



## TARGET STATEMENT LODGED TODAY

### INDEPENDENT EXPERT CONCLUDES OFFER IS NEITHER FAIR NOR REASONABLE

Bauxite Resources Limited (ASX:BAU) ('BRL' or 'the Company') advises that it has today lodged its Target's Statement in relation to the Bidder's Statement for the Off Market Cash Offer from Mercantile OFM Pty Ltd ('Mercantile OFM').

Mercantile OFM has made an offer ("Offer") of 9 cents per share for 50% of your shares in BRL.

The Company's directors engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide an Independent Expert's Report which included technical valuations of the Company's assets. BDO have concluded that the Offer of 9 cents per share is **NEITHER FAIR NOR REASONABLE** to BRL shareholders that are not associated with Mercantile OFM and have put a preferred valuation of 12.1 cents (being 34% higher than the Offer price), with a range from 11 cents to 13.3 cents per share.

BRL's directors recommend that you **REJECT THE OFFER** for the following reasons:

- the Offer undervalues your BRL shares;
- the Offer does not provide an adequate premium for control of BRL;
- Mercantile OFM's intentions are not sufficiently clear;
- funding for the Offer is uncertain and you may be exposed to credit risk if you accept the Offer;
- the Offer deprives the Company of the potential for an alternative opportunity; and
- by accepting the Offer, you will not have the benefit of any subsequent higher offer from any third party or benefit from the prospect of future growth of the Company.

The BRL directors and their associates, who control approximately 27.8% of BRL's shares on issue, intend to REJECT the Offer.

**DATE: 18 December 2017**

**ASX Code: BAU**

**BAUXITE RESOURCES LTD**

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**DIRECTORS:**

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**Luke Atkins**

Non Executive Director

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