of industrial minerals. For further information on [First Bauxite Corp.](#), please visit our corporate website at www.firstbauxite.com.

On behalf of the Board of Directors of First Bauxite Corporation

Alan Roughead

President & CEO

Certain statements contained herein constitute "forward-looking statements". Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "will", "potential", "believes", "intends" and similar expressions. These statements include, but are not limited to, statements regarding the completion of the Flexible Project FS and the ability of the Company to complete future financings. These forward-looking statements are based on current expectations and entail various risks and uncertainties. Actual results may materially differ from expectations, if known and unknown risks or uncertainties affect our business, or if our estimates or assumptions prove inaccurate. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, the effect of capital market conditions and other factors on capital availability; the approvals required to complete any future financings, including the approval of the TSX Venture Exchange; the support for mining and the Flexible Project by the government of Guyana; technical and other risks of the mining industry that could affect the timely completion of the Flexible Project FS or the development plans for the Flexible Project, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change the Company's plans. Readers are cautioned not to place undue reliance on the forward-looking statements contained in this press release. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

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