



**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2016**

DATED March 29, 2017

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual information form contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's development potential and timetable of the Company's properties, future mineral prices; ability to raise additional financing; 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; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information 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". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Company's projects are based on assumptions underlying mineral reserve and mineral resource estimates and the probability of realizing such estimates are set out herein. Capital and operating cost estimates are based on extensive research of the Company and independent consultants, actual expenditures incurred, recent estimates of construction and mining costs and other factors that are set out herein. Production estimates are based on mine plans and production schedules that have been developed by the Company's personnel and independent consultants. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during construction; expansion and start-up; variations in mineral grade and recovery rates; revocation of government approvals; timing and availability of external financing on acceptable terms; ability to finalize required agreements for operations; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future mineral prices; failure of plant, equipment or processes to operate as anticipated; reliance on joint venture partners; accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED MINERAL RESOURCES

This annual information form uses the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. Inferred mineral resources have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.**

DEFINITIONS AND GLOSSARY OF TERMS

In this annual information form, references to “Largo”, or the “Company” mean Largo Resources Ltd. and its subsidiaries as applicable (unless the context otherwise requires), and the following abbreviations and defined terms are also used:

“2014 Consolidation”	has the meaning given to that term under the heading “ <i>Corporate Structure</i> ”.
“AIF”	means this annual information form.
“Audit Committee”	means the audit committee of the Board.
“Banks”	means, collectively, Banco Itau BBA S.A., Banco Votorantim S.A. and Banco Bradesco S.A.
“BNDES”	means the Brazilian Development Bank or Banco Nacional do Desenvolvimento.
“BNDES Facility”	means the agreement with BNDES for a R\$333 million (approximately US\$166 million equivalent) debt financing facility for the construction and development of the Maracás Mine.
“Board”	means the board of directors of the Company.
“Campo Alegre Project”	means the Campo Alegre de Lourdes iron-titanium-vanadium exploration project in Brazil.
“CBPM”	means Companhia Baiana de Pesquisa Mineral, an entity controlled by the Brazilian State of Bahia.
“Common Shares”	means the common shares in the capital of the Company.
“Guarantee”	means the Guarantee agreement entered into by the Company with the Banks as a condition precedent to and as security for the BNDES Facility.
“Governance Agreement”	means the amended and restated investor nomination rights and governance agreement, made as of the 9 th day of March, 2012, by the Company and the Lead Investors pursuant to which the Lead Investors are each entitled, among other things, to nominate one director to the Board so long as their holding of Common Shares represents no less than 10% of the issued and outstanding Common Shares.
“Currais Novos Project”	means the Currais Novos tungsten tailings project in Rio Grande De Norte, Brazil.
“kg”	means kilogram.
“km”	means kilometre.
“Lead Investors”	means Arias Resource Capital Fund LP, Arias Resource Capital Fund II LP, and Arias Resource Capital Fund II (Mexico) LP (collectively, the “ARC Funds”), EP Cayman Ltd. and Eton Park Master Fund, Ltd. (collectively, the “Eton Park Funds”) and Ashmore Cayman SPC No. 2 Limited.
“m”	means metre.

“Maracás Mine”	means the Maracás vanadium mine in Bahia State, Brazil, later renamed the Maracás Menchen Mine, which includes the Campbell Pit and the Ford Facility.
“NI 43-101”	means the Canadian Securities Administrators National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
“Northern Dancer Project”	means the tungsten-molybdenum deposit property in Yukon Territory, Canada.
“tonnes”	means metric tonnes, where 1 tonne = 1,000 kg.
“PEA”	has the meaning given to that term under the heading “ <i>General Development of the Business – Three-Year History – 2014</i> ”
“Promon”	means Promon Engenharia Ltda.
“Supply Agreement”	has the meaning given to that term under the heading “ <i>General Development of the Business – Three Year History – 2015</i> ”.
“tpa”	means tonnes per annum (year).
“TSX”	means the Toronto Stock Exchange.
“TSXV”	means the TSX Venture Exchange.
“V2O5”	means vanadium pentoxide or V ₂ O ₅ , the form vanadium is, generally, converted to following extraction.
“Vanadio”	means Vanadio de Maracás S.A. , a subsidiary of the Company.
“WO3”	means tungsten oxide, the intermediary between ore and pure metal form of tungsten.

The disclosure in this AIF is supplemented throughout the year by, and is to be read in context with, subsequent continuous disclosure filings including news releases, material change reports, financial statements, management discussion and analysis and technical reports filed under NI 43-101. This AIF contains information which the Company believes, in context and in exercising its judgement, to be material. Information which the Company, in exercising its judgement, believes, in context, is not material (or, due to the passage of time, is no longer material), has not been included in this AIF. References to various elements, where not defined above, have the meaning given to them in the periodic table which is available in the public domain.

Except as otherwise noted in this AIF, Mr. Robert Campbell, M.Sc., P.Geol is the Qualified Person (as that term is defined under NI 43-101) who has reviewed and approved the technical disclosure in this AIF. Mr. Campbell is an officer of the Company.

CURRENCY PRESENTATION AND DATE OF INFORMATION

This AIF contains references to Canadian dollars, United States dollars and Brazilian reals. All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars. Canadian dollars may be referred to as “Cdn\$”. United States dollars may be referred to as “United States dollars” or “US\$”. Brazilian reals may be referred to as “Brazilian reals” or “R\$”.

The following tables set out the average annual exchange rates and the resulting currency conversion if (i) one US\$ were exchanged for the equivalent in Canadian dollar(s) and (ii) one Brazilian real were exchanged for the equivalent in Canadian dollar(s), according to information published by the Bank of Canada.

One US Dollar	Year Ended December 31		
	2016	2015	2014
Closing in Cdn Dollar(s)	\$1.3427	\$1.3840	\$1.1046
One Brazilian Real	Year Ended December 31		
	2016	2015	2014
Closing in Cdn Dollar(s)	\$0.4125	\$0.3494	\$0.4704

Based on information published by the Bank of Canada, (i) the value of one US\$, if exchanged for one Canadian dollar, would have been Cdn\$1.3427 for the month of December of 2016 and (ii) the value of one Brazilian real, if exchanged for one Canadian dollar, would have been Cdn\$0.4125 for the month of December of 2016.

All information in this AIF is given as of December 31, 2016, unless otherwise indicated. The Company’s fiscal year end is December 31.

CORPORATE STRUCTURE

The Company is a company continued under the *Business Corporations Act* (Ontario).

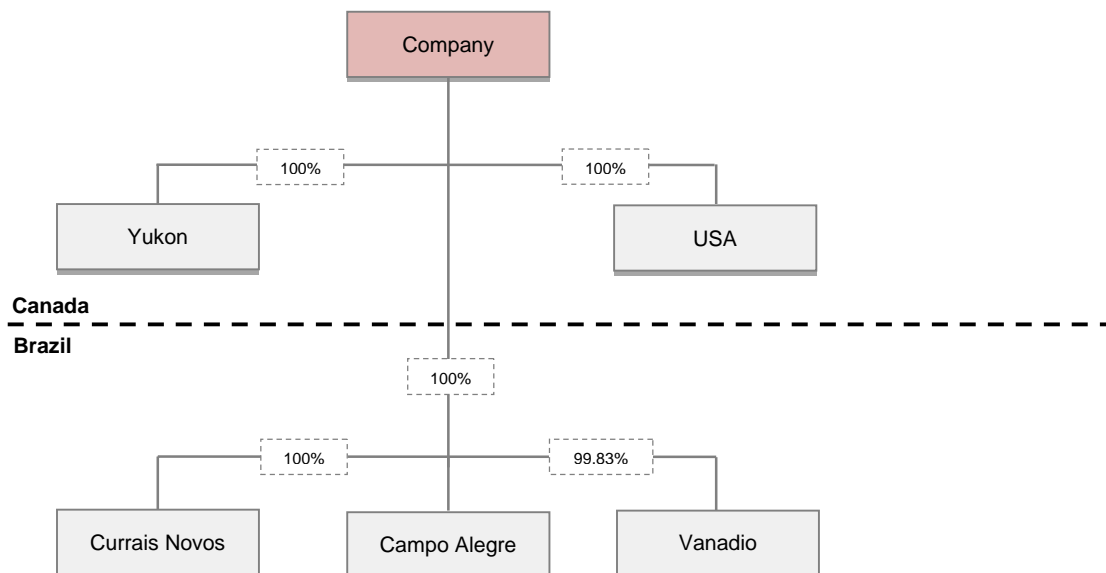
The Company was originally incorporated under the name Kaitone Holdings Ltd. in the Province of British Columbia on April 18, 1988. On September 3, 1991, the Company changed its name to Consolidated Kaitone Holdings Ltd. On May 8, 2003, the Company changed its name to Largo Resources Ltd. On June 10, 2004, the Company continued to the Province of Ontario and filed articles of amendment to amend its authorized share capital to an unlimited number of Common Shares. Effective October 17, 2014, the Company consolidated its issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for each ten (10) pre-consolidation Common Shares (the “2014 Consolidation”). For the purposes of this AIF, all Common Share numbers are shown on a post-2014 Consolidation basis unless otherwise indicated.

The head office and registered office of the Company is located at 55 University Avenue, Suite 1101, Toronto, Ontario, Canada M5J 2H7.

As at the date of this AIF, the Company’s subsidiaries consist of the following:

Subsidiary and Jurisdiction of Existence	% Ownership by the Company
Mineração Currais Novos Ltda. (Brazil)	100%*
Vanadio de Maracás S.A. (Brazil)	99.84%
Largo Resources (Yukon) Ltd. (Canada)	100%
Largo Resources USA Inc. (United States)	100%

The corporate structure of the Company and its subsidiaries is as follows:



* Under Brazilian law, a corporation must have at least two shareholders or quotaholders, as applicable. Shareholders/quotaholders can be individuals or legal entities. Accordingly, Mr. Kurt Herwig Menchen, the former President of Brazilian Operations of the Company, holds an interest of <0.001% and <0.017% in the capital stock of Currais Novos and Campo Alegre, respectively. With respect to Vanadio, the remaining shares in its capital are owned by CBPM.

GENERAL DEVELOPMENT OF THE BUSINESS

Largo is a Canadian natural resource development and exploration company listed on the TSX and OTCQB.

Largo is a growing strategic mineral company with an operating mine and mineral projects in Brazil and a tungsten project in Canada. The immediate goal of the Company is to continue to ramp-up production at the Maracás Mine, in which Largo holds a 99.83% interest. Largo's Maracás Mine boasts the highest grade vanadium deposit yet discovered and is expected to be a low cost producer. With an off-take in place with Glencore International AG, Largo is well positioned to become a leading producer of vanadium globally. Largo also has interests in a portfolio of other projects, including a 100% interest in the Currais Novos Project, a 100% interest in the Campo Alegre Project, both in Brazil, and a 100% interest in the Northern Dancer Project in the Yukon.

Three-Year History

The following is a summary of the general development of the Company's business, since January 1, 2014, and in chronological order.

2014

In the first quarter of 2014, 99.8% of the Maracás Mine was mechanically complete, with only the installation of auxiliary items still underway. By April of 2014, all systems at the Maracás Mine were either commissioned or in the final stages of commissioning.

In May 2014, Largo received its preliminary operating license for production at the Maracás Mine which was issued following the completion of commissioning, in advance of the final operating license. By the end of May, the

Company had begun feeding vanadium concentrate into the kiln at the Maracás Mine.

In July 2014, the Company reported that the final reconciliation of the construction CAPEX for the Maracás Mine had concluded with the project's final CAPEX determined at US\$241 million versus the US\$235 originally estimated in the preliminary economic assessment entitled *Preliminary Economic Assessment of the Maracás Vanadium Project, 1.4 Million Tonnes per Year Processing Plant, Brazil* (the "PEA") completed in 2013.

In August 2014, the Company announced that it had achieved first production at the Maracás Mine. The first V2O5 material was produced at the Project on August 2, 2014. Test-work completed at the Project's on-site laboratory indicated that the material was expected to meet all required specifications as outlined in the Company's off-take arrangement with Glencore International AG. Production volumes were expected to continue to steadily increase with the goal of reaching the Maracás Mine's Phase 1 nameplate capacity of 9,600 tonnes by or before 12 months of operation. The Company officially renamed the Maracás Mine, "The Vanadio de Maracás Menchen Mine"; the processing facility was renamed, "The Ford Facility"; and the Gulcari "A" Deposit was renamed, "The Campbell Pit".

Also in August 2014, Largo announced that the BNDES approved an extension to the amortization period for the BNDES Facility. The grace period for the payment of principal was extended from the original date in August 2014 to April 2015, with the first principal payment to be made in May 2015. The extension was applicable to the majority of principal under the BNDES Facility, with the exclusion of R\$43.4 million (or US\$19.4 million) which did not qualify for extension. The application of the financial covenants associated with the BNDES Facility was also extended from December 2014 to December 2015 by the guarantor banks. The terms of the agreement governing the Facility remained the same with the exception that interests rates of BNDES funding increased by a weighted average of 0.23% per year. The extension of the BNDES Facility reduced Largo's cash outflow by approximately US\$2.1 million per month for the first 9 months of the Maracás Mine's operations, for a cumulative up-front saving of US\$20 million during operational ramp-up.

In September 2014, the Company announced that it had made its first shipment of V2O5 from the Maracás Mine. Production rates began to stabilize at between 8 and 12 tonnes of material per day, which represented approximately 40% of the Maracás Mine's Phase 1 target capacity.

In October 2014, the Company announced the closing of a non-brokered private placement (the "October 2014 Financing") of 107,142,858 units of the Company (the "2014 Units") at a price of Cdn\$0.28 per 2014 Unit for aggregate gross proceeds of Cdn\$30,000,000. Each 2014 Unit was comprised of one Common Share and one Common Share purchase warrant (a "2014 Warrant"). Each 2014 Warrant entitles the holder to acquire one further Common Share at a price of Cdn\$0.35 per Common Share for a period of three years from the date of issuance. Funds managed by Arias Resource Capital Management LP and funds managed by Mackenzie Investments participated in and acquired a significant portion of the October 2014 Financing. This information is shown on a pre-2014 Consolidation basis.

Also in October 2014, the Company announced that it was consolidating its issued and outstanding common shares on a 10 for 1 basis. The 2014 Consolidation was completed on October 17, 2014.

In November 2014, Largo announced that it had discovered a new chromite showing on its Capivara prospect and began an exploration program for chromite and PGMs (platinum group metals). The results from initial grab samples showed chromite reporting as Cr₂O₃ ranging from 30.04 to 41.68% and platinum values ranging from 110 to 2,500 parts per billion (ppbs). As at November 2014, a ground magnetic survey of the area was 90% complete, mapping and sampling was 60% complete and a gravity survey began over the prospective area to identify targets for further evaluation of drill testing.

Also in November 2014, the Company received its final operating license ("LO") for production at the Maracás Mine. The receipt of the LO indicated that the plant was built, and was operating, according to its design specifications and environmental guidelines. The LO is valid for 2 years from its date of issue at which time it may be renewed for extension within 6 months of the LO's expiry date for an additional 2-5 years.

In December 2014, the Company announced that it had commenced a pre-feasibility study on the potential to produce salable platinum concentrates at the Maracás Mine. The study was subsequently put on hold.

In April 2014, Mr. Alexandre Monteiro joined the Board of Directors following the resignation of Dr. Allen Alper. Effective December 12, 2014, Mr. Dan Ioschpe also resigned from the Board of Directors. Messrs. Casper Groenewald, Allan Venter and Paulo Guimaraes Misk joined the Company, respectively, as Deputy Technical Director of Operations, Brazil, Production Manager of the Operations Team, and General Manager for the Maracás Menchen Mine.

2015

At the beginning of January 2015, approximately 1,140 tonnes (2.5 million lbs) had been shipped from the Maracás Mine. This represented an increase of approximately 408 shipped tonnes since the beginning of December 2014. During the month of January 2015, Maracás Mine output was running at 55%-75% of capacity. Vanadium pricing decreased slightly since January 2014 and was at a five-year low in January 2015.

In February 2015, the Company provided its 2015 production guidance and outlook for the Maracás Mine. The Company stated that its focus for 2015 was achieving nameplate production capacity in the third quarter of 2015 which is 9,634 tonnes of V₂O₅ per annum (approximately 26.4 tonnes per day).

In March 2015, the Company announced the closing of a Cdn\$12 million non-revolving, convertible term loan facility (the "Bridge Loan"). The lenders under the Bridge Loan were the ARC Funds. The Bridge Loan had a 6-month term and bore an interest rate of 20% per annum. Any portion of the outstanding indebtedness under the Bridge Loan was convertible into common shares of the Company at the option of the ARC Funds at a conversion price of Cdn\$1.01 per common share. The Bridge Loan was subject to mandatory repayment if the Company raised any additional financing, upon a change of control of Largo or if the loan was accelerated upon an event of default. The ARC Funds were granted a participation option to subscribe for up to an aggregate of Cdn\$40 million of securities under any proposed offering of common shares or securities exchangeable or convertible into common shares on or after the date of the loan agreement. The Bridge Loan was fully drawn by early May 2015 and was repaid in full in connection with the May 2015 Financing (as defined below).

In March 2015, McGovern, Hurley, Cunningham, LLP, Chartered Accountants (now UHY McGovern Hurley LLP) resigned as the Company's external auditors, at the request of the Company, and PricewaterhouseCoopers was appointed as auditor of the Company effective March 18, 2015.

In April 2015, the Company announced that it entered into a settlement agreement with Global Tungsten & Powders Corp. ("GTP") relating to the supply agreement between the parties entered into in January of 2011 (the "Supply Agreement") in respect of tungsten to be produced at the Currais Novos Project. The settlement provided for the termination of all obligations, past and future, under the Supply Agreement in exchange for the payment by the Company to GTP of US\$11.5 million, which will be made in monthly installments over the course of the 2016 calendar year. Following receipt by GTP of the final payment from the Company, the Company will have no further obligations to GTP.

In May 2015, the Company announced that it received a firm commitment letter from its consortium of lenders to defer its debt amortization schedule and extend the maturities for the BNDES Facility and its export credit facilities (together, the "Facilities") for the Maracás Mine. The final restructuring package included the following: (i) an additional one-year grace period on the amortization schedules for the Facilities; (ii) a two-year extension of maturity for its export credit facilities; and (iii) a three-year extension of maturity for the US dollar component of the BNDES Facility and no change in the maturity of the R\$ component of the BNDES Loan. This debt restructuring received final approval from BNDES in June 2015.

In May 2015, the Company announced the closing of a non-brokered private placement (the "May 2015 Financing") of 93,999,996 units of the Company (the "2015 Units") at a price of Cdn\$0.80 per 2015 Unit for aggregate gross proceeds of Cdn\$75,200,000. This private placement closed in three tranches. Each 2015 Unit was comprised of one

Common Share and one half of one Common Share purchase warrant (each whole warrant a "2015 Warrant"). Each 2015 Warrant entitled the holder to acquire one further Common Share at a price of Cdn\$1.50 per Common Share for a period of one year from the date of issuance. The Company also issued 168,000 compensation warrants to an eligible finder in connection with the May 2015 Financing. Each compensation warrant is exercisable until May 22, 2016, at a price of \$0.80 per compensation warrant, into a unit of the Company consisting of one Common Share and one-half of one warrant, with each whole warrant expiring on May 22, 2016 and entitling the holder to acquire one further Common Share at a price of \$1.50 per Common Share. Certain ARC Funds participated in the private placement and acquired an aggregate of 63,312,498 2015 Units in the May 2015 Financing. The ARC Funds' participation in the May 2015 Financing was conditional upon, among other things, the execution and delivery of a director nomination agreement (the "Director Nomination Agreement") with Largo permitting the ARC Funds to designate (a) two additional persons to be nominated for election to Largo's board of directors for election by Largo shareholders, including at the next annual meeting of Largo shareholders, for so long as the ARC Funds, whether individually or together, own at least 40% of the issued and outstanding Common Shares and (b) to designate one additional person to be nominated for election to Largo's board of directors for election by Largo shareholders, for so long as the ARC Funds, whether individually or together, own less than 40% but not less than 20% of the issued and outstanding Common Shares. These nomination rights are in addition to the ARC Funds' existing right to nominate one director to the Company's board of directors under the Governance Agreement and, accordingly, the ARC Funds designated three directors for election at the subsequent annual meeting of shareholders.

In August 2015, the Company reported overall production rates improved in July, averaging approximately 19.6 tonnes per day, or 74% of the Mine's capacity. In August, the Company marked a production milestone of 10 million pounds of V2O5 produced since production began in August 2014 and the Maracás Mine achieved two new production records over consecutive days by achieving daily production rates above design capacity.

In 2015, Mr. Mark Brennan resigned as the Company's President and CEO and the Company announced that Mr. Mark A. Smith would succeed him as President and CEO effective April 1, 2015. Mark A. Smith was also appointed to the Company's Board of Directors on April 1, 2015. John F. Ashburn, Jr. succeeded Andrew Hancharyk as the Company's Chief Legal Officer. Mr. Daniel Tellechea, Mr. Sam Abraham and Ms. Koko Yamamoto were elected to the Company's Board of Directors following the departure of Mr. Dirk Donath and Mr. Alexandre Monteiro at the AGM on July 9, 2015.

On December 17, 2015 the Company announced the signing of an indicative term sheet with the Banks for a new debt facility (the "2016 Facility") and the restructuring of the Company's existing export credit facilities for the Maracás Mine. The 2016 Facility and the restructuring of the Company's export credit facilities was conditional upon, among other things, the Company raising an additional \$US20 million in equity for on-going working capital requirements at the Maracás Mine. In addition, the Company announced that Vanadio had entered into a R\$867,447 short-term bridge loan facility repayable on January 15, 2016 with a separate existing lender and the Company as guarantor, in order to fund certain payment obligations in respect of currency swap contracts with said existing lender.

2016

On January 14, 2016 the Company announced that it had entered into a short-term secured loan agreement with Mr. Mark A. Smith, Largo's Chief Executive Officer and a director of the Company, pursuant to which Mr. Smith advanced a US\$1 million non-revolving term loan bearing interest at 12% per annum (the "Smith Bridge Loan"). The proceeds of the Smith Bridge Loan were used for ongoing working capital requirements at the Maracás Mine. The Smith Bridge Loan was secured by a general security agreement over the assets of the Company. As consideration for entering into the Smith Bridge Loan, the Company paid Mr. Smith a loan establishment fee in the amount of US\$40,000. This loan was repaid upon closing of the first tranche of the 2016 Financing (as defined below).

In January and March of 2016, the Company announced the closing of a non-brokered private placement (the "January/March 2016 Financing") of an aggregate of 209,392,178 units of the Company (the "January/March 2016 Units") at a price of Cdn\$0.175 per January/March 2016 Unit for aggregate gross proceeds of Cdn\$36,643,631. This private placement closed in two tranches. Each January/March 2016 Unit was comprised of one Common Share and

one half of one Common Share purchase warrant (each whole warrant a "January/March 2016 Warrant"). Each January/March 2016 Warrant entitled the holder to acquire one further Common Share at a price of Cdn\$0.29 per Common Share for a period of five years from the date of issuance. Certain ARC Funds acquired 153,333,485 2016 Units in the January/March 2016 Financing.

As a condition precedent to ARC Funds' participation in the 2016 Financing, Largo and the ARC Funds amended and restated the Director Nomination Agreement entered into in connection with the May 2015 Financing pursuant to which the ARC Funds were granted a continuing right to, as a group, designate one additional person to be nominated for election to Largo's board of directors by Largo shareholders, including at the next annual meeting of Largo shareholders, for so long as the ARC Funds, whether individually or together, own at least 50% of the issued and outstanding Common Shares. The foregoing nomination rights are supplemental to existing nomination rights set out in the Governance Agreement and, accordingly, until such time as ARC Funds' ownership of Largo falls below 50% of the issued and outstanding Common Shares or its nomination rights are otherwise amended, the ARC Funds will designate four of the seven persons to be nominated for election as directors at the next, and any subsequent, annual meetings of Largo's shareholders.

The closing of the January/March 2016 Financing was a condition precedent to the entering into of the 2016 Facility with the banks and the restructuring of the Company's existing export credit facilities for the Maracás Mine. On March 2, 2016 the Company announced that it had entered into the 2016 Facility and completed the restructuring of its export credit facilities. The terms of the 2016 Facility include (i) a working capital facility of up to R\$104,596,000, disbursed in 11 monthly payments over 2016; (ii) a working capital facility in an amount equivalent to the mark-to-market value of the swap contract applicable to one of the Company's export facilities; (iii) a margin equal to the interbank rate (CDI) + 5.70% per annum; (iv) a two-year grace period on the payment of interest and principal, measured from the disbursement date, and quarterly repayment (in arrears) of the 2016 Facility commencing after the end of the grace period; (v) a final maturity 84 months after the disbursement date; and (vi) use of proceeds strictly to pay interest and principal falling due under the BNDES Facility and to pay the swap settlements pertaining to one of the Company's export facilities. The restructuring of the existing export facilities included an amendment confirming that the principal and interest installments due for the 12 months after the disbursement date would be payable on the same payment terms as the 2016 Facility, including, the addition of a grace period.

Concurrently with the 2016 Facility, the Company announced that it had agreed to new commercial terms for a US\$3,850,000 loan facility with Banco Pine S.A. to roll over its existing facility on roughly the same terms as the 2016 Facility, and that Vanadio also agreed to commercial terms with the same existing lender for a new facility of up to R\$80,000,000 to close out its existing swap contracts with the lender.

In April 2016, the Company surpassed various production records, including a new monthly production record of 730 tonnes of vanadium pentoxide and daily production records of 32 tonnes of V_2O_5 on April 23rd and 33 tonnes of V_2O_5 on April 24th.

In May 2016, the Company received approval for trading on the OTCQB® Venture Market ("OTCQB") and commenced trading under the symbol (OTCQB: LGORF) on May 10, 2016. In May 2016, the Company also announced a 40% increase in proven and probable mineral reserves for the Campbell Pit at the Maracás Mine and a new mine plan for the Maracás Mine. The updated mine plan increased the proven and probable mineral reserves for the Maracás Mine to 18.4 million tonnes from the 13.1 million tonnes established in the 2008 definitive feasibility study for the Maracás Mine, which was updated in 2009. The new mine plan resulted in an operating life of the Maracás Mine and process plant of 15 years at 9,600 tonnes V_2O_5 per annum production rate and a retrospective 51% increase in aggregate tonnage when factoring in tonnage mined to date. The Company also surpassed all previous monthly, weekly, and daily production records in May, producing 780 tonnes of V_2O_5 in May, 198 tonnes of V_2O_5 during the week of May 24, 2016, and 24 tonnes of V_2O_5 on May 23, 2016.

In June 2016, the Company received approval for the listing of its Common Shares on the TSX. The Common Shares commenced trading on the TSX on July 4, 2016 under the symbol "LGO" and no further trading of the Company's Common Shares on the TSX-V occurred after this date. The Company again surpassed its monthly production record in June, producing 801 tonnes of V_2O_5 .

In July 2016, the Company entered into a non-binding memorandum of understanding (“MOU”) with Vionx Energy Corporation (“Vionx”), a company which develops, produces, and sells Vanadium Redox Flow Batteries for utility grid applications.

The Company announced the closing of the first, second, and third tranches of a non-brokered private placement (the “September/October 2016 Financing”) of units (the “September 2016 Units”) of the Company on September 7th, September 12th, and October 4th respectively. The closing of the first, second, and third tranches resulted in gross proceeds of (i) Cdn\$3,359,499 from the sale of 7,465,555 September 2016 Units, (ii) Cdn\$1,092,800 from the sale of 2,428,442 September 2016 Units, and (iii) \$547,701 from the sale of 1,217,114 September/October Units respectively, resulting in aggregate gross proceeds of Cdn\$5,000,000 from the sale of 11,111,111 September/October Units. Each September/October 2016 Unit was sold at a price of Cdn\$0.45 and consists of one Common Share of the Company and one-half of one Common Share purchase warrant (a “September/October 2016 Warrant”). Each September/October 2016 Warrant is exercisable to acquire one Common Share at a price of Cdn\$0.65 per share for a period of three years from the date of issuance. As part of the September/October 2016 Financing, the ARC Funds purchased 6,228,232 September 2016 Units and Cranley Investments Holdings LCC (“CIH”) acquired 555,555 September 2016. During the month of September, the Company again surpassed its monthly production record, producing 806 tonnes of V₂O₅.

In December 2016, the Company announced that it had entered into definitive agreements with the Banks for a new debt facility (the “2017 Facility”) and the restructuring of its existing facilities with the Banks related to its Maracás Mine. The 2017 Facility provided the Company with a working capital facility of up to R\$140,000,000 to be used for the payment of principal and interest falling due during 2017 on the existing loan from the BNDES Facility as well as principal and interest falling due during 2017 on the existing debt facilities. The 2017 Facility was made conditional on the Company injecting an additional US\$15,000,000 for on-going working capital requirements at the Maracás Mine prior to January 10, 2017 (the “January Injection”) and injecting an additional \$5,000,000 prior to June 30, 2017. In order to fulfil this condition, the Company announced on December 28, 2016 a non-brokered private placement (the “2017 Financing”) of up to 52,400,000 units (the “2017 Units”) of the Company at a price of Cdn\$0.45 for aggregate gross proceeds of up to Cdn\$23,580,000. Each 2017 Unit consists of one Common Share and one Common Share purchase warrant (a “2017 Warrant”) exercisable into one Common Share at the price of Cdn\$0.65 per share for a period ending three years from the date of issuance.

In December 2016, the Company announced that it intended to produce, qualify, and sell its vanadium products at the specifications required for use in the aerospace alloy market sector via its offtake partner. The Company also set a new production record for the month of December, producing 828 tonnes V₂O₅.

Messrs. Michael Mutchler, former Chief Operating Officer of the Company, and John Ashburn, former Chief Legal Officer of the Company, departed the Company effective March 31, 2016 and April 8, 2016, respectively. Alberto Beeck was elected to the Board of Directors on June 29, 2016, replacing Wayne Egan.

Recent Developments

In January 2017, the Company closed the first and second tranches of the 2017 Financing for gross proceeds to the Company of Cdn\$15,085,803 from the sale of 33,524,007 2017 Units on January 9, 2017, and Cdn\$997,250 from the sale of 2,216,112 2017 Units on January 24, 2017, for an aggregate gross proceeds to the Company of Cdn\$16,083,053 from the sale of 35,740,119 2017 Units. As part of the closing of the first tranche, CIH acquired 10,450,000 2017 Units and the ARC Funds purchased 14,395,675 2017 Units. The Banks also agreed to amend the payment terms of the January Injection to provide for an injection into the Company’s operating subsidiary of not less than US\$10 million prior to January 10, 2017, with the remaining US\$5 million being required by March 15, 2017 (the “March Injection”).

In March 2017, the Company announced receipt of a temporary waiver from the Banks in respect of the March Injection while the Company and the Banks are in discussions in respect of the use of some of the cash flow generated by operations to fund certain payment obligations to the Banks which had previously been delayed.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Largo is a Canadian natural resource production company listed on the TSX and OTCQB. Largo remains focused on creating a world leading strategic metals company through its continued focus on production at the Maracás Mine and the development and advancement of its other projects in Brazil and Canada including the Currais Novos Project, the Campo Alegre Project and the Northern Dancer Project.

At present, the primary focus of the Company is to continue to meet and exceed nameplate capacity at the Maracás Mine on a consistent and continued basis. First production at the Maracás Mine occurred in August of 2014. As at the beginning of August 2016, the Mine was producing at or near its full design capacity rates (at or above 90%) over significant periods of time. In 2017, the Company plans to implement projects in the leaching and kiln sections of the chemical plant to further increase these recovery levels. In addition, the Company aims to improve the level of consumption of sodium carbonate and ammonium sulphate, two of the Company's key consumables, by improving control of the dosage system. Further, the Company anticipates that its efforts in improving overall recovery levels will enable it to achieve monthly production of 840 tonnes of V₂O₅ in Q2 2017. The Company will also commence sales of high-purity V₂O₅ flakes to its offtake partner, as well as making the necessary additions to the plant to enable the handling and packing of V₂O₅ powder.

Maracás Menchen Mine

Current

The Maracás Menchen Mine is a high grade vanadium mine located in Bahia, Brazil which began producing vanadium in the third quarter of 2014 (as announced in a news release dated August 5, 2014). Construction of the Maracás Mine began in June of 2012 under the management of Promon. All major construction activities were completed in April of 2014. Commissioning of the Maracás Mine was completed, including commissioning of electrical, mechanical, water, circuit control and operation of the systems in manual and automatic modes and warming of the kiln, following which material or "feed" will be fed through the system. In May of 2014, the Company also announced that a preliminary operating licence ("LPO") had been received for production at the Maracás Mine and officially inaugurated the facility in a ceremony which included officials from the federal, state and municipal Brazilian governments as well as investors, project partners and other stakeholders. The Company received its final operating licence ("LO") in November 2014. The Company first produced V₂O₅ in August of 2014 and by the beginning of December 2014, had shipped 1.6 million pounds of V₂O₅. By the end of August 2015, the Company marked a production milestone of 10 million pounds of V₂O₅ produced since production began in August 2014. In May 2016, the Company announced a 40% increase in proven and probable mineral reserves to 18.4 million tonnes. The Company will continue to improve its production rates as it moves forward with its ongoing ramp-up optimization efforts, including operational and engineering improvements. The Maracás Mine includes the Menchen Mine, Ford Facility and the Campbell Pit.

Background

On January 18, 2013, the Company announced in a news release the results of the PEA which supported a mine life for the Maracás Mine of 29 years, dual revenue streams generated from the sale of V₂O₅ and FeV of US\$554 million and an internal rate of return of 26.3% based on a measured and indicated resource of 24.64 million tonnes grading 1.11% V₂O₅. The information below, summarizing the economics of the Maracás Mine, was set out in the news release:

After Tax IRR and NPV	IRR of 26.3% and NPV of US\$554 million (8% discount rate)
Average Annual Production of V ₂ O ₅ (years 2-11)	6,376 tonnes of V ₂ O ₅

Average Annual Production of FeV (years 2-11)	4,899 tonnes of V in FeV
Vanadium Pentoxide Price:	\$6.37 per lb, or \$14.04 per Kg (3 year average)
Ferrovanadium Price	\$28.01 per Kg (3 year average)
Average Vanadium Pentoxide Operating Costs	\$3.18 per lb
Average Vanadium Pentoxide Operating Costs Including Iron Ore Byproduct Credit	\$2.10 per lb
Average Ferrovanadium Operating Costs	\$15.62 per kg
Mine Life	29 Years
US\$/R\$ Exchange Rate:	2.00
Off-take Agreement:	with Glencore International AG; agreement remains in place for 100% of vanadium products for first 6 years

The PEA filed in March of 2013 under NI 43-101 included information on the resource and reserve estimates at the Maracás Mine, reporting that, at a cut-off grade of 0.45% V₂O₅ and reported from a Whittle-optimized pit shell, the measured and indicated mineral resource for the Gulçari “A” deposit is estimated to be 24.64 million tonnes grading 1.11% V₂O₅ containing 272,900 tonnes V₂O₅ and the Inferred resource is estimated to be 2.61 million tonnes grading 0.76% V₂O₅ containing 19,800 tonnes V₂O₅ and included a new inferred resource estimate from five satellite deposits. This Inferred resource is estimated to be 27.82 million tonnes grading 0.83% V₂O₅ containing 232,114 tonnes of V₂O₅ at a cut-off grade of 0.45% V₂O₅.

The Company commissioned *An Updated Mine Plan and Mineral Reserve Report for the Maracás Menchen Project* (the “New Mine Plan”), which is dated July 8, 2016. The Company commissioned the New Mine Plan to look at the optimization of the Campbell Pit and to update the mineral reserves. The Maracás Mine currently produces only V₂O₅ with nameplate production capacity of 9,600 tonnes of V₂O₅ flake. FeV production may be considered in the future.

Further information about the Maracás Mine can be found under the heading “*Description of the Mineral Properties – The Maracás Mine*” and under the heading “*Environmental Protection and Licensing and Permitting*”.

Currais Novos Project

Current

The Currais Novos Project involves the reprocessing and recovery of tungsten from two tailings piles deposited during the processing of ore from the 1940’s to the present at the Barra Verde and Boca de Laje tungsten mines located 180 kilometres west-southwest of Natal, the capital of Rio Grande de Norte State. The two tailings piles are located on four concessions on a 653 hectare piece of land. The Currais Novos Project produced tungsten in July of 2011 but the project was affected by the drought in the Rio Grande do Norte region which began in the fall of 2012.

The Company has decided to cease all development at the Currais Novos Project until conditions improve and has accordingly written down the value of the development property and all related property and equipment to zero at December 31, 2014.

Background

On December 14, 2010, the Company reported the results of a preliminary economic assessment prepared in accordance with NI 43-101. The current indicated mineral resource, above a cut-off grade of 0.06% WO₃ for both tailing piles, is 3.46 million tonnes at 0.12% WO₃ and 1.74% Fluorine (F) for a total of 7.2 million lbs. of WO₃ and 133.2 million lbs. of F. The inferred mineral resource above a cut-off grade of 0.06% WO₃ for both tailing piles is defined as 0.81 million tonnes at 0.093 % WO₃ and 1.44% F for a total of 1.44 million lbs. of WO₃ and 26 million lbs. of F. The resource estimation was undertaken in accordance with CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101. On September 26, 2011, the Company signed a definitive agreement to acquire

six additional tungsten properties totalling 4,584 hectares near the Currais Novos Project, in Rio Grande do Norte, Brazil. The Company was required to pay a total of US\$200,000 within eighteen months of the definitive agreement, half of which was paid in December of 2012. However, the Company elected not to purchase the four additional properties and terminated the option upon provision of due notice.

Further information about the Currais Novos Project can be found under the heading “*Description of Mineral Properties – The Currais Novos Project*”.

Other Projects

Additional information about the Company’s exploration-stage tungsten projects, the Northern Dancer Project and the Campo Alegre Project, can be found under the respective headings of “*Description of Mineral Properties – The Northern Dancer Project*” and “*Description of Mineral Properties – The Campo Alegre Project*”.

The Vanadium Industry

Vanadium is a transition metal which is used principally in the steel industry in the production of high strength, low alloy (HSLA) steels, high alloy steels, high speed and tool steels, and engineering steels. Vanadium is also used in production of titanium alloys for aerospace applications as an oxidation catalyst in many pollution control and chemical production processes. More recently applications for vanadium in gird level and portable energy storage applications. Given that 90% of current demand is related to the steel industry, the global demand for vanadium is primarily driven by two variables: changes in global steel production levels, and changes in the specific vanadium consumption rate in the steel industry. HSLA steels are an economically efficient substitute for lower strength carbon manganese steels in many applications and as a result the long term specific vanadium consumption rate has generally increased the past 15 years. Vanadium steel is also ideal for applications in structural steels where seismic activity is high, resulting in the implementation of policies in countries such as China seeking to increase the use of vanadium content in steel reinforcing bars used in concrete construction. Global demand for vanadium increased from 91,000 tonnes in 2014 to 80,000 tonnes in 2015 as a result of low oil prices and illegal production of inferior non vanadium alloyed reinforcing bars in China. Global vanadium supply fell from 85,000 tonnes in 2015 to 76,000 tonnes in 2016 as a result of mostly permanent industry rationalizations which occurred over the past two years of very weak prices.

Global vanadium pentoxide prices have historically fluctuated with demand for global steel. As at December 31, 2016, V2O5 was trading in the range of US\$4.85/lb. V2O5 to US\$5.20/lb. V2O5. During 2016 vanadium pentoxide prices increased 110% from a low on January 8, 2016 of US\$2.25/lb to US\$2.50/lb. Vanadium is usually bought and sold by long term contract as there is no exchange where a contract for vanadium can be traded unlike, for example, copper or gold.

(Note: Information in this section was obtained from, and is available in, the public domain.)

Specialized Skill and Knowledge

All aspects of the business of the Company require specialized skill and knowledge. Such skill and knowledge include the areas of geology, drilling, logistical planning, engineering, construction, mine operations, metallurgical processing, environmental compliance and accounting. The Company employs or retains a number of technical personnel with relevant experience, education and professional designations, and constantly evaluates the need for additional employees and or consultants with particular expertise.

Competitive Conditions

The mineral exploration and mining business is a competitive business. The Company competes with numerous companies that have resources significantly in excess of the resources of the Company, in the search for (i) attractive mineral properties; (ii) qualified service providers and labour; (iii) equipment and suppliers; and (iv) purchasers for minerals produced. The pricing that the Company will receive for vanadium produced from its projects will be based

on global prices and, ultimately, factors that are significantly out of its control. The ability of the Company to acquire additional mineral properties in the future will depend on its ability to develop and operate its present properties, and also on its ability to select and acquire suitable producing properties or prospects for mineral development or exploration. See “*Risks of the Business - Competition*”.

Off-take Arrangements and Supply Agreements

Vanadium

The Company has entered into an off-take agreement with Glencore International AG regarding all vanadium products produced from the Maracás Menchen Mine. This off-take agreement has a six year term from production which runs until May 2020 and, absent notice to the contrary, is automatically renewed for an additional six year term.

Tungsten

The Company entered into the Supply Agreement with GTP in January of 2011 under which the buyer agreed to purchase all tungsten derived from the Currais Novos Project. The Company was unable to deliver all of the material within the required time frames and the buyer elected to refer the matter to arbitration in accordance with the provisions of the supply agreement. The Company entered into a settlement agreement with GTP in April of 2015. The settlement provided for the termination of all obligations, past and future, under the Supply Agreement in exchange for the payment by the Company to GTP of US\$11.5 million, which were to be made in monthly installments over the course of the 2016 calendar year. Following receipt by GTP of the final payment from the Company, the Company will have no further obligations to GTP.

On March 31, 2015, the Company reached a final settlement agreement related to all claims not covered by the arbitration, as well as the terms of payment of the arbitration settlement itself. Pursuant to the terms of the settlement agreement the Company would be required to remit its first payment of US\$500,000 on January 15, 2016, and 11 subsequent monthly payments of US\$1,000,000 would follow beginning on February 15, 2016, for an aggregate settlement of US\$11,500,000.

On January 12, 2016, the Company reached an agreement to restructure the timing of amounts due under the arbitration settlement. Under the terms of the restructuring, the Company made a payment of US\$4,000,000 on January 29, 2016, with further payments deferred to commence on January 15, 2017. For the period from January 15, 2017 to November 15, 2017, the Company will make payments of US\$409,000 per month, with payments of US\$1,000,000 per month in the period from December 15, 2017 to February 15, 2018. The total aggregate settlement remains US\$11,500,000 for which the Company began repayment in January 2017.

Environmental Protection and Licensing and Permits

The current and future operations of the Company, including development and mining activities, are subject to extensive federal, provincial and local laws and regulations governing environmental protection, employee health and safety, exploration, development, tenure, production, taxes, labour standards, occupational health, wastes disposal, greenhouse gas emissions, protection and remediation of environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Company's properties. The Company is subject to various reclamation-related conditions imposed under federal or provincial rules and permits in connection with its development and exploration.

Environmental licences associated with a mining project in Brazil involve the issuance of the relevant licences by a multidisciplinary technical review team appointed by the State Council for Environmental Matters (“CEPRAM”) to review the project. This review team sets terms of reference for the environmental impact assessment (“EIA”) and the Relatório de Impacto Ambiental (“RIMA”). The RIMA summarizes the full impact assessment so that it can be reviewed by the public.

Maracás Mine

The terms of reference for the Maracás Mine EIA/RIMA included a social impact, alternatives, and archaeological assessment, in addition to the basic physical and biological environmental impact assessment. Generally, the following licences are issued by CEPRAM in order to bring a mine into production in the State of Bahia:

- localization license (“LL”)
- installation license (“LI”)
- preliminary operating license (“LPO”)
- operating license (“LO”)

Issuance of the LL allows the rest of the licensing process to proceed and the EIA and RIMA are completed during this process. The LL involves the participation of the public and any non-government organization who wish to participate through public meetings. For the Maracás Mine, the Instituto do Meio Ambiente (“IMA”), the Bahia state environmental agency, hosted these meetings in February 2009 in Maracás and Porto Alegre, which are two towns located in the vicinity of the project site. Following this, IMA submitted the project to CEPRAM who at their April 2009 monthly meeting endorsed IMA’s recommendation that the LL be granted. The LL is a very critical step in the environmental permitting process and concludes the active participation of the public.

The LI involves an approval process involving only Largo and the government agencies noted above. The process includes the submission of more detailed information regarding the project and a detailed description of the proposed environmental management system that was outlined in the LL documentation previously submitted.

The LO is granted during the final stages of commissioning and involves a site inspection by IMA, with the likely participation of CEPRAM, to confirm that the project has been constructed as planned and in accordance with the LI. For the Maracás Mine, Largo received its LL and LI, respectively, on May 13, 2009 and October 20, 2011. In May of 2014, Largo was granted its LPO for the Maracás Mine. The LPO is issued following completion of commissioning and prior to issuance of the LO for the project. The Company received the LO for the Maracás Mine in November 2014 which indicates that the plant was built, and was operating, according to its design specifications and environmental guidelines. The LO is valid for 2 years at which time it may be renewed for extension within 6 months of the LO’s expiry date for an additional 2-5 years.

Currais Novos Project

Because the Currais Novos project had been previously operated, the requirement for an LI and an LPO were deferred. The facility was required only to obtain two LOs, one for the facility itself and one for the tailings piles, each of which were granted effective November 3, 2011. The Company has no current intent to renew these LOs.

Employees

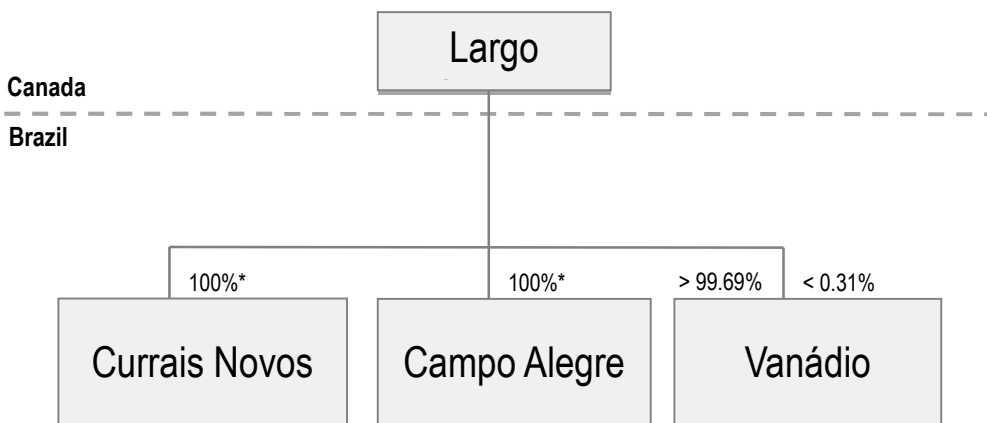
The Company and its material subsidiary have approximately 333 persons on staff, working full time as either employees or on a consulting basis and an additional 322 contractors. In addition, it retains geologists, engineers, and other consultants on a contract basis as required. The Company has not experienced, and does not expect to experience, significant difficulty in attracting and retaining qualified personnel. However, no assurance can be given that a sufficient number of qualified employees can be retained by the Company when necessary. See “*Risks of the Business – Qualified Personnel*”.

Foreign Operations

At present, the Company’s operating facilities are all located in Brazil. Consequently, the Company is at the date of this AIF dependent on its foreign operations.

Reorganizations

Effective November 22, 2014, the Company reorganized its Brazilian holdings for the purposes of transferring its pre-operational expenses and other intangible assets relating to the Maracás Mine and the Currais Novos Project from (i) Largo Mineração Ltda., a wholly-owned subsidiary of the Company, to (ii) various operating entities. Post-reorganization, the corporate structure of the Company and its Brazilian subsidiaries is set out below.



Note: In the diagram above, “Largo” means Largo Resources Ltd., “Currais Novos” means Mineração Currais Novos Ltda., “Campo Alegre” means Mineração Campo Alegre de Lourdes Ltda., and “Vanádio” means Vanádio de Maracás S.A.

RISK FACTORS

Investing in the Company involves risks that should be carefully considered. The operations of the Company are speculative due to the high-risk nature of its business. Investors should be aware that there are various risks, including those discussed below, that could have a material adverse effect on, among other things, the development of the Maracás Mine, and the operating results, earnings, business and condition (financial or otherwise) of the Company. See “*Cautionary Statement Regarding Forward-Looking Information*” at the beginning of this AIF.

Nature of Mining Operations, Mineral Exploration and Development Projects and Mining Businesses

Mining operations generally involve a high degree of risk. The Company’s operations and those of its subsidiaries are subject to the hazards and risks normally encountered in mineral exploration, development and production businesses, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, resource and reserve estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

The economic events of 2008 resulted in negative pressures on the exploration and mining businesses in general. Management of the Company must assess past, current and future plans in light of this. Although economic conditions have shown improvement in recent years, the effects of the global financial crisis continue to limit growth and could have a material adverse effect on the Company's business, operational results and financial performance.

Capital and Operating Cost Estimates

Capital and operating cost estimates made by management with respect to future projects or operations not yet in the production phase are estimates which are in turn based, among other things, on interpretation of geological data, feasibility studies, anticipated climactic conditions and other information. Any or all of these can affect the accuracy of the estimates including unanticipated changes in grade and tonnage to be mined and processed; incorrect data on which engineering assumptions are made; unanticipated transportation costs; accuracy of equipment and construction cost estimates; difficulty or failure to meet scheduled construction completion dates, facility or equipment commissioning dates, or metal production dates; poor or unsatisfactory construction quality resulting in failure to meet completion, commissioning or production dates; increased expenditures required as a failure to meet completion, commissioning or production dates; capital overrun related to the completion of any construction phase including capital overrun associated with demobilization of construction workers and contractors; labour negotiations; unanticipated costs relating to the commencement of operations, ramp up and production sustainment; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas or exportation of the Company's products; change in commodity input costs and quantities); and communication issues including familiarity with language writing, between domestic and foreign employees, contractors, advisors, agents and government officials.

Revenues

As of the date of this AIF, the Company has recorded revenues from only one of its operations. The Company is currently producing material from one of its projects. There can be no assurance that losses (including significant losses) will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years for consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses unless as it generates sufficient revenues to fund its continuing operations. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming development. There can be no assurance that the Company will generate revenues from all of its projects or achieve profitability.

Liquidity and Going Concern Risks

The Company has incurred significant operating losses and negative cash flow from operations in recent years. Whether and when the Company can attain profitability and positive cash flow is uncertain. The Company's continuance as a going concern is dependent on its ability to reach profitable levels of operations and obtain adequate financing.

The Company will require additional capital in order to fund its operations generally and, should the need arise, for completion of its projects. The Company anticipates being able to fund its future cash flow needs through any combination of restructuring of its existing debt facilities and/or financing in a form that most effectively addresses its

cash needs. However, there is no assurance that such future potential financings will be completed and, as a result, that the Company may be forced to cease or dispose of operations or assets.

Failure by the Company to restructure the BNDES Facility, the export credit facilities or term loans and/or raise sufficient funds to pay the associated debt servicing costs, will result in defaults under the provisions of the various agreements. The BNDES Facility is dependent on guarantees from the Banks. The Guarantee requires that the Company's Brazilian subsidiary and the Company comply with a significant number of covenants. Should the subsidiary or the Company be unable to comply with any one of the covenants, it is possible one or both of them could be in default under the Guarantee, which would result in a default under the terms of the BNDES Facility. As a result of such a default, BNDES could cease any further funding and also demand repayment on all amounts outstanding. If BNDES terminated the BNDES Facility, it is possible the Company could be forced to cease operations and liquidate its assets.

Foreign Exchange

Mineral commodities are sold in United States dollars and consequently, the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar and Brazilian real as compared to the US dollar. To the extent Largo generates revenue upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in US dollars while operating and capital costs will be incurred primarily in Canadian dollars and the Brazilian real. A decline in the US dollar would result in a decrease in the real value of Largo's future revenues and adversely affect its financial performance.

Litigation, Arbitration and Disputes

The Company has entered into legally binding agreements with various third parties under supply contracts and consulting agreements. The interpretation of the rights and obligations that arise from such agreements may be open to differing interpretations and Largo may disagree with the position taken by other parties to these agreements. This could result in a dispute which, if unresolved, might trigger a litigation or arbitration process, causing Largo to incur possible legal or similar costs in the future. Given the speculative and unpredictable nature of litigation or the arbitration process, the outcome of any such disputes might have a material adverse effect on Largo. Additional information can be found under the heading "*Legal Proceedings and Regulatory Actions*".

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. The accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Failure to Meet Production Targets and Cost Estimates

The Company prepares future production and capital cost estimates with respect to existing operations. When commercial production commences, actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the ore varying from the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labour shortages or strikes, equipment failures and other interruptions in production capabilities. When commercial production begins, production costs may also be affected by increased mining costs, variations in predicted grades of the deposits, increases in level of ore impurities, labour costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on the Company's sales, profitability, cash flow and overall financial performance. In the event that the Company has or will obtain debt financing, repayment terms associated with such financing will likely be based

on production schedule estimates. Any failure to meet such timelines or to produce amounts forecast may constitute defaults under such debt financing, which could result in the Company having to repay loans.

Licences and Permits, Laws and Regulations

The Company's exploration and development activities, including mines, mills, roads, and other facilities, require permits and approvals from various government authorities and cooperation in certain cases from certain aboriginal groups, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in Brazil, Canada and any other jurisdiction in which the Company operates in the future. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Mineral Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The commodity level of global economic activity, interest rates, expectations for and the rate of inflation, speculative activities, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, global and regional supply and demand and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Environmental

The Company's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Title to Properties and Title Risks

The acquisition and maintenance of titles to resource properties is a very detailed and time-consuming process. The Company holds its interests in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interests which, if successful, could result in the loss or reduction of the Company's interest in those properties.

Although the nature and extent of the interests of the Company in the properties in which it holds an interest has been reviewed by or on behalf of the Company, and title opinions have been obtained by the Company with regard to certain of such properties, there may still be undetected title defects affecting such properties. Title insurance generally is not available in Canada or Brazil, and the ability of the Company to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be constrained.

The properties in which the Company holds an interest may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, the structure through which the Company maintains its interest in its properties and undetected defects which could have a material adverse impact on the

Company's operations. In addition, the Company may be unable to, effectively (if at all), conduct business at or operate on its properties as permitted or to enforce its rights with respect to those properties.

No assurances can be given that title defects to the properties in which the Company has an interest do not exist. The properties may be subject to prior unregistered agreements, interests or aboriginal land claims and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates. There is no guarantee that title to the properties will not be challenged or impugned.

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has investigated title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to any of its properties will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. For example, title to existing properties or future prospective properties may be lost due to an omission in the claim of title, prior activities of the property vendors or changes in Brazilian mining laws or the application thereof which affects the Company's title or the Company's rights and interests in its properties. The Company has obtained title reports from Canadian and Brazilian legal counsel with respect to its interest, respectively, in its Canadian and Brazilian properties, but this should not be construed as a guarantee of title or the Company's rights to these claims. Other parties may dispute the title of the Company or the joint venture to any of its mineral properties and any of such properties may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected encumbrances or defects or governmental actions.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's Common Shares.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company and businesses being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Third Parties

The Company has relied upon external consultants, engineers and others and intends to rely on these parties for, among other things, the development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Qualified Personnel

Recruiting and retaining qualified personnel in the future is critical to the Company's success. As the Company develops its properties toward commercial production, the need for skilled labour will increase. The number of persons skilled in the exploration, development of mining properties is limited and competition for this workforce is

intense. The development of the operation and management properties may be significantly delayed or otherwise adversely affected if the Company cannot recruit and retain qualified personnel as and when required.

Availability of Reasonably Priced Raw Materials and Mining Equipment

Largo will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's production and financial performance could be adversely impacted.

Costs of Transportation

Operation of the Company's facilities, existing and future, will depend in part on the flow of materials, supplies, equipment, services and products. Due to the geographic location of the Company's operations, existing and future, it remains and will remain dependent on the provision by third parties of rail, port, marine, shipping or other transportation services. Potential issues including contractual disputes, demurrage charges, port or depot capacity handling issues, availability of vessels, rail cars or other modes of cargo transport, weather problems and labour disruptions could have a material adverse effect on the Company's ability to transport various materials necessary for the operation of one or more of its facilities in accordance with schedules or contractual requirements. This might result in a material adverse effect on the Company's business, results of operations and financial performance.

Share Price Fluctuations

The market price of securities of many companies, particularly development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur or continue to occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Operating and Investing in Foreign Countries

The Company's principal properties are located in Brazil. As in any foreign country, mineral exploration and mining activities may be affected to varying degrees by changes in political, social and financial stability, and inflation. Any shifts in political, social or financial stability conditions are beyond the control of the Company and may adversely affect the Company's business. Brazil's status as a developing country may make it more difficult for the Company to obtain sufficient financing required for the exploration and development of its properties due to real or perceived increased investment risk.

The Company's operations may also be adversely affected by changes in foreign government policies and legislation and other factors which are not within the control of the Company, including, but not limited to, renegotiation or nullification of existing contracts, claims or licenses, changes in mining policies or the legislation or regulatory requirements affecting mining or the personnel administering them, currency fluctuations and devaluations, exchange controls, factors (including withholding taxes) affecting foreign subsidiaries' abilities to remit funds to the Company, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted. The Company's operations may also be adversely affected by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If the Company's operations are

disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, there may be a corresponding material adverse effect on the Company's business or operations.

In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future enter into agreements in order to expand its business and activities beyond the jurisdictions in which it currently does so. Such an expansion may present challenges and risks that the Company has not faced in the past, any of which could materially adversely affect the results of operations and/or financial condition of the Company.

Mining Operations in Brazil

The Company's operations are primarily conducted in Brazil and, as such, those operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from time to time and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in mining taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil or any other relevant jurisdiction in which the Company operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Changes in Rain Patterns and Other Climatic Effects May Adversely Impact the Company's Operations

The effects of changes in rainfall patterns, water shortages and changing storm patterns and intensities have from time to time adversely impacted, and may in the future adversely impact, the cost, production levels and financial performance of the Company's operations. There is no guarantee that there will be sufficient future rainfall to support the Company's future demands in relation to its sites and operations, and this has and could adversely affect production or the Company's ability to develop or expand projects and operations in the future. In addition, there can be no assurance that the Company will be able to obtain alternative water sources on commercially reasonable terms or at all in the event of prolonged drought conditions. Conversely, some of the Company's sites and operations may in the future be, subject from time to time to severe storms and high rainfalls leading to flooding and associated damage, which may result in, delays to, or loss of production and development of some of its sites, projects or operations. Extreme rain and flood conditions may exceed site water storage capacity with the potential for involuntary release by way of overflow from tailings storage facilities.

Financial Reliance on ARC Funds

The ARC Funds are capable of controlling the direction of the Company through the right to designate four of the seven persons to be nominated for election as directors of the Company. Unilateral control over a majority of the persons nominated for election as directors of the Company will enable the ARC Funds to determine the persons responsible for managing the direction of the Company.

DESCRIPTION OF MINERAL PROPERTIES

The information in this section has been summarized or compiled primarily from the most recent technical report summary applicable to each property as of the date of each technical report. For ease of reference, information in this section has been presented as much as possible in table and point form format. Readers should refer to the actual technical reports, each of which have been filed on SEDAR, for additional information on the properties.

THE MARACÁS MINE

The information in this section has been derived primarily from and based on the assumptions, qualifications and procedures set out in the New Mine Plan – see “*Narrative Description of the Business – Maracás Menchen Mine – Background*”. For additional information and details, reference should be made to the New Mine Plan, which has been filed on SEDAR under the Company’s profile at www.sedar.com and which is incorporated by reference herein. The authors of the New Mine Plan were Robert A. Campbell, P.Geol, Dayan Anderson, BSc, MMSA, Christopher Jacobgs, CEng, MIMMM, Jane Spooner, M.Sc, P.Geol, Kevin Tanas, P. Eng and Scott Weston, MSc, P.Geol, each of whom are Qualified Persons under NI 43-101.

Project Description and Location



Aerial View of Maracás Mine



- Maracás Mine consists of 18 concessions totaling 17,690.45 hectares and is located some 250 km southwest of Salvador, the capital of Bahia and are held through subsidiaries of Largo
- 3 of these permits include the original 2 (DNPM 870134/82 and DNPM 870135/82), and are owned by Vanadio; the remaining 15 permits are owned by a wholly-owned subsidiary of the Company; all but 2 of the permits are currently registered as exploration licenses and are in good standing; 1 has been granted a mining license and the other mining license is pending; the pending license already has the localization license (LL) and the installation license (LI) for the concession
- no existing environmental liabilities with the property to the knowledge of the Company
- all known reserves are located on Maracás Mine property and are hosted at Gulçari A deposit (the “Campbell Pit”) and all known resources are hosted in 6 deposits including, from south to north, Campbell Pit, Gulçari A Norte, Gulçari B, Sao Jose, Novo Amparo and Novo Amparo Norte
- LL and LI for Maracás Mine granted as of the date of PEA (March 4, 2013)
- CBPM entitled to 3% NSR on the Maracás Mine; Maracás Mine also subject to 2% royalty on certain mining costs under Brazilian mining legislation; third party (now Anglo Pacific) also entitled to 2% NSR on Maracás Mine

Accessibility, Climate, Local Resources, Infrastructure and Physiography

- the distance by road from Salvador to the Maracás Mine is 405 km via a paved secondary road from the main coastal highway in Bahia; site accessed by about 50 km of secondary paved highway and gravel road west of the town of Maracás (population: 20,000) and has a small airstrip
- deep water port facilities are available at Salvador, Brazil
- facility operable year round
- generally hot and humid in summer and colder and drier in winter; approximate rainfall of 1,000 mm per annum; rainy season generally from November through March
- access to both cellular and dedicated telephone, water, the electric power grid; railroad within reasonable distance; trained workforce familiar with mining and mineral exploration industries exists in both State of Bahia and within Brazil generally

History

- Vanadium-rich mineralization discovered by CBPM in 1980
- in 1984, CBPM forms joint venture with Odebrecht after conclusion of a pre-feasibility study and the parties created Vanádio de Maracás Ltda
- in early 1990s, Odebrecht creates 50/50 joint venture with Caemi (now Vale)
- In 2006, Maracás Mine property is optioned to Largo by Odebrecht/Caemi joint venture

Geological Setting and Mineralization

Regional Geology

- Maracás Mine vanadium deposits are hosted in Rio Jacaré intrusion
- Rio Jacaré intrusion is a sill extending for 70 km north–south, approximately 1.2 km in width on average, with layered mafic to ultramafic complex consisting mainly of gabbro; the primary minerals of the gabbro layer are plagioclase, augite and magnetite

Property Geology

- Rio Jacaré intrusion underlying the Maracás Mine consisting of gabbro and lesser pyroxenite, anorthosite and massive magnetite layers
- rock units trend northeast (290°) and dip 60° to 70° east
- late pegmatite dykes crosscut Rio Jacaré intrusion
- the Gulcari A deposit now extends 400 m along strike, and to a vertical depth of over 350 m with true widths ranging from 11 to 100 m and with an average width of about 40 m; the deposit is part of a mineralizing system that extends for 6.5 km along the length of the property
- the vanadium at Maracás Mine is associated with the titaniferous magnetite; the titaniferous magnetite is the major oxide phase, followed by ilmenite; there is also fine-grained magnetite as inclusions in the silicate grains

Exploration

- due diligence program completed in 2006 prior to acquisition of Maracás Mine property included re-sampling of drill core to validate database
- 2007 exploration program included line cutting, ground magnetic and IP survey, geological mapping and sampling, and a 61-hole diamond drill program totaling 13,876 metres; resource study and preliminary economic assessment filed under NI 43-101 with additional subsequent work on 2008 resulting in an amended 2009 definitive feasibility study, also filed under NI 43-101
- additional exploration work conducted between 2008 and the date of PEA (March 4, 2013) includes diamond drilling, in 2008, of 16 holes totaling 3,842.70m (see Table 10-5 of New Mine Plan) and 2011-2012 program of 72 holes totaling 13,401.35 m (see Table 10-8 of New Mine Plan)

Mineralization

- mineralization occurs as cumulate titaniferous magnetite and ilmenite phase during cooling of the intrusion
- mineralization consists primarily of oxides titaniferous magnetite and ilmenite with lesser to trace amounts of pyrite, chalcopyrite pentlandite and platinum and palladium sulphides and arsenides
- vast majority (approximately 97%) of vanadium occurring in titaniferous magnetite grains

Drilling

- drilling between 1981 and 1987 by previous owners: 69 holes totaling 5,915 m testing three target areas
- 2007: initial drilling by Largo of 61 holes totaling 13,876 metres
- between 2008 and 2012 additional drilling by Largo of 88 holes totaling 17,244.05 m; infill drilling at Gulçari A; testing five other satellite deposits
- total drilling at the Maracás Mine has tested 7 zones with 209 holes totaling 25,286.59 m (see Table 1.2 of New Mine Plan) of which Largo has drilled 140 holes totaling 29,371.29 m between 2007 and 2012

Sampling and Analysis

- sampling method and approach carried out by CBPM (between 1981 and 1983) unknown by Largo though drill core had been carefully sawn in half with all drill holes at Maracás Mine site available for review by Largo in core shed
- sample boundaries marked by geologists during the logging process; core selected for sampling based on magnetite with content or nearby strong alteration; intervals to be sampled marked in red lumber crayon with beginning of each such interval marked with felt tip marker and with sample tag; 45% of core drilled sampled
- Largo samples collected by sawing core in half with diamond-blade tile saw at logging facility; sawn half-core placed numbered plastic sample bag with corresponding sample tag; remaining half-core placed back in core box; brick briefly sawn between each sample cut to clean blade and prevent contamination between samples; sample bags placed into larger plastic containers (in groups of 15 samples) for shipment
- all sample preparation and primary analyses of drill core from the 2006/2007 resampling program and the 2007, 2008 and 2011-2012 drill programs were performed by SGS in Belo Horizonte, Brazil and Lakefield, Ontario; during 2012 infill drill program both SGS in Belo Horizonte, Brazil and Intertek in Cotia, Brazil were used for sample preparation and analyses

Both labs (SGS and Intertek) prepared and analyzed its own laboratory duplicates and inserted its own internal reference standards and blanks. Largo reviewed the quality control data files from both labs and verified by the Largo staff member responsible. Also, Largo staff member made a site visit to each facility to inspect and review the procedure on site at least one time during the program. There were no abnormalities detected in either the procedures or the results. SGS has ISO/IEC 17025 accreditation for its mineral analytical services. It is Largo's opinion that the sample preparation, security and analytical procedures were satisfactory. Micon concurred with this view.

Data Verification

- work undertaken by SGS Lakefield (2006), SGS, Belo Horizonte (2006, 2007, 2008, 2011 and 2012), and Intertek, Sao Paulo (2011 and 2012)
- check analysis conducted by Ultra Trace Lab, Perth (2006) and ALS Chemex, Vancouver (2007)
- QA/QC procedures consisted of insertion of certified reference standards, field duplicate samples, and a field blank sample; each batch of samples sent to laboratory; laboratory batch size consisted of 40 samples, of which 5 were Largo QA/QC samples; laboratory-inserted blanks and duplicates also used by all labs in accordance with their own QA/QC policy
- 500 samples (9.1%) from 2007 drill campaign were sent to an independent second lab (ALS Chemex) for check analyses
- from 2011-2012 drill program 359 samples and 305 samples were sent to 2 independent second labs (INTERTEK and ALS Chemex respectively) (Table 12-6 of New Mine Plan) for check analyses

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

The mineral resource estimate referenced in the New Mine Plan has used the assumption that the vanadium would be mined by open-pit mining. No significant test work had been done on the recovery of titanium and no titanium resource is being claimed. However, it was assumed that a platinum group metals concentrate could potentially be produced at the Maracás Mine and, therefore, a platinum and palladium resource has been estimated.

The vanadium grade is presented as vanadium pentoxide as is the custom in the industry.

This mineral resource for the Gulçari A deposit, as reported at a 0.45% V₂O₅ cutoff grade, is set out below.

2016 Gulçari A Deposit Mineral Resource¹

Category	Tonnes (Mt)	V ₂ O ₅ Head Grade (%)	V ₂ O ₅ Contained (kt)	V ₂ O ₅ Concentrate (%)	in Magnetics ² (%)
Measured	19.34	1.23	237.0	3.21	31.18
Indicated	1.77	1.42	25.2	3.25	38.12
M&I	21.11	1.24	262.2	3.22	31.75
Inferred	1.65	1.20	20.0	3.10	33.08

¹ Resources within a pit shell using US\$34.20/t all in operating costs and reported at a 0.45% V₂O₅ cutoff grade, reviewed and confirmed by Hebert Oliveira of Coffey Mining.

² The % magnetics number refers to the percent of magnetic minerals contained in the mineralized rock.

For the purposes of the New Mine Plan, a new vanadium resource was calculated incorporating the five additional satellite deposits. The mineral resources were classified in the measured, indicated and inferred categories.

2013 Gulçari A and Satellite Deposits Mineral Resources

Deposits	Category	Tonnes	V ₂ O ₅ (%)	Contained V ₂ O ₅ (tonnes)
Gulçari A*	Measured	8,870,000	1.37	121,500
	Indicated	15,770,000	0.96	151,400
	M&I	24,640,000	1.11	272,900
	Inferred	2,610,000	0.76	19,800
Gulçari A Norte**	Inferred	9,730,000	0.84	81,388
Gulçari B**	Inferred	2,910,000	0.70	20,312
Novo Amparo**	Inferred	1,560,000	0.72	11,255
Novo Amparo Norte**	Inferred	9,720,000	0.87	84,453
Sao Jose**	Inferred	3,900,000	0.89	34,706
Satellite Deposits (5)**	Inferred	27,820,000	0.83	232,114

* Resource within an open pit model using US\$34.20/t all in operating costs and reported at a 0.45% V₂O₅ cut-off, reviewed and confirmed by B. Terrence Hennessey of Micon International Limited.

** Resource within a pit shell using US\$34.20/t all in operating cost and reported at a 0.45% V₂O₅ cut-off, reviewed and confirmed by Hebert Oliveira of Coffey Mining.

Mineral Reserves

Mineral reserves for the Maracás Vanadium Project have been estimated for the Gulçari A deposit only, with an effective date of March 31, 2016. The ultimate pit and mine plan was guided by the enterprise optimization work completed by WCL to optimize kiln feed. The mine plan developed in this report is based on measured and indicated resources only.

Reserves are reported using a sales price of \$5.00/lb of V₂O₅ and a variable cut-off strategy. The ultimate pit design and mine plan was guided by the enterprise optimization work completed by WCL to optimize kiln feed. Details of the assumptions, parameters and methods used in the preparation of the reserve estimate and mining schedule are presented in Tables 16.1 through 16.7 of the New Mine Plan.

The mineral reserves presented in Table 1.6 were estimated by Dayan J. Anderson of Micon International Ltd., who is a qualified person under NI 43-101.

Reserve Category	Tonnes (kt)	% V ₂ O ₅ Head	% Magnetics	% V ₂ O ₅ con
Proven	17,149	1.17	29.6	3.33
Probable	1,243	1.12	29.0	3.19
Total Mineral Reserve	18,392	1.17	29.5	3.32
Waste	62,005	-	-	-
Total in-Pit	80,397	-	-	-
Strip Ratio (w/o)	3.37	-	-	-

The reserves indicated above are inclusive of 230,000 tonnes of a pre-existing sub-economic stockpile that must be relocated to allow for expansion of the open pit. Reserves are reported from a fully diluted block model based on a contact dilution band of 0.5 m and a mining recovery rate of 100%. Micon is not aware of any environmental permitting, legal, title, socio-economic, marketing, political or other relevant factors that will materially affect the validity of the reserve estimates.

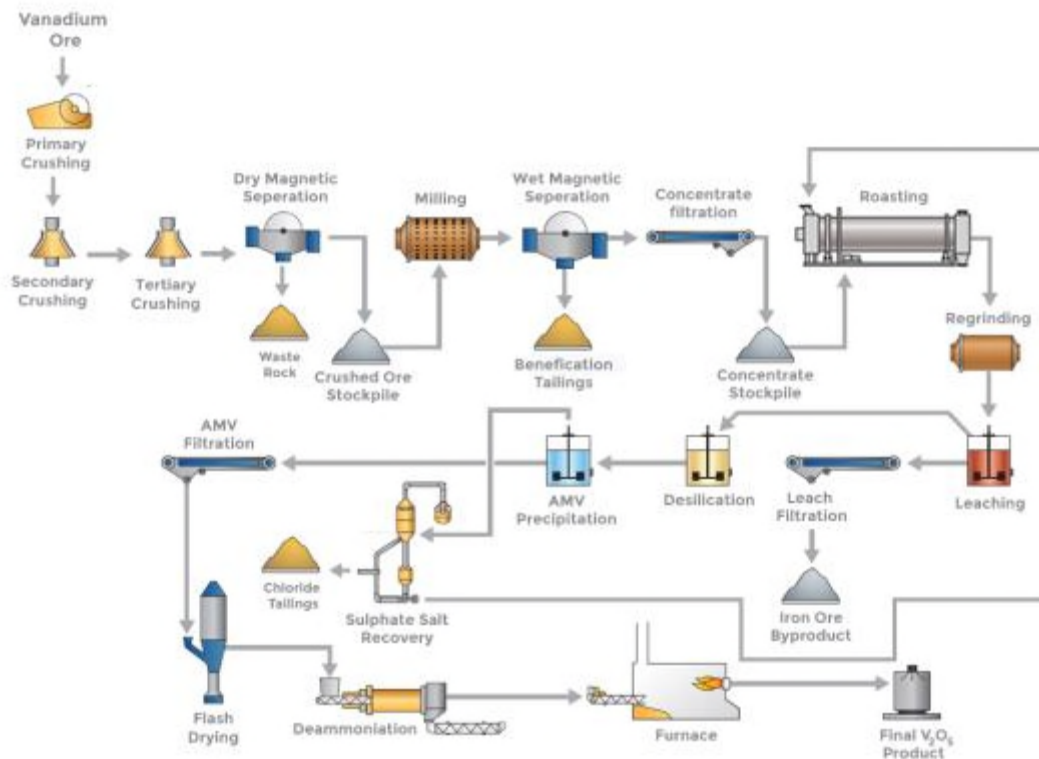
Mining Operations

- in 2014: facility would be ramped up to 100% of base case design capacity producing only V2O5
- in 2015: expected completion of expansion of V2O5 plant by Q3 with production at expanded rate concurrent with design of FeV plant
- in 2016: V2O5 produced throughout year;
- in 2017 and beyond: production of V2O5
- ore and waste mining to be carried out using hydraulic excavators and front end loaders
- mining scheduled to operate 360 days per annum; main mining operations include overburden stripping and storage for reclamation, waste rock removal to piles, and ore excavation and transportation to primary crusher at processing plant

The process selected for the Maracás Mine was based on metallurgical testwork compiled by SGS Lakefield Research Group Limited (SGS) in 2007, a study undertaken by IMS Process Plant in 1990, a feasibility study completed by Lurgi in 1986 and a detailed Technical study produced by Engenharia e Consultoria Mineral S.A. (ECM) in 1990.

Test work was undertaken by SGS between April and November 2007 to investigate the recovery of vanadium from Maracás mineralization. This program included mineral processing investigations using magnetic separation to recover vanadium contained in magnetite and hydrometallurgical extraction using roasting, leaching, precipitation and calcining to produce an intermediate vanadium oxide product. Additional SGS test work was undertaken in 2012 to investigate beneficiation recoveries and concentrate analyses for the additional ore-bodies included in the expanded plan presented in this report. Pilot scale testing was undertaken by Lurgi in 2010 to test bulk samples of high grade and low-grade ore with respect to recovery and leaching performance.

The current process flow sheet comprises three stages of crushing, one stage of grinding, two stages of magnetic separation, magnetic concentrate roasting, vanadium leaching, ammonium meta-vanadate (AMV) precipitation, AMV filtration, AMV calcining, and fusing to V2O5 flake as final product. The figure below is a simplified schematic of how vanadium is processed at the Maracás Mine.



Environmental Studies, Permitting and Social or Community Impact

- The overall water balance of the Maracás Mine was determined to quantify water availability and identify requirements for tailings disposal and storage (see Figure 1.3 of New Mine Plan)
- The process plant make-up water during operations is 81.6 m³/hr where 75.0 m³/hr is provided from the Rio de Contas and 5.6 m³/hr being provided from the water content in the mined ore; the license provided by the federal water agency, Agência Nacional De Aguas, allows a maximum water-take of 300 m³/hr from the Rio de Contas; the pumping system from the Rio de Contas is sized at 200 m³/hr, there is a circulating water load within the plant with the net make-up being the 75 m³/hr
- The process plant was constructed northwest of the Gulçari A pit where natural elevations range from 300 to 325 m; the extraction process results in the need to provide several tailings storage facilities and waste piles
- two ponds were constructed during pre-production year 2 and production year 1 for dry stacking of non-magnetic tailings close to the plant; this is anticipated to be sufficient for the first two years of plant operation
- the area designed for the open pit intercepts of the João Creek and three direct tributaries; this warrants the installation of a protection system to impede the influx of surface water runoff into the pit to enable mining activities to proceed
- Largo have retained Mineral Engenharia em Meio Ambiente Ltda to complete an environmental audit incorporating the requirements of Equator Principle n° 04; this audit resulted in an Action Plan that incorporates the programs necessary for compliance with Brazilian laws and regulations and applicable environmental performance standards and Environment, Health and Safety guidelines

Project Infrastructure

- a water main, about 29 km long, has been installed to meet beneficiation plant and the metallurgical plant process water requirements; the pipeline connects the water intake at Rio de Contas to the plant raw water tank; the water taken from Rio de Contas is stored in two concrete tanks with a total volume of 2000 m³
- a water treatment plan, with a capacity of 8 m³/h has been installed for potable water and gland water distribution
- one sewage treatment plan is in use to process sewage from the industrial areas

- diesel fuel is delivered to the site by road tankers and is offloaded into the fuel farm from where it is pumped to various areas to use in the mine; lubricants are delivered to the site in drums
- three screw compressors supply high-pressure air for instruments, plant general use and tanks; a refrigerant air drier and filters have been supplied to ensure that instrument air will be of good quality
- a complete heating system has been installed
- the electrical power requirements for the plant are approximately 12 MVA; to fulfill this demand, power is supplied at 128kV, 60Hz, by a transmission line 85 km long from Coelba's Ibicoara regional substation
- the Maracás Mine site also contains several buildings and a fully equipped assay laboratory

Capital and Operating Costs

- several improvements to the plant site have been made; pre-production, capital expenditures, including equipment improvements to the plant are a sunk cost and are not considered in this evaluation
- a total sustaining capital cost estimate of \$15.8 million over the LOM period includes upgrades to the plant crushing equipment and tailings and levee earthworks planned through 2016, as well as closure costs to be spent toward the end of the mine life (see Table 1.13 of New Mine Plan for a summary of sustaining capital costs)
- working capital has been estimated to include 20 days allowance for accounts receivable on product shipped; stores of consumables and spares are offset by accounts payable; a net movement of \$9.5 million in working capital is forecast over the LOM period
- the average cash operating costs are estimated to be \$3.34/lb of V2O5 produced over the LOM period; royalties and commissions on sales add a further \$0.36/lb (see Table 1.14 of New Mine Plan for a summary of operating costs)
- unit mining costs are based on contract mining; rates as currently negotiated with local drilling and blasting contractors are set to \$0.33/t drilled and \$0.40/t blasted; mining period costs including equipment rental, mining vehicle expenses and consulting amount to US\$1,098,215
- total process plant period costs including labour, energy, consumables, maintenance materials and services is estimated to be US\$14,545,905
- total general and administration period costs including senior management, administration and sustainability is estimated at US\$5,879,160

Micon has prepared its assessment of the Maracás Mine project based on a discounted cash flow model, from which Net Present Value (NPV), Internal Rate of Return (IRR), payback and other measures of project viability can be determined. The sensitivity of NPV to changes in the base case assumptions is then examined. The measures used in the study are metric and all financial results are expressed in United States dollars (\$), unless stated otherwise. Metal price assumptions are given in United States dollar terms per pound V2O5 (\$/lb). Cost estimates and other inputs to the cash flow model for the project have been prepared using constant, first quarter 2016 money terms, i.e., without provision for escalation or inflation. An exchange rate of BRL3.75/US\$ is applied in the base case, compared to the average rate of approximately BRL 3.90/US\$ observed during the first quarter of 2016.

Micon has taken a real discount rate of 8% as its base case, and provides the results at alternative rates of discount for comparative purposes. The base case cash flow is presented using a forecast price of \$5.00/lb V2O5. Micon considers this value to be appropriate for the purposes of establishing the mineral reserves of the Maracás Mine. Brazilian federal taxes payable on the project have been provided for in the cash flow forecast, as are Brazilian state royalty payments in respect of CFEM and CBPM. In addition, third-party royalties' payable to APG AUS NO 6 Pty Ltd. (formerly payable to Cancap Investments Ltd.) are calculated at 2% of net revenue, and a commission of 7.5% of gross revenue payable to Glencore is provided for through 2019.

The base case cash flow is summarized below.

Life of Mine Cash Flow Summary

	US\$'000	US\$/lb V2O5
Gross Revenue	1,320,504	5.00
Glencore commission	28,953	0.11
State Royalty CFEM	1,135	0.00
State Royalty CBPM	38,712	0.15
Royalty to CanCap	25,034	0.09
Mining costs	154,996	0.59
Processing costs	639,279	2.42
G&A costs	88,315	0.33
Total direct operating costs	976,425	3.70
EBITDA	344,080	1.30
Taxation payable	22,768	0.09
Capital expenditure – sustaining	15,798	0.06
Capital expenditure – working capital	9,539	0.04
Net cash flow after tax	295,974	1.12

Discounted at 8% per year, the project base case evaluates to a net present value of \$183 million. No meaningful IRR can be calculated owing to the capital investment being treated as a sunk cost in this analysis.

THE CURRAIS NOVOS PROJECT

The information in this section has been derived primarily from and based on the assumptions, qualifications and procedures set out in a report entitled “*A Preliminary Economic Assessment of the Currais Novos Tailings Piles*” dated January 28, 2011 (the “Currais Novos Report”), by David J. Salari, P.Eng, Ferando Tallarico, P.Geo., and Milko Rivera, P.Eng., each of whom are Qualified Persons under NI 43-101.

Project Description and Location



View of Currais Novos Project



- Currais Novos Project consists of 6 concessions totaling 4,583.73 hectares. This has been updated as of October 21, 2015.
- located 179 kilometres west-southwest of Natal in the State of Rio Grande do Norte, Brazil
- tungsten tailings project covered by 2 separate permits for mineral rights, each registered with DNPM for the Barra Verde and Boca de Laje tailings pile; Largo's rights established under
- two agreements with concession owners owning land on which the tailing piles are located
- Largo holds no surface rights on any of these concessions (which rights remains with concession owners) and any exploitation (mining) is carried only pursuant to terms of the 2 agreements

- no known outstanding environmental liabilities attached to the Currais Novos Project
- known resources hosted in two tailing piles including from south to north: Barra Verde and the Boca de Laje

Accessibility, Climate, Local Resources, Infrastructure and Physiography

- accessed by a combination of paved highways and a gravel road; small paved airstrip with no fuel or hanger facilities
- electric power is generated and distributed by COSERN and local grid has a 5 megawatt capacity; energy supply delivered at 13.8 kV and transformed to 460 V and will feed the process equipment
- water supplied through water wells, two earth dams, and past underground workings in addition to water conservation practices
- generally hot and humid in summer (reaching as high as 33C) and colder and drier in winter (reaching as low as 30C during day) with normal approximate rainfall per annum of 500mm primarily in February through April

History

- scheelite production began in 1942 with artisanal mining; production reached peak between 1965 -1980 by Union Carbide and Mineração Tomas Salustino S.A.
- Currais Novos area has 3 main mines: Mina Brejui, Mina Barra Verde and Mina Boca de Laje, each reasonably proximate to the others
- Largo optioned tailings piles at Barra Verde and Boca de Laje in 2009

Exploration

- Largo conducted definition auger drill program in 2010 including 121 holes totaling 788.17 metres to define the Mineral Resources for Barra Verde and Boca de Laje tailings piles and prepare a NI 43-101 resource estimate; samples also collected for metallurgical bench and mineralogical testing
- reverse circulation drilling program of 45 holes totaling 588.90 metres also conducted by Largo

Geological Setting

Regional Geology

- Currais Novos Project area is underlain by Seridó Mobile Belt (“SMB”) and consists of gneiss basement, metasedimentary sequence and Brasiliano igneous suite
- in SMB, continental-scale NE-trending strike-slip shear zones with associated folds and thrusts dominate tectonic features
- tungsten deposits are characterized by skarn mineralization occurring at marble/schist contact in metasedimentary sequence peripheral to the intrusions

Local Geology

- metasedimentary rocks display a complex history of ductile deformation because of regional scale faulting
- tungsten deposits all lie at contact with the marble and the mica schist associated with skarn horizons
- skarn horizons are traceable for hundreds of metres and range in width from less than 1.0 metre to tens of metres, generally averaging 3 to 5 metres

Mineralization

General

- skarn mineralization consists of epidote, garnet, calcite, quartz, lesser vesuvianite, minor diopside, hornblende and scheelite, pyrite and molybdenite

Barra Verde Tailings Pile

- southernmost and larger of two tailings piles covering an area of 250,000 m² and having an irregular cone shape; ranges in thickness from 30 metres at centre of pile to 1.0 metres along edge with an average thickness of 7.0 metres
- material ranges from semi-consolidated to unconsolidated with well stratified alternating bands of coarse and fine grained material; grain size fraction is as follows: >1 mm (16%), between 1.0 – 0.1mm (74%) and <0.1 mm (10%)
- material consists of calcite (40%), quartz (23%), garnet (andradite), (15%), vesuvianite (3%), tremolite (2%), diopside (2%), epidote (1%), fluorite (<1%), scheelite (<1%), and lesser pyrite and molybdenite (<1% to trace)

Boca de Laje Tailings Pile

- northernmost and smaller of two tailing piles covering an area of 80,000 m² and having an irregular kidney shape; ranges in thickness from 15 metres near centre of pile to 1.5 metres along edge with an average thickness of 9.4 metres
- material ranges from semi-consolidated to unconsolidated with well stratified alternating bands of coarse and fine grained material; coarser reddish bands are concentrated in garnet; grain size fraction is as follows: < 2.0 mm. and >1.0 mm. (14%); between 1.0 – 0.1mm (76%); and <0.1 mm (10%)
- material consists of calcite (40%), quartz (23%), garnet (andradite), (15%), vesuvianite (3%), tremolite (2%), diopside (2%), epidote (1%), fluorite (<1%), scheelite (<1%), and lesser pyrite and molybdenite (<1% to trace)

Drilling

Auger Drilling by Largo

- total of 121 vertically oriented auger holes drilled totaling 788.17 metres; holes drilled on section in a normal 50 metre by 50 metre grid pattern across both tailing piles
- collar locations of all holes have been surveyed and have been monumented with plastic casing set in ground labeled with the drill hole number with total of 559 samples collected for analyses
- auger holes stopped at bottom of tailings deposit though 64 auger holes were stopped before reaching bottom due to their intersection with local water table; consequently, no representative sample could be obtained
- some drilling done and sampling taken below water table level when driller could slowly bring sample to surface to ensure sample was not washed out of sample tube

RC Drilling by Largo

- 45 of 64 auger holes were re-drilled with reverse circulation methods totaling 588.90 metres due to adverse conditions
- 2 drilling companies hired by Largo for the RC drilling program for both tailings piles with 2 RC drill-rigs operating for 2 shifts per day

Sampling and Analysis

Sampling and Analysis

- 559 samples from auger holes collected at drilling site using standard hand chisel and plastic bags and taken
- in general, every 1.5 metres, varying from minimum of 0.37 to maximum of 2.00 depending on the end of the hole
- once collected, all samples transported to sample preparation and storage facility at Currais Novos
- all samples air dried, homogenized and reduced by quartering using a Jones Riffle Splitter to 2 two kilogram fractions and transferred to plastic bags with tags on inside and outside
- 1 sample sent for assaying and the other for storage.
- standard, blank and duplicate samples inserted
- closed sample bags placed in plastic baskets wooden top sealed with plastic strapping readied for shipment; each basket contained only one drill hole
- auger samples transported once by truck to SGS, Belo Horizonte for analysis of WO₃, Mo and Au presence; pulps sent to SGS Lakefield to be analyzed for F presence
- samples analyzed using atomic absorption acidic digestion for molybdenum, x-ray fluorescence for WO₃, fire assay atomic absorption for Au and KOH fusion and ion selective electrode (ISE) for fluorine
- on-site geologist responsible for security and chain of command from time samples collected to time of transport to lab

Data Verification

- QA/QC measures adopted by Largo consisted of using certified standards and blanks, duplicate samples, second lab analyses and adequate sample preparation procedures
- each sample batch sent to the lab included 20 samples, one mid-grade standard, one high grade standard, one blank sample, and one duplicate sample
- author checked field and QA/QC measures implemented during Largo's drilling programme and overall opinion was that all aspects of sample collection were of acceptable industry standard to facilitate production of suitable quality data for Mineral Resource estimation

Mineral Resources and Mineral Reserve Estimates

It is important to note the following when considering the mineral resource estimates:

- mineral resources that are not mineral reserves do not have demonstrated economic viability;
- mineral resources at Barra Verde and Boca De Laje have been classified as either indicated and inferred;
- an inferred mineral resource is that part of a mineral resource for which quantity and grade continuity can be estimated based on geological evidence and limited sampling and reasonably assumed, but not verified; and
- an indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

The mineral resource presented in the Currais Novos Report was estimated using the Canadian Institute of Mining, Metallurgy, and Petroleum (the "CIM") Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on December 11, 2005.

All classifications were determined from the WO₃ search ellipsoid passes.

Mineral Resources in the Barra Verde and Boca de Laje Tailings Deposits, as at December 10, 2010⁽ⁱ⁾, based on 0.06 % WO₃ cutoff grade.

Indicated Mineral Resources					
Tailings	Tonnage (Mt)	WO₃ (%)	F(%)	WO₃ (Mlbs)	F (Mlbs)
Barra Verde	2.61	0.12	1.82	5.4	105.1
Boca De Laje	0.85	0.12	1.51	1.8	28.1
TOTAL	3.46	0.12	1.74	7.2	133.2
Inferred Mineral Resources					
Tailings	Tonnage (Mt)	WO₃ (%)	F(%)	WO₃ (Mlbs)	F (Mlbs)
Barra Verde	0.70	0.09	1.42	1.1	22.0
Boca De Laje	0.11	0.11	1.57	0.22	4.0
TOTAL	0.81	0.093	1.44	1.32	26.0

Notes: (i) The above resource classifications conform to CIM Standards on Mineral Resources and Reserves referred to in National Instrument 43-101. Although 0.06% WO₃ is considered a likely cut-off grade for this deposit, based on comparisons with other similar deposit types, it has not been confirmed by the appropriate economic studies. Totals may not add up exactly due to rounding. The mineral resource estimate was prepared by Largo and reviewed by Dr. Fernando Tallarico, Ph.D., P.Geol., an independent Qualified Person as defined by National Instrument 43-101.

Mining Operations

- facility put on care and maintenance – see “*Narrative Description of the Business – Currais Novos Project*”

THE NORTHERN DANCER PROJECT

The information in this section has been derived primarily from and based on the assumptions, qualifications and procedures set out in the technical report entitled “*Preliminary Economic Assessment*” dated March 28, 2011 (the “Northern Dancer Report”) by AMC Mining Consultants (Canada) Ltd. The authors of the Northern Dancer Report were Mo Molavi P.Eng. AMC Mining Consultants (Canada) Ltd., Gregory Hollett, P.Eng., Warwick S. Board, P. Geo., Matt Bolu P.Eng., Peter Smith P.Eng., John Lemieux P.Eng., Dennis E. Netherton P.Eng., Erik Nyland P. Eng., Scott Weston, P. Geo., each of whom are Qualified Persons pursuant to NI 43-101. See “Interest of Experts” and “Risks of the Business.”

Property Description and Location



View of Northern Dancer Project



- Northern Dancer Project consists of 23 contiguous mineral claims in the Yukon and 3 tenures in British Columbia totalling 1,500 hectares, located approximately 260 km to the southeast of the city of Whitehorse in Yukon Territory, Canada
- no outstanding environmental liabilities attached to Northern Dancer Project
- all known resources are hosted in 1 (single) deposit which is part of 23 contiguous mineral claims in the Yukon

Accessibility, Climate, Local Resources, Infrastructure and Physiography

- accessible by combination of maintained and paved highways and roads with final portion accessed by dirt road; helicopter and fixed-wing commercial air services also available in Whitehorse and Watson Lake
- domestic power and telephone services available in Teslin but not available at Northern Dancer Project site
- camp when in use powered by diesel generator; satellite communications available
- required supplies and services generally available in Whitehorse and Watson Lake year-round
- water readily available at site with highway access to tidewater at port of Skagway in southeast Alaska
- climate at Northern Dancer Project site consists of long/cold winters; truncated fall and spring seasons; and short, cool summers
- average temperatures of -19°C in January and 14°C in July
- average annual precipitation is 340 mm
- mountainous terrain, moderate to steep

History

- tungsten mineralization discovered on the property in 1976 by Cordilleran Engineering Limited

- Amax Potash Limited acquired the property in 1977 and conducted exploration through to 1986 including geological mapping, soil geochemistry and IP surveys, drilling of 51 diamond drill holes drilled totaling 11,869m and 496m of underground workings driven, completing a prefeasibility study
- property became open and Strategic Metals staked property in 1998
- Largo optioned property from Strategic Metals in 2006

Geological Setting

Regional Geology

- property lies 130 km southwest of Tintina Fault within the Yukon-Tanana Terrain
- country rocks consist of Palaeozoic to Triassic fine grained clastic and carbonate sedimentary rocks intruded and thermally metamorphosed by an echelon set of plutonic bodies from Early Jurassic to Cretaceous age
- intrusive bodies, ranging in composition from ultramafic and granodioritic to quartz monzonite, host a number of porphyry style deposits in northern British Columbia and southern Yukon, including the Northern Dancer Project site

Property Geology

- Northern Dancer Project deposit is porphyry style tungsten-molybdenum deposit characterized by northeast-trending sheeted vein set
- sheeted vein set is hosted by skarn and hornfels metasedimentary rocks with similar aged diorite intrusion
- subsequently intrusion of later quartz monzonite stock associating with tungsten molybdenum mineralization
- stock is satellite to Seagull Batholith, one of several Cretaceous tungsten-molybdenum-rich intrusions defining northwest trend in this part of the region

Exploration

- total of 162 holes drilled by Largo and previous owners at Northern dancer for a total of 44,798.15 metres
- 53 of 162 holes drilled by previous owners Amax (1977- 1980) and NDU Resources (1993) totaling 11,793.89 metres
- Largo completed 81 drill holes between 2006 and 2008 totaling 23,947.48 metres

Mineralization

- mineralized zone at or near northwestern contact; quartz monzonite stock measuring 3.0 km by 1.0 km, elongated along a north-north-easterly structure and tested to 500 vertical metre depth
- mineralization formed extensive, multi-episodic vein system occurring in veins and fractures and enriched in several metals, most notably tungsten and molybdenum
- minor molybdenite disseminated in porphyry complex; some tungsten minerals disseminated in skarn horizons; local disseminations of scheelite and molybdenite found in haloes of sheeted veins

Sampling and Analysis

Sampling and Analysis

- core samples stored in core shed until batch was ready for transport to assay laboratory and then transported by truck to Whitehorse followed by bus courier to Acme Laboratories in Vancouver where drying, crushing, splitting, pulverization and analysis of samples conducted
- molybdenum and tungsten analyzed by both aqua regia digestion with ICP-OES finish (G1DX) and phosphoric acid leach with ICP-OES finish (G7KP) (also conducted at Acme Laboratories)
- additional elements analyzed for by G1DX method included: Cu, Pb, Zn, Ag, Ni, Co, Mn, Fe, As, U, Au, Th, Sr, Cd, Sb, Bi, V, Ca, P, La, Cr, Mg, Ba, Ti, B, Al, Na, K, Hg, Sc, Tl, S, Ga, and Se; fluorine added to list of elements to be analyzed at Acme during the 2007 drilling program
- all assay results reported as tungsten% and molybdenum% and later converted by Largo to WO₃% (by multiplying tungsten% by 1.2611) and MoS₂% (by multiplying molybdenum% by 1.6681).

Quality Control

- all quarter-core field duplicate samples collected as part of the QA/QC protocol for 2006 through 2011 drilling program then submitted to SGS Lakefield Research Ltd (SGS Lakefield) in Ontario which uses ISO 9001 and ISO 17025 level quality management system
- molybdenum analyzed by Aqua Regia digestion with an ICP-OES finish (Method 9-4-41) and tungsten analyzed by Internal Standard XRF (Method 9-6-2) at SGS Lakefield
- quarter-core field duplicate samples collected as part of Largo's 2007 through 2011 drilling programs submitted to Acme Laboratories
- Acme Laboratories and SGS Lakefield conducted separate internal quality control analyses

Standards

- Largo inserted 2 field standards and field blank at frequency of approximately 1 in 20 samples in 2006 drilling, and one in 30 samples in 2007 and 2008 drilling program
- blanks made from landscaper's marble
- tests conducted at Acme Laboratories prior to start of 2006 drilling program to confirm absence of molybdenum and tungsten in the field blank

Data Verification

- eight new drill holes drilled alongside historic drill holes to verify accuracy, all having similar dips, azimuths and depths
- two drill holes twinned from each year of historic drill program spaced around the property overall results of twin drill hole analysis from 2006 drill program confirmed grades reported in historic drill holes
- Ensuring that drill hole collars were correctly located using GPS, maps and spatial relationship to existing drill holes
- Continual cleanliness checks of the core saw between each sample, in particular between samples with visible molybdenite mineralization
- Validation of official assay certificates against digital assay data files supplied by the analytical laboratory

Mineral Resource and Mineral Reserve Estimates

The Northern Dancer Project mineral resource estimate is contained in the Northern Dancer Report and was prepared by Largo. Dr. Warwick S. Board, P. Geo., Principal Consultant with Snowden in 2009, independently reviewed and verified the estimate and assumes responsibility for it in the Northern Dancer Report.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. In addition, 0.06% WO₃ was considered as being a likely cut-off grade for this deposit for the resource estimate set out below. Under 2011 economic inputs, a cutoff grade of 0.04% WO₃ has been established for pit design purposes. The mineral resource presented below was estimated using CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council on December 11, 2005.

Largo is not aware of any environmental, title, legal, permitting, marketing or socio-economic issues that materially affect the Mineral Resource estimates.

**Mineral Resources in the Northern Dancer Deposit, as at March 1, 2009⁽¹⁾,
based on 0.06 % WO₃ cut off grade.**

Category	Million Tonnes	% WO ₃	% Mo	WO ₃ Tonnes (*000)	Mo Tonnes (*000)	WO ₃ Million lbs.	Mo Million lbs.
Measured	30.8	0.114	0.030	35.1	9.1	77.3	20.1
Indicated	192.6	0.100	0.029	191.8	56.1	422.8	123.7
Measured & Indicated	223.4	0.102	0.029	226.8	65.3	500.1	143.9
Inferred	201.2	0.089	0.024	178.3	48.9	393.1	107.7

**Mineral Resources in the Northern Dancer Deposit (Higher grade shell)⁽²⁾
as at March 1, 2009*, based on 0.17% WO₃ equivalent cut off grade⁽³⁾.**

Category	Million Tonnes	% WO ₃	% Mo	% WO ₃ Equiv	WO ₃ Tonnes (*000)	Mo Tonnes (*000)	WO ₃ Million lbs.	Mo Million lbs.
Measured & Indicated	60.3	0.137	0.045	0.215	82.8	27.1	182.6	59.6
Inferred	5.4	0.134	0.047	0.214	7.2	2.5	15.8	5.5

Notes: ⁽¹⁾The above resource classifications conform to CIM Standards on Mineral Resources and Reserves referred to in National Instrument 43-101. Although 0.06% WO₃ is considered a likely cut-off grade for this deposit, based on comparisons with other similar deposit types, it has not been confirmed by the appropriate economic studies. Totals may not add up exactly due to rounding.

⁽²⁾Higher grade shell includes high grade Mo and WO₃ zone and is seated within the overall Mineral Resource.

⁽³⁾The WO₃ equivalent cut-off grade calculated was based on Mo Price at \$12 /LB; WO₃ price at \$9.07 /LB; 80 % Mo recovery and 65% WO₃ recovery with this formula: WO₃equiv= WO₃ % + 1.736 * Mo %.

Mining Operations

- Northern Dancer Project expected to process 30,800 tonnes per day of ore through crushing and ore sorting circuits
- 65% of ROM feed mass (resulting concentrate) expected to be processed through grinding and molybdenum-tungsten recovery circuits at rate of 20,000 tonnes per day
- medium grade flotation tungsten concentrate expected to be converted to ammonium para-tungstate or "APT" on-site
- overall metal recoveries into concentrates are estimated at 75% for tungsten and 72% for molybdenum
- predicted APT conversion recovery is 95% tungsten in concentrate

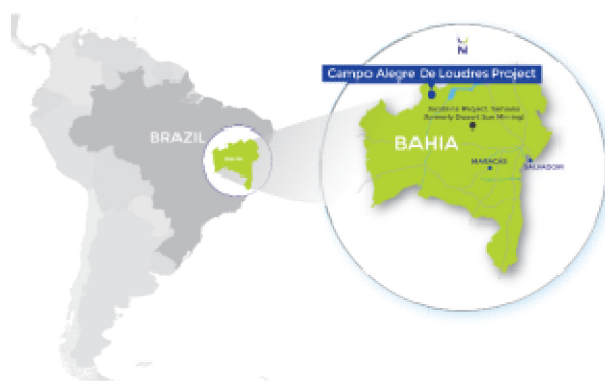
Outlook

The results of the exploration indicate that mining of the Northern Dancer Project deposit by open pit methods is a viable option from a practical operations perspective, subject to the risks and opportunities discussed in the Northern Dancer Report. Total mining production has been estimated at 545.24Mt over a 23-year mine life. Ore processed has been estimated at 545.24Mt at average grades of .08% WO₃ and 0.02% Mo, assuming a 11.2Mtpa processing rate for 49 years.

In the fourth quarter 2015, Largo ceased all activities at Northern Dancer and placed it on care and maintenance. Assets used in the exploration activities have been disposed of and no further exploration activities are planned in the foreseeable future.

THE CAMPO ALEGRE PROJECT

Project Description and Location



View of Campo Alegre Project



In May 2009, Largo obtained an option to acquire the Campo Alegre Project in Bahia, Brazil. Mineralization for the property is believed to consist of massive magnetite layers hosted in a layered mafic sequence. The mineralized zones are up to 1.5 kilometres long and over 50 metres wide. The mineralization is estimated to be composed of 60% to 80% titaniferous magnetite and 18% ilmenite (weakly magnetic titanium-iron oxide – FeTiO₃). Largo believes that this deposit has a similar geological setting and style of mineralization as the Maracás Mine. At present, the Company does not consider the Campo Alegre Project to be a material property.

There is a historical resource estimate on the property which does not comply with NI 43-101. The estimate was calculated by CBPM which has stated a historical resource of 132 million tonnes grading 49.98% Fe, 20.74% TiO₂ and 0.75% V₂O₅. This resource is based on the results of drilling done between the late 1970s to early 1980s on the property, which includes 60 holes totalling 5,257 metres. These holes have not tested the deposit limits and the deposit remains open along its 22 kilometre strike and to depth. The holes have only tested the deposit to a shallow depth of 60 metres vertical. These are historical estimates were not prepared in accordance with the requirements of NI 43-101, have only been provided as general background information only and should not be relied upon.

Largo believes that there is potential to increase the estimated resources significantly. The core and geological database from previous drill programs is intact and in good condition, housed in an indoor core facility. Largo expects that this will allow verification to proceed efficiently.

The Company's intended objective is to complete an internal economic assessment of the project to identify potential production scenarios and examine scenarios for advancing the project. One of the initial steps in this process will be to establish a mineral resource which satisfies the requirements of NI 43-101. The Company's rights and obligations are set out in an exploration and lease agreement with CBPM which was renewed in January of 2014 for a period of 24 months.

DIVIDENDS

The constating documents of the Company do not limit its ability to pay dividends on its Common Shares. However, the Company has not paid any dividends since incorporation and the Company does not expect to pay dividends in the foreseeable future. In addition, the payment of dividends in the future, if any, will be made at the discretion of the Board.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares. As of December 31, 2016 there were 423,765,993 Common Shares issued and outstanding. As of the date of this AIF, the Company had 459,779,269 Common Shares issued and outstanding. 13,367,813 Common Shares are reserved for issuance for stock options granted to directors, officers, employees and consultants and approximately 120,966,000 Common Shares are reserved for issuance upon the exercise of share purchase warrants. Please see the information above under the heading "*General Development of the Business – Three Year History*".

The Company effected a consolidation of its issued and outstanding Common Shares on the basis of one (1) post-consolidation Common Share for each ten (10) pre-consolidation Common Shares on October 17, 2014. For the purposes of this AIF, all Common Share numbers are shown on a post-consolidation basis unless otherwise indicated.

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend any meetings of shareholders and shall have one vote per share at all meetings, except meetings at which only holders of another class or series of shares are entitled to vote separately as such class or series. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board and, upon liquidation, dissolution or winding up of the Company, are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and

other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the TSX under the symbol “LGO”. The table below shows the price ranges and volume of trading for each month of the financial year ended December 31, 2016 and for each month of the current financial year up to the date of this AIF.

Month	High (Cdn\$)	Low (Cdn\$)	Close (Cdn\$)	Volume (# of Shares)
February, 2017	0.53	0.475	0.495	666,765
January, 2017	0.55	0.44	0.5	1,261,536
December, 2016	0.56	0.45	0.49	1,003,737
November, 2016	0.64	0.39	0.55	1,115,282
October, 2016	0.48	0.37	0.46	691,590
September, 2016	0.62	0.38	0.48	1,125,780
August, 2016	0.68	0.475	0.48	743,572
July, 2016	0.70	0.435	0.63	1,720,161
June, 2016	0.60	0.42	0.47	739,704
May, 2016	0.72	0.46	0.60	1,257,939
April, 2016	0.55	0.28	0.50	1,029,392
March, 2016	0.38	0.20	0.31	1,134,234
February 2016	0.235	0.125	0.18	1,197,628
January 2016	0.35	0.11	0.14	3,317,229

Prior Sales

During the 12 months of the financial year ending December 31, 2016, the Company issued the following securities or securities convertible into Common Shares at the following prices:

DATE	SECURITY	PRICE PER SECURITY/ EXERCISE PRICE	NUMBER OF SECURITIES
January 29, 2016	Units ⁽¹⁾	Cdn\$0.175	75,919,898
March 2, 2016	Units ⁽¹⁾	Cdn\$0.175	133,472,280
September 7, 2016	Units ⁽²⁾	Cdn\$0.45	7,465,555
September 12, 2016	Units ⁽²⁾	Cdn\$0.45	2,428,442
October 4, 2016	Units ⁽²⁾	Cdn\$0.45	1,217,114

Notes:

- (1) Comprised of one Common Share and one-half of one Common Share Purchase Warrant, with each Warrant exercisable for one Common Share for a period of 5 years at a price of \$0.29 per Common Share.
- (2) Comprised of one Common Share and one-half of one Common Share Purchase Warrant, with each Warrant exercisable for one Common Share for a period of 3 years at a price of \$0.65 per Common Share.

During the current financial year, until the date hereof, the Company issued the following securities or securities convertible into Common Shares at the following prices:

DATE	SECURITY	PRICE PER SECURITY/ EXERCISE PRICE	NUMBER OF SECURITIES
January 9, 2017	Units ⁽¹⁾	Cdn\$0.45	33,524,007
January 24, 2017	Units ⁽¹⁾	Cdn\$0.45	2,216,112

Notes:

- (1) Comprised of one Common Share and one-half of one Common Share Purchase Warrant, with each Warrant exercisable for one Common Share for a period of 3 years at a price of \$0.65 per Common Share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICION ON TRANSFER

To the knowledge of the Company, no securities of any class are held in escrow or are subject to any contractual restriction on transfer.

DIRECTORS AND OFFICERS

The following table sets forth the name, province of residence and position held with the Company of each director and executive officer effective as of the date of this AIF. All directors hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name and Province of Residence	Position(s) with Company (and Period of Service as a Director if Applicable)	Principal Occupation	Number of Common Shares Beneficially Held	Percentage of Common Shares Beneficially Held ⁽¹⁾
Mark A. Smith Colorado, United States	Director, President and Chief Executive Officer Director since April 1, 2015	President and Chief Executive Officer of the Company	5,555,555	1.2%
Sam Abraham ⁽⁴⁾ New York, United States	Director since July 9, 2015	Director, Arias Resource Capital Management LP	200,000	0.04%
Alberto Arias ⁽²⁾⁽³⁾ New York, United States	Director since April 2011	Founder and President, Arias Resources Capital Management LP	268,057,865 ⁽⁷⁾	58.62%
David Brace ⁽³⁾⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director since June 26, 2012	Chief Executive Officer of Karmin Explorations Inc.	42,727	0.01%
Alberto Beeck ⁽²⁾⁽⁶⁾ Ontario, Canada	Director since June 29, 2016	Managing Partner, VH Properties and VH Investments	47,471,124	10.38%
Daniel Tellechea ⁽²⁾⁽⁴⁾⁽⁵⁾ Arizona, United States	Director since July 9, 2015	Consultant	Nil	0.00%
Koko Yamamoto ⁽³⁾⁽⁵⁾ Ontario, Canada	Director since July 9, 2015	Partner, UHY McGovern Hurley LLP	Nil	0.00%
Robert A. Campbell Ontario, Canada	Vice President, Exploration	Vice President, Exploration	113,058	0.03%
Ernest Cleave Ontario, Canada	Chief Financial Officer	Chief Financial Officer	7,500	0.00%
Paulo Misk ⁽⁶⁾ Salvador, Brazil	President of Brazilian Operations at Vanadio	General Manager	Nil	0.00%

Name and Province of Residence	Position(s) with Company (and Period of Service as a Director if Applicable)	Principal Occupation	Number of Common Shares Beneficially Held	Percentage of Common Shares Beneficially Held⁽¹⁾
Luciano Chaves ⁽⁶⁾ Salvador, Brazil	Vice President of Finance and Administration at Vanadio	Chief of Finance, Brazilian Operations	Nil	0.00%

Notes:

- (1) The directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control over, 459,506,112 Common Shares, representing approximately 69.95% of the issued and outstanding Common Shares of the Company as of the date hereof. Each director is elected until the next annual meeting of the shareholders.
- (2) Member of the Corporate Governance Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Operations Committee.
- (5) Member of the Audit Committee.
- (6) Officers of a Brazilian subsidiary of the Company.
- (7) Mr. Arias is the sole director of each of the general partners of the ARC Funds and indirectly controls Arias Resources Capital Management LP, the investment manager of the ARC Funds, which collectively own 268,057,865 Common Shares.
- (8) Mr. Beeck has the power to make investment and voting decisions in respect of The Cranley Trust and CIH which own an aggregate of 47,471,124 Common Shares.

Principal Occupations, Businesses or Employment

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the following brief biographies:

Directors

Mark Smith, director, CEO and President. Mr. Smith has been President and CEO of the Company since April 1, 2015. He is Executive Chairman of NioCorp, and from 2008-2012 was the President and CEO of MolyCorp, Inc., which he developed into the largest rare earth company in the world, outside of China. Prior to his time with MolyCorp, Mr. Smith held various engineering, legal and executive positions for Chevron and Unocal. Mr. Smith received his engineering degree from Colorado State University and his Juris Doctor from Western State University. He is a registered professional engineer and an active member of the State Bars of California and Colorado.

Sam Abraham, director. Mr. Abraham is a Director with the private equity firm Arias Resource Capital Management LP. Prior to joining Arias Resource Capital Management, Mr. Abraham worked with the Latin America Investment Banking and M&A Advisory team at JP Morgan in New York, focused on the Metals and Mining industry. Mr. Abraham graduated cum laude from the University of Pennsylvania with a BS in Computer Science & Engineering and earned an MBA in Entrepreneurial Management and Finance from the Wharton School of the University of Pennsylvania.

Alberto Arias, director. Mr. Arias is the founder and President of Arias Resource Capital Management LP and has over 22 years of experience in the field of international mining finance. Prior to founding Arias Resource Capital Management LP, Mr. Arias worked for eight years at Goldman, Sachs & Co., most recently acting as Managing Director and Head of Equity Research for metals and mining in the U.S., Canada and Latin America. Prior to Goldman Sachs, Mr. Arias worked for four years at UBS as Executive Director and Analyst covering the Latin American metals and mining sector. Mr. Arias has engineering degrees in mining and metallurgy and an MBA (B.Sc. from the Colorado School of Mines and three masters-level degrees from Columbia University) and mining industry operational experience.

David Brace, director. Mr. Brace is currently Chief Executive Officer and a director of Karmin Exploration Inc. Prior to this, and between January through September of 2011, Mr. Brace served as President of Lambton Capital Inc., a private investment firm focused on evaluating mining investments. Prior to this, Mr. Brace served as the CEO and a director of GlobeStar Mining Corporation until that company's acquisition by Perilya Limited in December of 2010. Prior to this, Mr. Brace served as Executive Vice-President of Business Development with Aur Resources until August of 2007. Mr. Brace obtained a B.Sc. in Geology from the University of Toronto and an MBA in finance and accounting from the University of British Columbia. Mr. Brace is a registered P.Geol in British Columbia.

Alberto Beeck, director. Mr Beeck is a Managing Partner of VH Properties and VH Investments. Mr. Beeck served as Executive Director of Strategy and Corporate Development of Hochschild Mining PLC until 2008 and served as its Head of Business Development/Corporate Development. He served as the president of Cementos Pacasmayo from 1998 to 2008. Mr. Beeck commenced working with Hochschild Mining Group in 1998. Prior to this, he served as the Managing Director and Head of Latin American Investment Banking for Barings Inc. in New York and Baring Brothers, in London. Mr Beeck received his BSc in Mechanical Engineering from Purdue University and an MBA in Finance and International Business from Columbia University.

Daniel Tellechea, director. Mr. Tellechea has business experience in Brazil and extensive experience in international mining, most recently serving as President & CEO of Sierra Metals, Inc. (2007-2014), a Toronto based mining company listed on both the Toronto (TSX) and Lima (BVL) Stock Exchanges with assets in Mexico and Peru. Prior to Sierra Metals, Mr. Tellechea was President and CEO of Asarco LLC (2003-2005), he served as the Managing Director of Finance and Administration for Asarco's parent, Grupo Mexico (1994-2003) and also served as Asarco's Chief Financial Officer and Vice-president of finance for Southern Copper Corporation, which was majority owned by Grupo Mexico (1999-2003). Mr. Tellechea earned a BSc in Accounting (1968) and a Master's Degree in Business Administration (1983) from Tecnológico de Monterrey (Mexico).

Koko Yamamoto, director. Ms. Yamamoto is a chartered professional accountant. She is a partner at UHY McGovern Hurley LLP, a CPAB registered firm, since 2003 and her practice includes a focus on assurance engagements for reporting issuers in the resource sector. Ms. Yamamoto is involved in initial public offerings and private placements, mergers and acquisitions. Ms. Yamamoto is also registered as a panel auditor with the Investment Industry Regulatory Organization of Canada (IIROC), which enables her to conduct audits of investment dealers. Prior to joining UHY McGovern Hurley LLP in 1998, Ms. Yamamoto worked for a start-up Japanese medical technology company, both in Tokyo and San Francisco. Ms. Yamamoto obtained her CPA CA designation in 2001. Ms. Yamamoto holds a Bachelor of Commerce from the University of British Columbia.

Executive Officers

Robert A. Campbell, Vice President, Exploration. Mr. Campbell is an exploration geologist with over 38 years' experience in mining and exploration industry through Canada, United States and Latin America. He has worked for several major mining companies, most notably Noranda and Lac Minerals. He became involved with Largo in November 2003 as Vice President, Exploration. He has also held other senior management positions such as Vice President of Exploration for Apogee Minerals Ltd. and Largo Resources Ltd. and as a Director of Ascendant Resources Inc. (formerly Morumbi Oil & Gas Inc.).

Ernest Cleave, Chief Financial Officer. Mr. Cleave is a financial professional with over 20 years' experience in finance strategy, compliance, financial reporting, internal control and strategic planning. Mr. Cleave has previously served as a director, CFO and corporate controller and in senior finance positions for large, multi-national companies in the mining, manufacturing and retail sectors, including Goldcorp Inc. and Falconbridge Limited. Mr. Cleave started his career with PricewaterhouseCoopers and holds a CA designation in both Australia and New Zealand, the CPA and CMA designations in Canada, the CPA and FIPA designations in Australia and the CIMA designation in the United Kingdom. Mr. Cleave has degrees in Commerce and Accounting Science and earned a MBA from Deakin University, Australia.

Paulo Guimaraes Misk, President of Brazilian Operation at Vanadio. Mr. Misk is a mining engineer with over 28 years' experience in operational management at mining facilities for various large multi-national mining companies

across a wide range of commodities, including: niobium, chromite, iron, tin, gold, lithium and a range of other industrial minerals. Most recently, Mr. Misk ran Anglo American's Catalão Project from 2011 to 2014 where he was promoted to Head of Niobium Operations after serving as Niobium General Manager for one year. During his tenure at the Catalão Project he was responsible for implementing innovative policies and fostering a high-performance culture that greatly improved production rates and recoveries, as well as dramatically reduced unit costs resulting in a doubling of Niobium EBITDA. Mr. Misk's prior experience includes several years as Talc Operational Director and as Geology, Mining Operation Manager for GP Investments' Magnesita Refratórios project in Brazil between 2002 and 2010. Additionally, he served as Operational Director for AMG Group where he managed their tantalum, niobium, tin, feldspar and lithium operations between 2010 and 2011. Between 1994 and 2002, Mr. Misk spent his earlier career with AMG Group as Industrial Minerals Manager after being promoted from Tantalum and Niobium Division Manager.

Nilson Luciano Chaves, Vice President of Finance and Administration at Vanadio. Mr. Chaves has over 20 years of experience in financial management in a range of different industries. Prior to joining the Company, he led the finance department of multinational mining and services companies in Latin America, including Sibelco and Hewitt. Since joining the Company in 2011, his understanding of both domestic and international business environment has brought a differentiated contribution to the Maracás Mine. Mr. Chaves holds a Bachelor degree in finance, a post-graduate degree in business administration and an executive program from Stanford (USA).

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below, no director, executive officer or chief financial officer of the Company:

- (a) is, as at the date of this document, or has been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Except as set out below, no director or executive officer of the Company, or a shareholder holding sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

From March 28, 2013 until January 21, 2014, Mr. Arias served as a director on the board of Colossus Minerals Inc. ("Colossus"). On January 14, 2014, Colossus filed a notice of intention to make a proposal under the Canadian *Bankruptcy and Insolvency Act*. Colossus was delisted from the Toronto Stock Exchange effective February 21, 2014.

Mr. Tellechea was a director of Asarco LLC ("Asarco"), a Delaware limited liability company, when it filed for protection under chapter 11 of the United States Bankruptcy code on August 9, 2005. Asarco is a wholly-owned subsidiary of Grupo Mexico, a Mexican mining company. Mr. Tellechea resigned as a director of Asarco on

November 14, 2005. As at the date hereof, Asarco is out of chapter 11. Mr. Tellechea was a director of Mercator Minerals, Ltd. (“Mercator”) until September 4, 2014. Mercator filed a notice of intention to make a proposal under the Canadian *Bankruptcy and Insolvency Act* on August 26, 2014.

Conflicts of Interest

Certain of the Company’s directors and officers serve or may agree to serve as directors or officers of other reporting companies or have significant shareholdings in other reporting companies. For a list of the other reporting issuers in which directors of the Company also serve as directors, please see the most recent management information circular of the Company dated June 29, 2016. To the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company’s directors, a director who has such a conflict will step out of the room during discussions and abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

AUDIT COMMITTEE DISCLOSURE

The purposes of the audit committee of the Board of Directors (the “Audit Committee”) are to assist the Board of Directors’ oversight of: the integrity of the Company’s financial statements; the Company’s compliance with legal and regulatory requirements; the qualifications and independence of the Company’s independent auditors; and the performance of the independent auditors and the Company’s internal audit function.

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) governs composition and function of audit committees for every TSX listed company, including the Company. NI 52-110 requires the Company to have a written audit committee Charter and to make the disclosure required by Form 52-110F1, which includes disclosure of the text of the audit committee charter in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the Board.

Audit Committee Charter

The Board of Directors has developed a written Audit Committee charter (the “Charter”). A copy of the Charter is attached hereto as **Schedule “A”**.

Composition of the Audit Committee

The Audit Committee is comprised of three directors: Koko Yamamoto (Chair), David Brace and Daniel Tellechea. Each member of the Audit Committee is financially literate and Koko Yamamoto and Daniel Tellechea are independent, as such terms are defined in NI 52-110.

Relevant Education and Experience

For a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Audit Committee, please see “*Directors and Officers - Principal Occupations, Businesses or Employment*”, above.

Reliance on Certain Exemptions

At no time since the Company's listing on the TSX in July, 2016 has the Company relied on either (a) an exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*); or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110. Prior to the Company's listing on the TSX, it had relied on the exemption provided for in section 6.1 of NI 52-110, Part 5 (Reporting Obligations).

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

Audit Fees

The Company appointed PricewaterhouseCoopers LLP, Chartered Accountants, as its auditor for the year ended December 31, 2016. PricewaterhouseCoopers LLP billed the Company Cdn \$80,000 in the fiscal year ended December 31, 2016 for audit fees in respect of the audit of the financial year ended December 31, 2016, and Cdn\$88,000 for audit fees in respect of the audit of the financial year-ended December 31, 2015. The amount billed in 2014 by PricewaterhouseCoopers LLP in respect of Audit Fees, Audit-Related Fees and Tax Fees was \$Nil.

The Company's former external auditor, UHY McGovern Hurley LLP Chartered Accountants, billed the Company Cdn\$80,000 in the fiscal year ended December 31, 2014 for audit fees.

PricewaterhouseCoopers Brazil, the external auditors of Vanadio in Brazil, billed Vanadio R\$237,178 for the fiscal year ended December 31, 2016 and R\$181,440 for the fiscal year ended December 31, 2015 for audit fees.

Audit-Related Fees

PricewaterhouseCoopers LLP billed the Company \$45,000 in the fiscal year ending December 31, 2016 for assurance and related services related to the performance of the auditor's review for the Company's financial statements, which are not included in audit fees. PricewaterhouseCoopers LLP billed the Company \$54,000 in the fiscal year ending December 31, 2015 for assurance and related services related to the performance of the auditor's review for the Company's financial statements, which are not included in audit fees.

Tax Fees

PricewaterhouseCoopers LLP billed the Company \$4,500 in the fiscal year ending December 31, 2016 for tax compliance, tax advice and tax planning. PricewaterhouseCoopers Brazil billed Vanadio R\$36,000 in the fiscal year ending December 31, 2016 for tax compliance in Brazil.

PricewaterhouseCoopers LLP billed the Company \$2,750 in the fiscal year ending December 31, 2015 for tax compliance, tax advice and tax planning.

All Other Fees

PricewaterhouseCoopers LLP billed the Company \$Nil in the fiscal year ended December 31, 2016 for fees related to other advisory services provided to the Company. PricewaterhouseCoopers LLP billed the Company Cdn\$9,995 in the fiscal year ended December 31, 2015 for fees related to other advisory services provided to the Company.

PROMOTERS

To the best of the Company's knowledge, no person or company has been within the three most recently completed fiscal years, or is during the current fiscal year, a promoter of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as disclosed below, to the best of the Company's knowledge, there were no legal proceedings during the year ended December 31, 2016 to which the Company was a party or of which any of the Company's property was subject that would have had a material adverse effect on the Company, nor are there any such legal proceedings existing or contemplated to which the Company is a party or of which any of the Company's property is subject that would have a material adverse effect on the Company.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the fiscal year ended December 31, 2016, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Company. The Company has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the fiscal year ended December 31, 2016.

Arbitration Under Provisions of Tungsten Supply Agreement. On March 31, 2015, the Company reached a final settlement agreement with GTP relating to the Supply Agreement in respect of tungsten to be produced at its Currais Novos project, related to all claims not covered by the arbitration, as well as the terms of payment of the arbitration settlement itself. Pursuant to the terms of the settlement agreement the Company would be required to remit its first payment of US\$500,000 on January 15, 2016, and 11 subsequent monthly payments of US\$1,000,000 would follow beginning on February 15, 2016, for an aggregate settlement of US\$11,500,000.

On January 12, 2016, the Company reached an agreement to restructure the timing of amounts due under the arbitration settlement. Under the terms of the restructuring, the Company made a payment of US\$4,000,000 on January 29, 2016, with further payments deferred to commence on January 15, 2017. For the period from January 15, 2017 to November 15, 2017, the Company will make payments of US\$409,000 per month, with payments of US\$1,000,000 per month in the period from December 15, 2017 to February 15, 2018. The total aggregate settlement remains US\$11,500,000.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company or any person or company who or that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Company's Common Shares (or any associate or affiliate of that person or company) has had any direct or indirect material interest in any transaction involving the Company since January 1, 2014 to the date hereof, or in any proposed transaction which has materially affected or would materially affect the Company or its subsidiaries other than as disclosed herein and as referenced below:

- participation by the ARC Funds in the October 2014 Financing (see "*General Development of the Business – Three Year History – 2014*");
- the Bridge Loan by the ARC Funds to the Company (see "*General Development of the Business – Three Year History – 2015*");
- participation by the ARC Funds, Mr. Mark A. Smith and Mr. Michael Mutchler, former Chief Operating Officer of the Company, in the May 2015 Financing (see "*General Development of the Business – Three Year*

History – 2015”);

- the Smith Bridge Loan (see “*General Development of the Business – Three Year History – 2016*”); and
- participation by the ARC Funds, Mr. Mark A. Smith and Mr. Michael Mutchler, former Chief Operating Officer of the Company, in the January/March 2016 Financing (see “*General Development of the Business – Three Year History – 2016*”).
- participation by the ARC Funds, Mr. Mark A. Smith and Mr. Alberto Beeck in the September/October 2016 Financing (see “*General Development of the Business – Three Year History – 2016*”).
- participation by the Arc Funds and CIH in the 2017 Financing (see “*General Development of the Business – Three Year History – Recent Developments*”).

TRANSFER AGENTS AND REGISTRARS

The Company’s transfer agent is TSX Trust Company which is located in Toronto, Ontario.

MATERIAL CONTRACTS

Except for contracts entered into by the Company in the ordinary course of business or otherwise disclosed herein, the only material contracts entered into during the financial year ended December 31, 2016, or which remain in effect can reasonably be regarded as presently material are:

- Governance Agreement between the Company and the Lead Investors, dated April 11, 2011. Please see “*Glossary of Terms*”;
- Director Nomination Agreement between the Company and the ARC Funds dated May 22, 2015 as amended and restated effective January 29, 2016. Please see “*General Development of the Business – Three Year History – 2015*” and “*General Development of the Business – Three Year History – 2016*”; and
- the off-take agreement with Glencore International AG. Please See “*Narrative Description of the Business – General – Off-take Arrangements*”, above.

INTERESTS OF EXPERTS

Donald Arsenault, P.Eng., B. Terrence Hennessey, P.Geo., Herbert Lopes Oliveira, BSc, MAIG, Jane Spooner, MSc, P.Geo., Kevin Tanas, P.Eng., Scott Weston, MSc, P.Geo., were the authors of the PEA – see “*Description of Mineral Properties – The Maracás Project*”.

Robert A. Campbell, P.Geo, Dayan Anderson, BSc, MMSA, Christopher Jacobgs, CEng, MIMMM, Jane Spooner, M.Sc, P.Geo, Kevin Tanas, P. Eng and Scott Weston, MSc, P.Geo, were the authors of the New Mine Plan – see “*Description of Mineral Properties – The Maracás Mine*”.

David J. Salari, P.Eng, Fernando Tallarico, P.Geo., and Milko Rivera, P.Eng., were the authors of the Currais Novos Report – see “*Description of Mineral Properties – The Currais Novos Project*”.

Mo Molavi P.Eng., Gregory Hollett, P.Eng., Warwick S. Board, P. Geo., Matt Bolu P.Eng., Peter Smith P.Eng., John Lemieux P.Eng., Dennis E. Netherton P.Eng., Erik Nyland P. Eng., and Scott Weston, P. Geo., were the authors of the Northern Dancer Report – see “*Description of Mineral Properties – The Northern Dancer Project*”.

To the knowledge of the Company, none of the aforementioned individuals had an interest in any securities or other properties of the Company, its associates or affiliates as at the date the individual prepared the applicable report or as at the date hereof, and none of the aforementioned individuals holds any other interest in the assets of the Company nor do they expect to receive such an interest.

PricewaterhouseCoopers LLP, Chartered Accountants, are the auditors of the Company and have performed the audit in respect of the audited annual consolidated financial statements of the Company for the years ended

December 31, 2015 and December 31, 2016. PricewaterhouseCoopers LLP, Chartered Accountants were independent of the Company in accordance with the applicable rules of professional conduct.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's stock option plan is contained in the management information circular of the Company dated June 29, 2016.

Additional financial information is provided in the Company's annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2016. These documents and other information about the Company can be found on SEDAR under the Company's profile at www.sedar.com.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

LARGO RESOURCES LTD.

AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Largo Resources Ltd. ("**Largo**").

1. PURPOSE

- 1.1 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:
- financial reporting and disclosure requirements;
 - ensuring that an effective risk management and financial control framework has been implemented and tested by management of Largo; and
 - external and internal audit processes.

2. COMPOSITION AND MEMBERSHIP

- 2.1 The Board will appoint the members ("**Members**") of the Committee after the annual general meeting of shareholders of Largo. The Members will be appointed to hold office until the next annual general meeting of shareholders of Largo or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- 2.2 The Committee will consist of at least three directors, all of who meet the criteria for financial literacy and a majority of who meet the criteria for independence established by applicable laws and the rules of the stock exchange upon which Largo's securities are listed, including Multilateral Instrument 52-110 - Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- 2.3 The Board will appoint one of the Members to act as the Chairperson of the Committee. The secretary of Largo (the "**Corporate Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

3. MEETINGS

- 3.1 Meetings of the Committee will be held at such times and places as the Chairperson may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.
- 3.2 At the request of the external auditors of Largo, the Chief Executive Officer or the Chief Financial Officer of Largo or any member of the Committee, the Chairperson will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- 3.3 The Chairperson, if present, will act as the Chairperson of meetings of the Committee. If the Chairperson is not present at a meeting of the Committee, then the Members present may select one of their number to act as Chairperson of the meeting.

- 3.4 Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairperson will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- 3.5 The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without management at each meeting of the Committee.
- 3.6 In advance of every regular meeting of the Committee, the Chairperson, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others, as deemed appropriate by the Chairperson, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Largo to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

4. DUTIES AND RESPONSIBILITIES

- 4.1 The duties and responsibilities of the Committee as they relate to the following matters are to:

Financial Reporting and Disclosure

- 4.2 Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, guidance with respect to earnings per share, and any public release of financial information through press release or otherwise, with such documents to indicate whether such information has been reviewed by the Board or the Committee;
- 4.3 Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectus, annual information form, annual report to shareholders, management proxy circular, material change disclosure of a financial nature, and similar disclosure documents;
- 4.4 Review with management of Largo and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Largo's financial position and the results of its operations in accordance with IFRS, as applicable.
- 4.5 Annually review Largo's corporate disclosure policy and recommend any proposed changes to the Board for consideration.
- 4.6 Review the minutes from each meeting of the disclosure committee, established pursuant to Largo's corporate disclosure policy, since the last meeting of the Committee.

Internal Controls and Audit

- 4.7 Review and assess the adequacy and effectiveness of Largo's system of internal control and management information systems through discussions with management and the external auditor to ensure that Largo maintains:
- (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Largo's transactions;
 - (b) effective internal control systems; and
 - (c) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Largo at any particular time.
- 4.8 Satisfy itself that management has established adequate procedures for the review of Largo's disclosure of financial information extracted or derived from Largo's financial statements.
- 4.9 Satisfy itself that management has periodically assessed the adequacy of internal controls, systems and procedures in order to ensure compliance with regulatory requirements and recommendations.

- 4.10 Review and discuss Largo's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.
- 4.11 Review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Largo's risk management policies and procedures with regard to identification of Largo's principal risks and implementation of appropriate systems to manage such risks, including an assessment of the adequacy of insurance coverage maintained by Largo.
- 4.12 Review and assess annually, and in the Committee's discretion make recommendations to the Board regarding Largo's investment policy.

External Audit

- 4.13 Recommend to the Board a firm of external auditors to be engaged by Largo.
- 4.14 Ensure the external auditors report directly to the Committee on a regular basis.
- 4.15 Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.
- 4.16 Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.
- 4.17 Review the audit plan of the external auditors prior to the commencement of the audit.
- 4.18 Establish and maintain a direct line of communication with Largo's external and internal auditors.
- 4.19 Meet in camera with only the auditors, with only management, and with only the members of the Committee.
- 4.20 Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditor's team.
- 4.21 Oversee the work of the external auditors appointed by the shareholders of Largo with respect to preparing and issuing an audit report or performing other audit, review or attest services for Largo, including the resolution of issues between management of Largo and the external auditors regarding financial disclosure.
- 4.22 Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Largo, and the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.
- 4.23 Discuss with the external auditors their perception of Largo's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review, and availability of records, data and other requested information and any recommendations with respect thereto.
- 4.24 Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.
- 4.25 Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

Associated Responsibilities

- 4.26 Monitor and periodically review the whistleblower policy and associated procedures for:
 - (a) the receipt, retention and treatment of complaints received by Largo regarding accounting, internal accounting controls or auditing matters;

- (b) the confidential, anonymous submission by directors, officers and employees of Largo of concerns regarding questionable accounting or auditing matters; and
 - (c) any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of Largo's Code of Business Conduct & Ethics or governance policies.
- 4.27 Review and approve Largo's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of Largo.

Non-Audit Services

- 4.28 Pre-approve all non-audit services to be provided to Largo or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

Oversight Function

- 4.29 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Largo's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairperson and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Largo, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Largo's financial information or public disclosure.

5. REPORTING

- 5.1 The Chairperson will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Corporate Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

6. ACCESS TO INFORMATION AND AUTHORITY

- 6.1 The Committee will be granted unrestricted access to all information regarding Largo and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at Largo's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

7. REVIEW OF CHARTER

- 7.1 The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.