

# First Bauxite Corporation Announces Non-Brokered Private Placement

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TORONTO, ONTARIO--(Marketwired - Dec 4, 2014) - **First Bauxite Corp. (TSX VENTURE:FBX)(FRANKFURT:FBI)(BERLIN:FBI)** ("First Bauxite" or the "Company") is pleased to announce that the Company is proceeding with a non-brokered private placement (the "Private Placement") to Resource Capital Fund V L.P. ("RCF") of US\$4 million principal amount convertible note bearing 8% interest and maturing January 19, 2016 (the "Note"). The principal amount of the Note will be convertible at the option of RCF into common shares of the Company at a deemed price of CAD\$0.10 per share, while interest outstanding on the converted amount may, at RCF's election, be settled by the issue of Company shares at the market price, being the 20 day volume weighted average trading price of the common shares on the TSX Venture Exchange (the "Market Price"), of such shares at the time of settlement. The Company may prepay the principal amount of the Note in shares valued at CAD\$0.10 if the volume weighted average trading price of the Company's shares exceeds CAD\$0.20 for 40 consecutive trading days, while interest outstanding on the prepaid amount may be settled by the issue of Company shares at the Market Price of such shares at the time of prepayment. The share prices and values expressed above will be converted into the US dollar equivalent using exchange rates applicable at the time of issuance of any shares.

The proceeds of the Private Placement are expected to allow the Company to improve its financial position and to proceed with its budgeted programs for its fiscal 2014-15 year including: (i) completing a feasibility study on the Flexible Project announced December 3, 2014; and (ii) general working capital. The Company believes that the Flexible Project will enhance the long term prospects of the Company and will help attract additional investment in the Company from other sources of financing.

The Private Placement remains subject to TSX Venture Exchange approval and the satisfaction of customary closing conditions to be contained in a note purchase agreement between the parties. The Company anticipates that the Private Placement will close on or about December [8], 2014.

RCF and its affiliates currently hold an aggregate of approximately 45.5% (53,524,211 common shares) of the 117,563,172 outstanding common shares of the Company on an undiluted basis and approximately 51.9% (69,121,255 common shares) of the outstanding common shares on a partially diluted basis (assuming conversion of the convertible notes with a conversion price of \$0.83 previously issued to RCF and the exercise of the warrants with an exercise price of \$0.75 issued to RCF and its affiliates pursuant to the 2012 private placement with the Company). Upon the closing of the Private Placement, the ownership interest of RCF and its affiliates in the Company will remain approximately 45.5% on an undiluted basis and approximately 64.1% on a partially diluted basis (assuming conversion of the full principal amount of the Note applying a Canadian-US dollar exchange rate of USD\$1 = \$1.1344, conversion of the convertible notes previously issued to RCF and the exercise of the warrants issued to RCF and its affiliates pursuant to the 2012 private placement with the Company). In addition, RCF holds an option to purchase additional notes from the Company in the aggregate principal amount of U.S.\$20 million which will be convertible into common shares of the Company and interest under the Note may become payable in common shares of the Company. As the number of common shares of the Company issuable to RCF is contingent, in part, upon future values, share prices, and exchange rates, the number of shares that RCF could acquire, should it purchase the additional notes and exercise its conversion rights in full and/or trigger payment of interest under the Note in shares, cannot be determined as at the date of this press release.

The Private Placement will constitute a related party transaction pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and TSX Venture Exchange Policy 5.9.

The board of the Company consists of six directors, five of whom are unrelated to RCF and its affiliates, and are otherwise independent as determined pursuant to Part 7 of MI 61-101. The independent directors reviewed the Company's financial position as advised by the Chief Financial Officer of the Company and considered the current and budgeted spending prepared by management relating to the Company and its

subsidiaries to assess the financial health of the Company.

As at November 28, 2014, the Company's liabilities were \$18,781,135 comprising of \$96,914 in trade payables, \$8,000,000 in convertible notes maturing on January 19, 2016 and \$9,661,181 in promissory notes maturing on January 19, 2016, and \$1,023,040 in other commitments and liabilities. The Company has current assets of \$976,434 and therefore has a working capital deficit of \$18,404,701. In the event the Private Placement does not close, based on the Company's current spending rates, the Company will run out of cash in December 2014. Upon the closing of the Private Placement, the Company will still have a working capital deficit but will have short term liquidity to meet its trade payables as they come due and proceed with its 2014-15 budgeted program while it seeks additional sources of financing.

In light of the financial situation of the Company and the opportunity afforded to the Company by the Private Placement, the independent directors of the Company considered the terms of the Private Placement and the financial status of the Company and resolved unanimously that the Company was in serious financial difficulty, that the Private Placement was designed to improve the Company's financial position and was otherwise in the best interests of the Company. The independent directors further unanimously resolved that the proposed Private Placement and the terms thereof were reasonable in the circumstances of the Company and, subject to closing conditions in the note purchase agreement and the acceptance of the TSX Venture Exchange, the Private Placement was authorized and approved.

In consideration of the financial circumstances of the Company and the determination by the directors, the Company intends to rely upon the "financial hardship" exemptions from the requirements to obtain a formal valuation and minority shareholder approval in Sections 5.5(g) and 5.7(e) of MI 61-101 respectively.

The Company will also file a material change report on SEDAR ([www.sedar.com](http://www.sedar.com)) regarding the Private Placement. The material change report will be filed less than 21 days prior to the closing of the Private Placement due to the Company's immediate need for financing.

## **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](http://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 "will", "anticipates", "believes", "intends", "expects" and similar expressions. These statements include, but are not limited to, statements regarding the 2014-15 budget, the approval of the Private Placement by the TSX Venture Exchange, the satisfaction of conditions to closing in the note purchase agreement, the ability of the Company to raise future financing and the availability of the exemptions in MI 61-101 that the Company intends to rely upon. 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; execution of the Company's existing plans as budgeted, including development programs for Bonasika, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such budget, plans or programs; availability of approval of the Private Placement by the TSX Venture Exchange, the satisfaction of conditions to closing in the note purchase agreement, the availability of the

exemptions in MI 61-101 that the Company intends to rely upon and other risks affecting the Company or the mining industry more fully described in the Company's continuous disclosure documents, which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

## Contact

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