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**NEWS RELEASE**

**FIRST BAUXITE CORPORATION ENTERS INTO COMMITMENT LETTER WITH  
RESOURCE CAPITAL FUNDS OF DENVER, U.S.A.  
FOR AN UP TO US\$28 MILLION FINANCING FACILITY.**

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**Vancouver, B.C. – FIRST BAUXITE CORP. (“First Bauxite” or the “Company”)** is pleased to announce that it has entered into a binding commitment letter with Resource Capital Fund V L.P. (“RCF”) for a two tranche convertible loan facility of up to US\$28 million. The facility will be used primarily to fund further development work including detailed engineering, reserve definition, equipment procurement and such further work as may be required to secure bank financing and final permitting over the known refractory-grade bauxite deposits in the Bonasika Mining Licence and the Waratilla-Cartwright Prospecting Licence in Guyana.

The proposed facility will be comprised of a first tranche of US\$8 million principal amount of unsecured convertible notes (having a five year term, bearing no interest), which notes will be convertible into common shares of the Company at a conversion price of C\$0.83. Upon completion of certain conditions precedent, RCF will have 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, which notes 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 (i) 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 second tranche notes; and
2. C\$1.245 (150% of the conversion price for the first tranche notes),

provided that,

3. the second tranche conversion price will not be greater than C\$2.00 per share; and

4. the second tranche conversion price will be reduced as necessary to ensure that the common shares issuable on conversion of the second tranche notes will comprise not less than 12.5% of the Company's common shares calculated on a fully diluted basis following the issuance of the second tranche notes based on the second tranche conversion price.

Upon the closing of the first phase of the financing, RCF will have the right to appoint one nominee to the Board of Directors of the Company.

The Company has agreed to pay to RCF, in cash, an establishment fee in the amount of 3.75% of the proceeds of each tranche of the facility. If the first phase of the financing is not closed as a result of the failure to satisfy the conditions precedent, the Company will reimburse RCF for its actual costs in connection with the facility to a maximum of US\$100,000.

Completion of the proposed financing is subject to a number of conditions, including completion of satisfactory due diligence by RCF, receipt of all necessary TSXV and other applicable regulatory approvals, receipt of all necessary shareholder approvals, and the execution and delivery of definitive agreements. It must be noted that the proposed facility by RCF and the existing active financing facility by Pacific Road Resources Funds (announced on June 4, 2009) are constructed on a *pari passu* basis and thus on same business terms. It is anticipated that the first tranche will close on or before December 31, 2010.

Yannis Tsitos, President of First Bauxite commented: *"The First Bauxite team is executing its strategy of becoming a significant new producer in the sintered refractory bauxite industry. Securing this level of investment is a strong expression of confidence in our business model, future product and current resources. This facility allows us to maintain momentum and pursue our plans in the short and medium time framework. Resource Capital Funds are private equity funds supporting mining companies throughout the globe across a diversified range of mineral commodities inclusive of industrial minerals, and run by highly experienced professionals. Following the necessary approvals by the Exchange and our shareholders, the execution of definitive agreements and the closing of this financing, Resource Capital Funds will hold a significant part of the issued capital of the Company. We are very pleased to have the financial support of this major resource group and we will welcome their nominee on our Board."*

### **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 is currently drilling the Waratilla bauxite deposits to outline the resources and to upgrade the historical reserves to NI 43-101 compliance. 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](http://www.firstbauxite.com).

### **About Resource Capital Fund V L.P.**

RCF is one of several successive private equity funds with mandates to make investments in mining companies and projects across a diversified range of commodities and geographic regions. Since inception in 1998, RCF has invested in 80 companies with projects in 35 countries relating to in excess of 20 different commodities. RCF is a long-term investor that invests throughout the commodity cycle and has facilitated the development of a number of junior and mid-tier companies and assets that are recognized in the market place.

#### **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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