Largo Resources Ltd. announces binding term sheet in respect of the restructuring of remaining debt facilities with Banco Pine

written by Raj Shah | March 8, 2018

March 8, 2018 (Source) – Largo Resources Ltd. ("Largo" or the "Company") (TSX: LGO) (OTCQB: LGORF) is pleased to announce that it, along with its operating subsidiary, Vanádio de Maracás S.A. ("Vanádio"), have entered into a binding term sheet (the "Agreement") for the restructuring and conversion of Vanádio's existing debt facilities with Banco Pine S.A (the "Lender").

The existing facilities comprise a BRL $97,794,854 credit facility (including accrued interest) between Vanádio and the Lender and guaranteed by Largo (the " Facility"). Under the terms of the Agreement, Largo will acquire from the Lender approximately USD $9,000,000 (approximately BRL $28,794,854) of face value of the outstanding amount of the Facility (the "Initial Payment") and the remaining amount outstanding under the Facility will then be amended to provide for, among others, the following terms:

(i) a maturity date 7 years from the date of execution;

(ii) a floating interest rate equal to 115% of CDI[1];

(iii) any interest accruing during the first 12 months from the Initial Payment shall be paid at the end of such first year. Thereafter interest shall be paid on a semi-annual basis until

December 2021. From January 2022 until the maturity date interest shall be paid monthly;

(iv) no outstanding principal shall be repayable until 2021. At which time, 1% of the principal shall be repaid in 2021; 5% of the principal shall be repaid in 2022; 15% of the principal shall be repaid in 2023; all principal payments will be made in monthly instalments until December 2024; and

(v) Vanádio shall have the right to prepay the outstanding amount under the restructured facility at any time.

_____

1 The CDI (certificado de deposito interbancario) is the Brazilian interbank rate. CDI is updated daily and calculated by CETIP. The rate on March 5, 2018 was 6.64%.

Mark Smith, President and Chief Executive Officer for Largo, stated: “We believe that this restructuring will result in a debt profile that will better enable the Company to match its future cash flows with its debt servicing obligations. We are very pleased with the strong support shown by Banco Pine in working with the Company to find a solution that benefits both parties. This restructuring forms part of our continuing efforts to improve our overall capital structure and to drive better results for Largo and its shareholders.”

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. As trends in the steel industry now demand increasingly stronger and lighter products for advanced applications, the use of vanadium is expected to grow 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.

Forward Looking Information

Disclaimer: This press release contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to completion of the loan restructuring and conversion of existing debt and the definitive terms thereon; Largo's development potential and timetable of its operating, development and exploration assets; Largo's ability to raise additional funds necessary; the future price of vanadium, tungsten and molybdenum; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production, development and exploration; costs of future activities; capital and operating expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may",

“could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. All information contained in this news release, other than statements of current and historical fact, is forward looking information. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of 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.