

WeirFoulds Client Largo Resources Ltd. Recognized

March 8, 2013

This week marked the 2013 Prospectors and Developers Association of Canada (PDAC) international convention. In light of this four-day annual convention that brings together leaders from around the world in the mineral exploration industry, WeirFoulds would like to congratulate its client Largo Resources Ltd. for being awarded Project Finance Magazine's Latin American Mining Deal of the Year 2012.

Background

Largo Resources Ltd. is a Canadian based strategic mineral company focused on developing its vanadium and tungsten projects in Brazil and Canada. Its primary focus is to continue to advance its flagship Maracás Vanadium Project with the target to commence production in Q4 2013. The Maracás Vanadium Project is poised to become one of the world's premier producers of vanadium as a result of the high grade and projected low operating costs.

The Deal

The nature of the deal itself is innovative as this was one of just a few full non-recourse project finance transactions relating to a greenfield mining project in Brazil meaning the lending bank or banks are only entitled to repayment from the profits of the project the loan is funding, not from other assets of the borrower.

The deal involved different banks each providing different financing to Largo's Brazilian subsidiary Vanádio de Maracás S.A. A bridge loan was provided by Banco Itaú BBA S.A. and Banco Votorantim S.A. ("Bridge Banks") in the amount of R\$54 million. Long term financing was provided by Banco Nacional de Desenvolvimento Econômico e Social ("BNDES") through a facility agreement in the amount of R\$333 million, fully backed and guaranteed by the Bridge Banks and Banco Bradesco S.A. (together, "Banks") through a guarantee agreement governing the issuance of relevant bank guarantees in favour of BNDES.

The syndicate of banks were involved in all phases of the deal, including due diligence in respect of their greenfield project, as well as on all phases of the non-recourse project finance transaction including the bridge loan transaction and the long term financing transaction. Due to the multijurisdictional aspects, a number of law firms from Canada, Brazil, Switzerland, the Caymans, and England were involved in the project.

WeirFoulds acted as Canadian counsel to Largo Resources Ltd., in connection with obtaining the required approvals and reviewing for Largo matters not governed under Brazilian law. In addition, WeirFoulds was involved in reviewing and negotiating the facility agreement, guarantee agreement, security package, and the engineering, procurement, and construction management agreement with the management team in Toronto, the Board, and related interactions with relevant parties outside of Brazil.

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