

Largo Resources Provides Guidance on Second Quarter 2018 Revenue and Announces Receipt of Consent to Repayment from BNDES

written by Raj Shah | July 17, 2018

✖ July 17, 2018 ([Source](#)) – Largo Resources Ltd. (“**Largo**” or the “**Company**”) (TSX: LG0) (OTCQX: LGORF) is pleased to provide guidance on its expected revenue for the three month period ending June 30, 2018 anticipating revenue of between CDN\$99 million and CDN\$107 million, a new quarterly revenue record for the Company.

Our anticipated Q2 2018 revenue would represent an increase of between approximately 176.6% and 198.9% over Q2 2017, if realized. The increase to revenue is expected to be driven largely by the upward movement in vanadium pentoxide (“**V205**”) pricing and increased production when compared to Q2 2017. The price range of V205 for the last week of Q2 2018, as reported by the European Metal Bulletin, was US\$17.00/lb V205 to US\$17.50/lb V205 as compared to US\$5.35/lb V205 to US\$6.00/lb V205 for the last week of Q2 2017.

Management anticipates that the overall benefit of the increased revenues will be tempered by increases in corresponding royalty expenses and certain largely non-cash foreign exchange adjustments anticipated to be required as a result of the weakening of the Brazilian Real against the USD given that certain of the Company’s debts in Brazil are denominated in USD. The Company expects the foreign exchange loss in Q2 2018 to

exceed the loss recorded in Q2 2017.

In addition, as a result of, among other things, the improvement in the vanadium pricing over the first half of 2018, the Company is also assessing its deferred tax position as at June 30, 2018, and work performed to date suggests that a significant net deferred tax asset might need to be recognized in the condensed interim consolidated statement of financial position at June 30, 2018, with a corresponding deferred tax recovery recognized in the condensed interim consolidated statements of income (loss) and comprehensive (loss) for the three and six month periods ended June 30, 2018. Although any gain would be a non-cash item, we anticipate that it could have a material positive impact on net income and earnings per share.

Credit Facility Repayment Consent

On July 13, 2018, the Brazilian National Economic and Social Development Bank (“**BNDES**”) provided its consent for the early repayment of the Company’s credit facility with them. The receipt of this consent is a condition to the release from escrow of the first tranche of the net proceeds from the Company’s recently completed offering of senior secured notes (the “**Note Offering**”) of approximately US\$143 million which have, to date, been held in escrow (the “**Escrowed Funds**”).

The Company anticipates making a payment using the released portion of the Escrowed Funds of USD\$84,138,367 to BNDES on or about July 23, 2018 representing payment in full of amounts owing to BNDES. Once repayment in full of the BNDES has occurred, the remaining Escrowed Funds will be released from escrow and used to repay the Company’s remaining credit facilities held with a syndicate of commercial lenders (being Itaú Unibanco S.A., Banco Votorantim S.A. and Banco Bradesco S.A.) on or about July 31, 2018. For additional information in

respect of the Company's Note Offering please see the Company's press release dated May 22, 2018.

Mr. Mark Smith, Largo's President and Chief Executive Officer, commented "We are pleased that we now have the BNDES approval in-hand and we look forward to repaying in full amounts owing to both the BNDES and our syndicate of commercial banks in Brazil. The repayment will allow us to realize the anticipated benefits of our recently completed note offering through the improvement in our capital structure, reduction in interest costs and the simplification of our reporting obligations. The restructuring of our debts along with the most recent posted price range of V205 for the week ended July 13, 2018 of US\$18.90/lb V205 to US\$19.85/lb V205 (as reported by the European Metal Bulletin) presents an exciting opportunity for our Company."

Temporary Waiver of Blackout Period

In connection with the secondary offering of common shares of the Company previously announced June 22, 2018 (the "**Secondary Offering**") and in order to accommodate the timely closing of the Secondary Offering, the Company's independent directors have approved a temporary waiver of its mandatory blackout period contained in its Insider Trading Policy. The temporary waiver applies to all directors, officers, senior management and corporate employees who will be permitted to continue trade in common shares of the Company provided that they are not in possession of material non-public information relating to the Company.

The common shares subject to the Secondary Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act") and may not be offered or sold in the United States absent registration under or an applicable exemption from the registration requirements of the

Securities Act. This press release does not constitute an offer to sell or the solicitation of an offer to buy the shares herein described, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

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. 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.

Cautionary Note:

Readers are cautioned that Metal Bulletin pricing should be considered only as indicative pricing for the global vanadium market, Metal Bulletin pricing does not directly reflect the price realized by the Company for a corresponding period.

Forward-looking Information:

This press release contains forward-looking information under Canadian securities legislation, some of which may be considered "financial outlook" for the purposes of application Canadian securities legislation ("forward-looking statements"). 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.

Future Oriented Financial Information:

Any financial outlook or future oriented financial information contained in this press release, as such term is defined by applicable securities laws, has been approved by management of Largo as of the date hereof and is provided for the purpose of providing information about management’s current expectations and plans relating to the Company’s Q2 financial results. Readers are cautioned that any such future oriented financial

information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information as to the Company's anticipated Q2 financial results has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

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