

Largo Resources Announces Private Offering of Senior Secured Notes Due 2021

written by Raj Shah | May 18, 2018

✘ May 17, 2018 ([Source](#)) – Largo Resources Ltd. (“Largo” or the “Company”) (TSX: LGO) (OTCQB: LGORF) announces the successful, same-day launch and pricing of its private note offering totaling US\$150.0 million in aggregate principal amount. Such senior secured notes are due in 2021, callable in years 2 and 3, and carry a coupon of 9.25% (the “Offering”).

Upon closing of the Offering, the net proceeds of the Offering (being approximately US\$142M, after deduction of the original issue discount of 2% and the payment of commissions, fees and expenses of the Offering), will be deposited into an escrow account in favour of the note holders pending, among other things, receipt of consent of the Brazilian National Economic and Social Development Bank (“BNDES”) for the early payment of our credit facilities with them. If the escrow release conditions are not satisfied on or before the 180th day following closing, Largo will be required to redeem all the outstanding notes in cash at a redemption price equal to the issue price plus accrued interest. Largo believes that it will meet the escrow release conditions within this timeframe.

Upon release from escrow, the net proceeds of the Offering will be used, together with cash on hand, to repay in full Largo’s existing debts with both the BNDES and its syndicate of commercial lenders (Itau´ Unibanco S.A., Banco Votorantim S.A. and Banco Bradesco S.A.), plus accrued and unpaid interest, and to pay fees and expenses in connection therewith.

Mark Smith, President and Chief Executive Officer for Largo, stated: *"We are very pleased with the results of this offering and the strong demand in the market for our notes. This financing represents an important milestone for Largo and will greatly simplify our capital structure by replacing a complicated patchwork of debt put in place in Brazil over the course of Largo's history with a more straightforward construct. In addition, the note offering confers other tangible benefits, such as a lower coupon when compared with the aggregate interest cost of the existing debts, the consistency of the debt servicing costs, greater flexibility for repayment and a shorter tenure, among other benefits.*

Largo has recently been able to achieve great financial performance in part due to the continued strength in the price of vanadium but also as a result of the continued dedication of our workforce at the Maracás operation. As evidenced by our strong quarter over quarter results, the significant cash flow generation from operations will now better match our debt servicing obligations going forward."

The closing of the Offering, which is subject to customary conditions, is expected to occur on May 22, 2018.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such an offer, solicitation, or sale would be unlawful.

The notes subject to the offering have not been and will not be registered under the Securities Act of 1933, as amended, or any state securities laws, and are being offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S. Unless so registered, the notes may

not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

About Largo Resources

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".

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 the expected closing of the Offering, meeting the escrow release conditions and the use of proceeds therefrom; 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 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.

Neither the Toronto Stock Exchange (nor its regulatory service provider) accepts responsibility for the adequacy or accuracy of this release.