

Largo Resources Announces Expansion Plan for the Maracás Menchen Mine

written by Raj Shah | April 16, 2018

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- Enhanced production rates will increase monthly production at the Maracás Menchen Mine to 1,000 tpm of V₂O₅, being a 25% increase from nameplate capacity
- Additional significant free cash flow generation expected from operations as a result
- Management believes total capacity could be expanded by an additional 100 tonnes to 1,100 tpm of V₂O₅ with additional operational improvements to the Kiln refractory

Largo Resources Ltd. (“Largo” or the “Company”) (TSX: LG0) (OTCQB: LGORF) today announces its plan to expand production capacity at the Maracás Menchen Mine from the nameplate rate of approximately 800 tonnes per month of vanadium pentoxide (“**V205**”) to 1,000 tonnes per month, being an increase of 25% over nameplate capacity.

The enhanced production rate at the Maracás Menchen Mine is expected to result in an additional 200 tonnes of V₂O₅ being produced per month from and after June 2019. Capital expenditures for the plan are anticipated to total approximately US\$15.5 million using current exchange rates. Construction is expected to begin at the beginning of June 2018 with an expected timetable for completion of approximately 12 months, including the required permitting and commissioning. The expansion plan focuses on increasing the production capacity of the milling, fusion (deammoniator, furnace and flaking

wheel), leaching and filtering areas. Management believes that total production capacity could be further increased by an additional 100 tonnes per month to an aggregate total of 1,100 tonnes of V205 per month if certain other upgrades and improvements are made to the kiln refractory. The Company has commissioned studies to evaluate this opportunity.

Mark Smith, President and Chief Executive Officer for Largo, stated: “The relatively low expected capex for this expansion project when compared to the anticipated significant increase in capacity made approving this expansion an easy decision for the Company. The new expansion plan for the Maracás Menchen Mine paves the way for a new chapter of growth for Largo and culminates in additional and significant free cash generation for the Company assuming current V205 prices. Largo’s vanadium flake, high purity vanadium flake and high purity vanadium powder are of the highest quality and have been qualified or are being qualified by every major end user of the metal in high purity applications, further underscoring the quality of our world-class asset. As the demand for vanadium increases worldwide, Largo remains committed to being the go-to name for vanadium.”

Current operations at the Maracás Menchen Mine will not be affected by the expansion plans and current production and cash operating cost guidance is maintained for 2018. Largo remains focused on continuing stable production at the Maracás Menchen Mine and delivering significant free cash flow with its low cash operating costs for 2018.

About Largo

Largo is a Toronto-based strategic mineral company focused on the production of vanadium flake, high purity vanadium flake and high purity vanadium powder at the Maracás Menchen Mine located

in Bahia State, Brazil. Largo remains one of the lowest cost producers of vanadium in the world and is directly exposed to and is benefiting from the record increases in vanadium seen today. Largo is the only pure-play producer of vanadium and also has interests in a portfolio of other projects, including: a 100% interest in the Currais Novos Tungsten Tailings Project in Brazil; a 100% interest in the Campo Alegre de Lourdes Iron-Vanadium Project in Brazil; and a 100% interest in the Northern Dancer Tungsten-Molybdenum property in the Yukon Territory, Canada. The Company's common shares are principally listed on the Toronto Stock Exchange under the symbol "LGO". For more information on Largo, please visit our website at www.largoresources.com.

Forward Looking Information

Disclaimer: This press release contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to timing for and completion of the Maracás Menchen Mine expansion project and the costs associated therewith; Largo's development potential and timetable of its operating, development and exploration assets; Largo's ability to raise additional funds as may be necessary; the future price of vanadium; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production, development and exploration; costs of future activities; capital and operating expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends",

“anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. All information contained in this news release, other than statements of current and historical fact, is forward looking information. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Largo to be materially different from those expressed or implied by such forward looking statements, including but not limited to those risks described in the annual information form of Largo and in its public documents filed on SEDAR from time to time. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Although management of Largo has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Largo does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. Readers should also review the risks and uncertainties sections of Largo’s annual and interim MD&As.