



FIRST BAUXITE ANNOUNCES GOING PRIVATE TRANSACTION WITH RCF

NEW ORLEANS, October 19, 2018 -- First Bauxite Corporation (“**First Bauxite**” or the “**Company**”) (TSX-V:FBX, FSE:FBI) announces that it has entered into an agreement (the “**Arrangement Agreement**”) with Resource Capital Fund V L.P. (“**RCF V**”) and Resource Capital Fund VI L.P. (“**RCF VI**”) and together with RCF V, the “**RCF Funds**”) for a going private transaction (the “**Arrangement**”) to be completed by way of a statutory plan of arrangement (the “**Plan of Arrangement**”) pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”).

Once the Arrangement becomes effective, the RCF Funds will own 100% of the common shares of the Company (the “**Common Shares**”).

Under the Arrangement, among other things, the Common Shares will be consolidated at the Effective Time (as defined below) on the basis of one (1) post-consolidation Common Share for one hundred million (100,000,000) pre-consolidation Common Shares (the “**Consolidation**”). After effecting the Consolidation, those shareholders of the Company (the “**Shareholders**”) who would end up holding less than one whole post-Consolidation Common Share will have their fractional post-Consolidation Common Share purchased by First Bauxite at a price of \$0.04 (the “**Cash Consideration**”) for each pre-Consolidation Common Share held. As a result of the Consolidation, the RCF Funds would be the sole shareholders of First Bauxite.

The Cash Consideration of \$0.04 per pre-Consolidation Common Share represents a 100% premium to First Bauxite on a spot basis, and a 79% premium to the volume-weighted average trading price of the Common Shares for the 20 trading days ended October 18, 2018. The Arrangement therefore presents an effective liquidity mechanism for all shareholders at a premium to the recent share price, which could not otherwise be generated given the lack of liquidity and trading volume in the Company's Common Shares at present and the concentrated share ownership by RCF.

The Company will require an aggregate of approximately \$2.0 million to purchase the fractional Common Shares resulting from the Consolidation, which amount RCF VI will fund by way of a loan to the Company on the Effective Date (as defined below), subject to the satisfaction of all conditions precedent to completing the Arrangement.

Immediately prior to executing the Arrangement Agreement, RCF converted the face value of all of its outstanding convertible debt of First Bauxite into Common Shares, increasing its ownership of the Company to approximately 90.7%, representing 496.9 million of the 547.9 million Common Shares currently outstanding.

In connection with the Arrangement, holders of all outstanding First Bauxite stock options have agreed to relinquish their stock options for cancellation at the Effective Time of the Arrangement for no consideration.

Larry Washow, Chairman of First Bauxite, commented: “The Company presently faces several challenges including a lack of capital funding and several pending debt maturities. In addition, the costs to maintain a public listing and a lack of trading liquidity in our shares have further given cause for the Company to positively consider the all-cash offer to the minority shareholders contained within the Arrangement.”

Special Committee and Advisors



In August 2018, a special committee of independent directors of the Company (the “**Special Committee**”) was established to consider and evaluate a potential go-private transaction, the effect of which, among other things, would be that the RCF Funds would become the sole shareholders of the Company, the Common Shares would be delisted from the TSX Venture Exchange (“**TSX-V**”) and the Company would, following the Arrangement, apply to cease to be a reporting issuer (or the equivalent) in any jurisdiction of Canada.

The Special Committee retained Haywood Securities Inc. (“**Haywood**”) to provide certain advice and advisory services to the Special Committee, including an assessment of a recommendation with respect to the fairness of the Arrangement. Haywood has determined that, subject to the assumptions, limitations and qualifications set out in such fairness opinion, the consideration to be received by the Shareholders, excluding the RCF Funds, in connection with the Arrangement is fair, from a financial point of view, to such Shareholders.

Following consideration of the various factors including the fairness opinion and the commercial terms of the offer, and in consultation with its legal advisors, the Special Committee has concluded that the Arrangement is fair to the Shareholders to whom the offer is made and in the best interests of the Company.

Accordingly, the Special Committee unanimously recommended that the board of directors of First Bauxite (the “**Board**”) approve the Arrangement and its implementation, subject to the receipt of all required shareholder, court and other regulatory approvals, including approval of the TSX-V. Following an extensive review of the terms of the Arrangement and the recommendation of the Special Committee, in consultation with its legal advisors, the Board has approved the Arrangement and the related Plan of Arrangement, having determined that the Arrangement is in the best interests of the Company. The Board recommends that all Shareholders vote in favour of the Arrangement Resolution (as defined below).

The Arrangement constitutes a “business combination” for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* (“**MI 61-101**”). Since the Company’s Common Shares are listed on the TSX-V, the Arrangement will, pursuant to section 4.4(1)(a) of MI 61-101, be exempt from the formal valuation requirements of MI 61-101. Because RCF owns approximately 90.7% of the Company’s issued and outstanding Common Shares, the Arrangement will, pursuant to section 4.6(1)(a) of MI 61-101, be exempt from the minority shareholder approval requirements of MI 61-101.

Gowling WLG (Canada) LLP acted as legal counsel to First Bauxite, Stikeman Elliott LLP acted as independent legal counsel to the Special Committee and Blake, Cassels & Graydon acted as legal counsel to the RCF Funds.

Conditions to Implementing the Arrangement

Closing of the Arrangement will occur as soon as reasonably practicable following the receipt of the final order (as referred to below), or such later date as the parties may agree (the “**Effective Date**”). The implementation of the Arrangement is conditional upon the satisfaction, on or before the effective time of the Arrangement (the “**Effective Time**”) on the Effective Date, of certain conditions precedent, including the following:

1. the approval of a special resolution to approve the Arrangement (the “**Arrangement Resolution**”) at a special meeting of Shareholders (to be held no later than December 14, 2018), which special resolution requires an approval by at least 66⅔% of the votes cast by Shareholders represented in person or by proxy at the Meeting (including Common Shares held by the RCF Funds);
2. each of the interim and final court orders shall have been obtained in form and substance satisfactory to each of First Bauxite and the RCF Funds, acting reasonably, and shall not have



- been set aside or modified in any manner unacceptable to either First Bauxite or the RCF Funds, acting reasonably, on appeal or otherwise;
3. the TSX-V shall have approved the Arrangement, subject to customary conditions;
 4. no governmental authority shall have enacted, issued, promulgated, enforced or entered any law which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting the consummation of the Arrangement; and
 5. there shall not be pending or threatened in writing any proceeding by any governmental entity or any other person that is reasonably likely to result in any: (a) prohibition or restriction on the acquisition by the RCF Funds of any Common Shares or the completion of the Arrangement or any person obtaining from any of the parties any material damages in connection with the Arrangement; (b) prohibition or material limit on the ownership by the RCF Funds of First Bauxite or any material portion of their respective businesses; or (c) imposition of limitations on the ability of the RCF Funds to acquire or hold, or exercise full rights of ownership of, any Common Shares, including the right to vote such Common Shares.

Special Meeting of Shareholders

The Company anticipates calling a special meeting of the Shareholders to be held before year-end in Toronto, Ontario, to consider the Arrangement Resolution (the “**Meeting**”). The record date to receive notice of and vote at the Meeting is expected to be set shortly.

The RCF Funds covenanted in the Arrangement Agreement that it will vote its Common Shares in favour of the Arrangement Resolution.

Full details of the Arrangement and matters to be considered at the Meeting will be included in a management information circular, which the Company will mail to shareholders and which will be made available on SEDAR under the issuer profile of First Bauxite.

On behalf of the Board of Directors of First Bauxite Corporation

Larry Washow
Chairman

About First Bauxite

First Bauxite Corporation is a Canadian natural resources company engaged in the exploration and development of bauxite deposits in Guyana, South America. The Company intends to produce and sell bauxite raw ore from its facility in Guyana and intends to produce sintered refractory products and ceramic proppants for the refractory and energy industries in the future. The Company has its head office in New Orleans, Louisiana 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 Corporation, please visit our corporate website at www.firstbauxite.com. 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.

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