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January 19, 2011

Symbol: FBX: TSX – V
FBI: FWB/BER

NEWS RELEASE

**FIRST BAUXITE CORPORATION ANNOUNCES EXECUTION OF DEFINITIVE AGREEMENT WITH RESOURCE CAPITAL FUNDS FOR UP TO \$28 MILLION FINANCING FACILITY
and
FIRST BAUXITE CORPORATION CLOSES THE \$8 MILLION TRANCHE 1 FINANCING WITH RESOURCE CAPITAL FUNDS**

Vancouver, B.C. – FIRST BAUXITE CORP. (“First Bauxite” or the “Company”) is pleased to announce that, further to its November 16, 2010 news release, it has closed the first tranche (the “Tranche 1 Financing”) of a two tranche financing (the “RCF Financing”), pursuant to a note purchase agreement dated as of December 31, 2010 (the “RCF Agreement”) with Resource Capital Fund V L.P. (“RCF”). Gross proceeds of C\$8 million were paid to the Company in exchange for the issuance to RCF of a convertible note in the aggregate principal amount of C\$8 million (the “Tranche 1 Note”).

The Tranche 1 Note is unsecured, bears no interest, and is convertible into common shares of the Company for a period of five years from the closing of the Tranche 1 Financing at a conversion price of C\$0.83. If the Tranche 1 Note is converted in full, the Company will issue 9,638,555 common shares to RCF, representing approximately 15.4% of the common shares on a fully-diluted basis.

The net proceeds from the Tranche 1 Financing will be used primarily to fund the Company’s definitive feasibility study (the “DFS”) of the known mineral deposits within the Bonasika Mining Licence and the Waratilla-Cartwright Prospecting Licence in Guyana (the “Projects”).

The Tranche 1 Note issued to RCF is subject to a four-month hold period expiring on May 20, 2011. In connection with the Tranche 1 Financing, the Company has agreed to pay to RCF, in cash, an establishment fee in the amount of C\$300,000. Additionally, RCF will have the right to appoint one nominee to the Board.

The completion of the Tranche 1 Financing remains subject to the final approval of the TSXV.

Principal Terms of RCF Financing

Tranche 1 & Tranche 2

Following the Tranche 1 Financing, the terms of which are described above, and upon satisfaction of certain conditions precedent, RCF will have an option to make an additional US\$20 million investment to subscribe for an additional unsecured convertible note in the aggregate principal amount of US\$20 million (the "Tranche 2 Note"), which Tranche 2 Note will be convertible into common shares at a conversion price equal to the greater of:

1. the maximum discount permitted by the TSX Venture Exchange (the "TSXV"), but in any event not less than a 20% discount to the volume-weighted average closing price of the Company's common shares on the TSXV for the 20 trading days preceding the day on which the RCF exercises its option to acquire the Tranche 2 Note; and
2. C\$1.245 (150% of the conversion price for the Tranche 1 Note),

provided that,

3. the conversion price of the Tranche 2 Note will not be greater than C\$2.00 per share; and
4. the conversion price of the Tranche 2 Note will be reduced as necessary to ensure that the common shares issuable on conversion of the Tranche 2 Note will comprise not less than 11.5% of the Company's common shares calculated on a fully diluted basis following the issuance of the Tranche 2 Note based on the second tranche conversion price (the "Tranche 2 Financing").

Use of Funds

The net proceeds from the Tranche 2 Financing will be used primarily to fund the development and construction of a mine and processing facilities for the bauxite deposits at the Projects pursuant to the DFS in accordance with a project development plan, spending program and budget to be approved by the board of directors (the "Board"), RCF and Pacific Road Resources Funds ("Pacific Road").

Appointment of Additional Director

In addition to RCF having the right to appoint one nominee to the Board in connection with the Tranche 1 Financing, provided that RCF obtains 30% or more of all of the common shares of the Company, calculated on a fully diluted basis, RCF will have the right to have one additional director appointed to the Board.

Preferential Rights of Participation

Provided that RCF holds all of the then outstanding Tranche 1 Note and, if applicable, the Tranche 2 Note, or if any such notes are converted, the underlying securities obtained on conversion, or holds common shares equal to at least 10% of the outstanding common shares of the Company, if at any time prior to June 12, 2012 any additional shares are to be issued by

the Company, the Company must first provide notice of such proposed issuance to RCF and Pacific Road of the Company's intention to issue additional securities, including the number of such additional securities to be issued and the price and other terms and conditions of such additional securities. Pacific Road (provided they still hold their pre-emptive right under the Pacific Road Facility (as defined below)) and RCF shall have the right to purchase up to the full amount of such additional securities *pro rata*, based on the common shares held by them on a fully diluted basis.

Right of First Offer

In the event that RCF desires to sell securities of the Company held by it, which represent on a fully diluted basis greater than 15% of the common shares to an arm's length party, RCF must first provide written notice to the Company of its intention to do so. Following the receipt of such notice, the Company will have 10 business days to determine whether it wishes to purchase, or designate a third party to purchase, such securities prior to the sale of such securities by RCF to a third party.

Establishment Fee

In connection with the Tranche 2 Financing, RCF will receive a cash fee equal to 3.5% of the principal amount of the Tranche 2 Note.

Shareholder Approval

As disclosed in the Company's November 16, 2010 news release, for purposes of the policies of the TSXV, RCF may, as a result of the Tranche 1 Financing and the issuance of additional securities to RCF pursuant to the Tranche 2 Financing or otherwise, become a new "control person" (holding more than 20% of the issued and outstanding voting shares) of the Company. Accordingly, the Company obtained shareholder approval of the proposed transaction, and for RCF to become a control person, by obtaining written consents of shareholders holding approximately 60% of the current issued and outstanding shares of the Company.

Regulatory Approval

The Company has received the TSXV's conditional approval to the RCF Financing.

Amended Agreement with Pacific Road

In connection with the RCF Financing, the Company has entered into an amended and restated note purchase agreement (the "Amended Pacific Road Agreement") with Pacific Road to amend and restate the terms of the original note purchase agreement (the "Original Agreement") entered into between the parties on June 12, 2009, as previously announced pursuant to the Company's June 4, 2009 news release, as amended, with respect to a two phase convertible loan facility of up to \$28 million (the "Pacific Road Facility"). The Company closed the first phase of the Pacific Road Facility, comprised of C\$8 million principal amount of unsecured convertible notes (having a five year term, bearing no interest), which notes are convertible into common shares of the Company at a conversion price of C\$0.83, on June 29, 2009 and July 24, 2009, respectively. Pursuant to the Original Agreement, Pacific Road retained an option to make an additional US\$20 million investment to subscribe for additional convertible notes in the aggregate principal amount of US\$20 million (the "Phase 2 Financing"). The Company has entered into the Amended Pacific Road Agreement to ensure that the rights granted to Pacific

Road conform with the rights granted to RCF pursuant to the RCF Agreement.

Material changes to the Original Agreement include the following: (i) the delivery of the DFS by the Company to Pacific Road as the trigger for the Phase 2 Financing by Pacific Road, rather than the delivery of a pre-feasibility study; (ii) to provide that the Phase 2 conversion price will be reduced as necessary to ensure that the common shares issuable on conversion of Pacific Road's Phase 2 notes will comprise not less than 11.5% of the Company's common shares calculated on a fully diluted basis (as compared to 15% in the Original Agreement); and (iii) Pacific Road has agreed to cause one of its two nominees on the Board to resign upon appointment of the RCF director and a mutually acceptable 7th director to act as independent chair of the Board and Pacific Road will retain the right to have one director appointed to the Board; Pacific Road will have the right to appoint a second director if Pacific Road holds 30% or more of the common shares of the Company, calculated on a fully diluted basis, and in the event that RCF ceases to be entitled to a director, and Pacific Road exercises the Phase 2 Financing in whole or in part, then Pacific Road will have the right (as under the Original Agreement) to appoint that number of nominees which results in representation of Pacific Road on the Board that is at least proportional to the total number of common shares held by Pacific Road calculated on a fully diluted basis.

Additionally, pursuant to the RCF Agreement and the Amended Pacific Road Agreement, if either RCF or Pacific Road does not exercise in full its right to purchase additional notes of the Company in the aggregate principal amount of US\$20,000,000, the other party will have the right to purchase additional notes, up to a maximum aggregate principal amount of the notes purchased, as between RCF and Pacific Road, of US\$40,000,000.

About First Bauxite

First Bauxite Corporation (FBX: TSX-V) is a Canadian natural resources company engaged in the exploration and development of bauxite deposits, through resource discovery and mining within a niche industrial market. The company has its head-office in Vancouver and its current assets in Guyana, South America and is managed by experienced geoscientists and business development professionals with worldwide experience in the exploration and mining business across a number of mineral commodities. The mission of First Bauxite is to become a near term, medium size producer and supplier of high quality refractory grade sintered (calcined) bauxite. First Bauxite controls a large land package in Guyana's historical coastal bauxite belt, including the Bonasika Mining License and the Waratilla-Cartwright Prospecting License, covering deposits which were drilled in 1940's-60's by ALCAN and which host near surface deposits of refractory grade bauxite. The Company has recently completed a Feasibility Study over the Bonasika Project and announced its results on July 29, 2010. The Feasibility Study defines and confirms the viability of an operation based on sequential mining of the three (3) bauxite deposits located on the Bonasika Mining License by open-pit, truck and excavator mining, with the mined ore trucked for processing at a central wash plant facility located less than 2 km from the Bonasika 1 & 2 pits. The wash plant concentrate will be transported 23 km to the sintering plant and load out facilities at Sand Hills. The Mine will operate at a production rate of 298,500 metric tons ("tonnes") of raw, dry bauxite per year or 1,148 tonnes per day, the wash plant will produce 162,232 tonnes of washed bauxite concentrate and the two vertical pressurised shaft kilns will produce 100,000 tonnes per year of sintered bauxite final product. The Company drilled two bauxite deposits within the Waratilla Prospecting License. The NI 43-101 compliant Geological Resource outlined in the UWC deposit now called the Bonasika 6, was reported in the Bonasika Feasibility Study. Resource definition drilling of LWC deposit now called the Bonasika 7 deposit was closed off in October 2010 despite the deposit still being open to

prepare a NI 43-101 compliant Geological Resource estimate. First Bauxite has additional upside potential to the metallurgical bauxite business, through an option agreement with Rio Tinto Mining and Exploration Ltd, whereby Rio can earn up to 75% interest in the Company's exploration ground by expending up to US\$58 million in stages. The Company also recently acquired all of the issued and outstanding shares of Bauxite Corporation of Guyana Inc. ("BCGI") and accordingly, 100% of its interest in the contiguous Tarakuli and Tarakuli North-West Prospecting Licenses in Northeast Guyana, which host an historical inferred bauxite resource of significant size and quality. For further information on First Bauxite Corporation, please visit our corporate website at www.firstbauxite.com.

About Resource Capital Fund V L.P.

Resource Capital Fund V L.P. is one of several successive private equity funds under the Resource Capital Funds ("RCF") umbrella which has a mandate to make investments in mining companies and projects across a diversified range of commodities and geographic regions. Since its inception in 1998, RCF has invested in over 80 companies with projects in 35 countries relating to over 30 different commodities. RCF is a long-term investor that has facilitated the development of a number of mining projects and the growth of a number of mining and minerals related companies that are recognized in the market place. For further information on Resource Capital Funds, please go to their website at www.resourcecapitalfunds.com.

About Pacific Road Resources Funds and Pacific Road Capital Management Pty Limited

The Pacific Road Resources Funds are private equity funds investing in the global mining industry. They provide expansion and buyout capital for mining projects, mining related infrastructure and mining services businesses located throughout resource-rich regions of the world. The Pacific Road Resources Funds are managed and advised by Pacific Road Capital Management Pty Ltd ("PRCM"). The PRCM team, located in Sydney, Australia, San Francisco and New York, USA, is comprised of experienced mining investment professionals that have extensive knowledge and experience in the mining and infrastructure sectors, including considerable operating, project development, transactional and investment banking experience. For further information on the Pacific Road Resources Funds and PRCM, please go to their website at www.pacroad.com.au.

On behalf of The Board of Directors of First Bauxite Corporation

Ioannis (Yannis) Tsitos
President & Director

Hilbert N. Shields
CEO & Director

This document contains certain forward looking statements which involve known and unknown risks, delays, and uncertainties not under the Company's control which may cause actual results, performance or achievements of the Company to be materially different from the results, performance or expectation implied by these forward looking statements.

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