

Mercantile OFM Pty Limited

ABN 30 120 221 623
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19 January 2018

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

INCREASE IN BID CONSIDERATION AND EXTENSION OF OFFER PERIOD

Off Market Takeover Bid for 50% of the issued ordinary shares (Offer) in Bauxite Resources Limited (ACN 119 699 982) (BAU)

Mercantile OFM Pty Ltd (ACN 120 221 623) (**Mercantile OFM**), attaches a copy of a notice of variation (**Notice of Variation**).

BAU Shareholders are encouraged to read the Notice of Variation in its full as it provides that:

1. the Offer is increased from 9.0 cents cash to **11.0 cents cash** for one of every two BAU Shares;
2. Mercantile OFM has extended the Offer Period to 7:00pm (Sydney time) 28 February 2018 (**Extension of the Offer Period**); and
3. as a result of the Extension of the Offer Period, the new date for giving of the notice of the status of the conditions to Mercantile OFM's takeover offer is now 21 February 2018.

A copy of the Notice of Variation is dated 19 January 2018 and was lodged with ASIC on that date.

BAU Shareholders should note that, if the proposed capital return announced by BAU on 15 December 2017 is implemented and BAU Shareholders accept Mercantile OFM's Offer, the consideration BAU Shareholders will receive from Mercantile OFM for their BAU Shares will be reduced by the value of the capital return actually paid by BAU to BAU Shareholders in relation to their BAU Shares.

Yours sincerely,



Gabriel Radzynski
Director

Mercantile OFM Pty Ltd (ACN 120 221 623)

**Off-Market Bid for
Bauxite Resources Limited (ACN 119 699 982)**

Notice of Variation: Increase in Offer Price and Extending Offer Period

To: Bauxite Resources Limited (ACN 119 699 982) (**BAU**)
And to: Australian Securities & Investments Commission (**ASIC**)
And to: Each holders of ordinary shares in BAU
And to: ASX Limited

This notice of variation (**Notice of Variation**) is given under Section 650D of the Corporations Act by Mercantile OFM Pty Ltd (ACN 120 221 623) (**Mercantile OFM**) in relation to offers dated 20 December 2017 (**Offers**) under its proportional takeover bid for 50% of the issued ordinary shares in Bauxite Resources Limited (ACN 119 699 982) (**BAU**), contained in the bidder's statement issued by Mercantile OFM dated 21 November 2017, which is supplemented by its supplementary bidder's statement dated 13 December 2017 (**Bidder's Statement**).

Words defined in the Bidder's Statement have the same meaning in this notice, unless the context requires otherwise.

Variation and extension:

Mercantile OFM gives notice that it varies its Offers by:

- (a) increasing the Offer price from 9.0 cents cash to 11.0 cents cash for one of every two BAU shares owned by BAU shareholders; and
- (b) extending the Offer Period until 7.00pm on Wednesday, 28 February 2018.

As a result of the extension of the Offer Period, Mercantile OFM gives notice under section 630(2)(b) of the Corporations Act that:

- (a) the new date that Mercantile OFM is required to give notice as to the status of the conditions, as required by section 630(1) of the Corporations Act, is Wednesday, 21 February 2018; and
- (b) the Offer remains subject to the conditions set out in the Bidder's Statement.

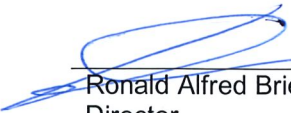
Authorisation

This Notice of Variation is dated 19 January 2018, the date it was lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this Notice of Variation.

This Notice of Variation has been approved by a resolution passed by the directors of Mercantile OFM.

Dated: 19 January 2018

Signed for and on behalf of Mercantile OFM Pty Ltd



Ronald Alfred Brierley
Director