

Largo Resources Announces Corporate Update on Capital Return Plans and Vanadium Sales and Trading Business

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TORONTO, June 27, 2019 - [Largo Resources Ltd.](#) ("Largo" or the "Company") (TSX: LGO) (OTCQX: LGORF) today announces that its Board of Directors (the "Board") has continued its detailed evaluation of the overall business environment and opportunities for Largo to create long-term value for its stakeholders. As a result, the Board and management team have decided to continue to prioritize the optimization of production at the Maracás Menchen Mine and make the required strategic investment to build the Company's new vanadium sales and trading business. Given this strategic prioritization, the lower vanadium price environment, anticipated working capital requirements for its new sales and trading business, repayment of the remaining outstanding Senior Secured Notes, and the previously disclosed remeasurements resulting from the terms of the Company's current off-take agreement, the Company has adopted the conservative strategy of not returning capital to shareholders at this time.

Mark Smith, Chief Executive Officer of Largo stated: "The Company understands the importance of this decision and it has not been made lightly. However, the Board and management remain committed to returning capital to shareholders at the appropriate time and will continue to monitor market conditions and the Company's cash position with a view toward maximizing long-term shareholder value as prudent stewards of the business."

During 2018, Largo benefited from a period of strong vanadium prices, which resulted in robust cash flow generation for the Company. As a result of the Company's debt restructuring in 2018 which included the settlement of its Brazilian debt facilities (see press releases dated April 4, August 2 and September 27, 2018) and the issuance of US\$150 million in Senior Secured Notes, the repurchase over the past 10 months of approximately US\$127.6 million of its Senior Secured Notes and the election to redeem the remaining outstanding balance inclusive of premium and accrued interest of US\$23.6 million, which will be completed on or about July 7, 2019; the Company will be debt-free, materially reducing its risk profile. In addition to its debt reduction strategy, the Company initiated an expansion project at its Maracás Menchen Mine to increase production capacity by 25% from 800 tonnes per month to a run-rate capacity of 1,000 tonnes per month. Construction of the expansion project will be completed in Q3 2019 and the anticipated total capital expenditures for the expansion project will be in the range of US\$20 to \$22 million. In addition, as a result of the Company's current off-take agreement, the anticipated increase in trade payables at the end of Q2 2019 versus the end of Q1 2019 will be in the range of US\$30 to \$45 million, which compares with the guidance of approximately US\$30 million provided during the Company's Q1 2019 conference call.

During the next 12 months, Largo will continue the development of its new sales and trading business to further enhance the Company's presence in the [Global Vanadium Corp.](#) market. As previously announced, Mr. Paul Vollant was appointed as the Company's Director of Sales and Trading and beginning in September 2019, will be responsible for working with Largo's current management team to build out this new business. The anticipated working capital requirements for the Company's vanadium sales and trading business is expected to be in the range of US\$30 to US\$40 million (at current vanadium prices).

About Largo Resources

Largo is a Toronto-based strategic mineral company focused on the production of vanadium flake, high purity vanadium flake and high purity vanadium powder at the Maracás Menchen Mine located in Bahia State, Brazil. The Company's common shares are principally listed on the Toronto Stock Exchange under the symbol "LGO". For more information on Largo, please visit our website at www.largoresources.com.

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

Future Oriented Financial Information:

Any financial outlook or future oriented financial information contained in this press release, as such term is defined by applicable securities laws, has been approved by management of Largo as of the date hereof and is provided for the purpose of providing information about management's current expectations and plans relating to the Company's Q2 2019 financial results and anticipated working capital requirements for the sales and trading business. Readers are cautioned that any such future oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information as to the Company's anticipated Q2 2019 financial results and anticipated working capital requirements for the sales and trading business has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

Forward-looking Information:

This press release contains forward-looking information under Canadian securities legislation, some of which may be considered "financial outlook" for the purposes of application Canadian securities legislation ("forward-looking statements"). Forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". All information contained in this news release, other than statements of current and historical fact, is forward looking information. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Largo to be materially different from those expressed or implied by such forward-looking statements, including but not limited to those risks described in the annual information form of Largo and in its public documents filed on SEDAR from time to time. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Although management of Largo has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Largo does not undertake to update any forward-looking statements, except in accordance with applicable securities laws. Readers should also review the risks and uncertainties sections of Largo's annual [Annual Information Form](#) and [Management's Discussion and Financial Statements](#). For more information, please contact Alexi Guthrie, MD & Asst. Controller, Largo Resources Ltd., at aguthrie@largoresources.com, Tel: +1 416 786 19797.

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