



Guyana refractory bauxite costs placed at \$211/tonne – study

24 November 2011

First Bauxite to produce 100,000 tpa sintered bauxite, five-year payback period

A bankable feasibility study prepared for First Bauxite Corp.'s refractory bauxite project in Guyana has confirmed that a new mine life of 36 years for its Bonasika 1, 2, 5, 6 and 7 deposits could support sintered bauxite production of 100,000 tpa.

The Canadian developer engaged engineering firm Met-Chem Canada Inc. to prepare an updated NI 43-101 technical report for its South American bauxite source with the addition of Bonasika 6 and 7 in the economic analysis.

The updated report outlines that First Bauxite has 13.1m tonnes of measured and indicated mineral resources. The mine plan calls for 8.6m tonnes of this to be mined over 36 years.

Met-Chem estimates initial capital costs of \$123.9m and sustaining capital costs of \$36.9m for the refractory project, with a payback period of five years.

First Bauxite's primary product will be a sintered bauxite grade, marketed as Guysin, which the company expects to produce for \$211/tonne and sell for an average price of \$475/tonne.

The Bonasika 7 deposit will be selectively mined to produce two concentrates – direct feed and regular grade – which will be blended to reduce wash plant demands and improve recovery. The blend will be a consistent quality feedstock for the Sand Hills sinter plant.

“Having illustrated the significant economic value of the Bonasika deposits, we are aggressively developing the Bonasika project into a major low-cost, long-life producer,” commented CEO Hilbert Shields.

“The company will now focus on its next major milestones of implementing a project financing plan and commissioning detailed engineering and early stage infrastructure development,” he added.

In January the Canadian developer secured the first C\$8m (\$7.6m) payment of a two-tranche financing deal with US private equity group Resource Capital Funds (RCF).

The deal gave RCF the option to make a further \$20m investment to subscribe for an additional convertible note to acquire \$20m of common shares at a predetermined price.

First Bauxite revealed that the net proceeds from the second tranche of financing would be used to fund the development and construction of a mine and processing facilities for the Bonasika project following completion of the definitive feasibility study.