

TORONTO, Oct. 4, 2016 /CNW/ - [Largo Resources Ltd.](#) ("Largo" or the "Company") (TSX: LGO) (OTCQB: LGORF) is pleased to announce today that it has closed the third and final tranche (the "Final Tranche") of its CDN\$5,000,000 private placement offering (the "Offering") of units of the Company (the "Units").

The closing of the Final Tranche resulted in gross proceeds to the Company of CDN\$547,701.30 from the sale of 1,217,114 Units, which, together with the first and second tranche of the Offering (see the Company's news releases of September 7 and 12, 2016), has resulted in aggregate proceeds to the Company of CDN\$5 million from the sale of an aggregate of 11,111,111 Units. The proceeds realized from the Offering will be used for ongoing working capital requirements at the Company's Maracás Menchen Mine and for general corporate and working capital purposes, including, without limitation, exploring a potential listing on a U.S. stock exchange.

Each Unit was sold at a price of CDN\$0.45 and consists of one common share of the Company (each, a "Common Share"), and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant issued in the Final Tranche will be exercisable into one Common Share at a price of CDN\$0.65 per share for a period of three years from closing of the Final Tranche. All securities issued in the Offering are subject to a four-month hold from the date of issuance.

Funds managed by Arias Resource Capital Management LP (the "ARC Funds") purchased an aggregate of 428,232 Units in the Third Tranche for gross proceeds to the Company of CDN\$192,704.40. Prior to the closing of the Third Tranche of the Offering the ARC Funds owned 59.93% of the Company's then issued and outstanding Common Shares and following closing of the third Tranche, the ARC Funds will own 59.86% (or 66.59% in the event that the ARC Funds exercised all of the convertible securities held by them). The shareholders of the Company approved the creation of the ARC Funds as a control person of the Company at the annual and special meeting of the shareholders of the Company held on June 27, 2013.

The Offering was considered and approved by the board of directors of the Company. Mark Smith, President, Chief Executive Officer and a director of Largo declared a conflict and recused himself from voting on the Offering. J. Alberto Arias, a director of Largo who is also the sole director of each of the general partners of the ARC Funds and indirectly controls Arias Resource Capital Management LP and Sam Abraham, a director of Largo and an employee of Arias Resource Capital Management LP, also declared a conflict and recused themselves from voting on the Offering due to the ARC Funds participation in the Offering. The remaining directors voted unanimously to approve the Offering.

Pursuant to an agreement with the Company, the ARC Funds Third Tranche subscription proceeds will be segregated and used to fund a possible listing on a U.S. stock exchange to help increase volume and liquidity of the Company's shares. The Company anticipates that benefits of a U.S. listing may include improved liquidity, access to a deeper pool of capital, and exposure to new investors and new pools of capital.

A U.S. listing is expected, among other things, to require the Company to undertake a share consolidation in order to enable the Company to satisfy certain U.S. exchange minimum listing requirements. Such share consolidation would be subject to shareholder approval, with specific particulars to be included in a management information circular to be mailed to shareholders in advance of any shareholder meeting that may be called for this purpose.

A final decision to proceed with a listing on a U.S. exchange has not been made and the Company may elect not to proceed with such a listing. Further updates will follow in due course as more information is gathered and the Company reaches a definitive decision on whether to proceed with such a listing.

Pursuant to Multilateral Instrument 61-101 &#8211; Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the purchase by the ARC Funds of the Units under the Offering is a "related party transaction". The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Offering in reliance of sections 5.5(a) and 5.7(a), respectively, of MI 61-101, as the fair market value of the Units being sold under the Offering to the ARC Funds does not exceed 25% of the Corporation's market capitalization. The material change report is being filed less than 21 days before the closing of the Offering as the Company requires the consideration it will receive in connection with the Offering immediately for working capital purposes.

## About Largo

[Largo Resources Ltd.](#) is a growing strategic mineral company focused on the production of vanadium pentoxide at its Vanadio de Maracás Menchen Mine. Vanadium is primarily used as an alloy to strengthen steel and reduce its weight. Vanadium enhanced steels are used in a vast and growing range of products that are used and encountered every day; including, rebar, automobiles, transport infrastructure etc. With consumption increasing at a compound annual growth rate of over 8% for the past several years (Roskill, 2015), vanadium is a burgeoning commodity which lacks opportunities for investment in the wider market place. As trends in the steel industry now demand increasingly stronger and lighter products for advanced applications, the use of vanadium is expected to continue this growth over the medium and long term. Largo also has interests in a portfolio of other projects, including: a 100% interest in the Currais Novos Tungsten Tailings Project in Brazil; a 100% interest in the Campo Alegre de Lourdes Iron-Vanadium Project in Brazil; and a 100% interest in the Northern Dancer Tungsten-Molybdenum property in the Yukon Territory, Canada. For more information, please visit [www.largoresources.com](http://www.largoresources.com).

## Cautionary Notes:

This press release contains forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to completion of a listing on a U.S. stock exchange. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". All information contained in this news release, other than statements of current and historical fact, is forward looking information. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Largo to be materially different from those expressed or implied by such forward-looking statements, including but not limited to those risks described in the annual information form of Largo and in its public documents filed on SEDAR from time to time. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Although management of Largo has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Largo does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. Readers should also review the risks and uncertainties sections of Largo's annual and interim MD&As.

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

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