REPORT TO SHAREHOLDERS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

TO OUR SHAREHOLDERS

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Largo Resources Ltd. ("we", "our", "us", "Largo", or the "Company") for the year ended December 31, 2018 ("2018") and should be read in conjunction with the annual consolidated financial statements and related notes for the same period. References in the below discussion refer to the note disclosures contained in the 2018 annual consolidated financial statements. References in the below discussion to "Q4 2018" refer to the quarter ended December 31, 2018.

The financial statements and related notes of Largo have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern. Certain non-GAAP measures are discussed in this MD&A, which are clearly disclosed as such. Additional information, including our press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at www.sedar.com.

This MD&A reports our activities through March 25, 2019, unless otherwise indicated. References to "date of this MD&A" mean March 25, 2019. References to the symbol "R$" mean the Real, the official currency of Brazil. References to the symbol "US$" mean the U.S. dollar. Except as otherwise set out herein, all amounts expressed herein are in thousands of Canadian dollars, denominated by "$" or "CDN$". The Company's shares, options, units and warrants are expressed in thousands. Prices are not expressed in thousands.

Mr. Paul Sarjeant B.Sc. P.Geo., is a Qualified Person as defined under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed the technical information in the MD&A. Mr. Sarjeant is Manager, Geology of the Company. Refer to the Operations, Maracás Menchen Mine section of this MD&A for details of the Qualified Persons involved in reviewing the updated reserves and resources at the Company's Maracás Menchen Mine.

THE COMPANY

Largo is a Canadian natural resource company organized and existing under the Business Corporations Act (Ontario). Largo is listed on the Toronto Stock Exchange ("TSX"), with a vanadium mine and vanadium and tungsten projects in Brazil and Canada. In Brazil, Largo currently owns the Maracás Menchen Mine, the Currais Novos tungsten tailings project and the Campo Alegre de Lourdes iron-vanadium project. In Canada, Largo owns the Northern Dancer tungsten-molybdenum property, located in the Yukon Territory. The Company is currently dedicated to the operation and expansion of the Maracás Menchen Mine and predominantly all of the Company's activities are focused on this mine.

2018 HIGHLIGHTS

- The Company recognized revenues of $521,415 in 2018, the highest recorded by the Company for an annual period to date.
- The Company recorded net income before tax of $322,654 for 2018 and net income of $315,956 after the recognition of an income tax expense of $27,467 and a deferred income tax recovery of $20,769.
- The Company's Maracás Menchen Mine produced 9,830 tonnes of vanadium pentoxide ("V_2O_5") in 2018, with 2,595 produced in Q4 2018, representing new annual and quarterly production records.
- On March 8, 2018 and April 4, 2018, the Company announced that it had entered into a binding term sheet and subsequently completed the restructuring and conversion of its existing Swap Facility (see note 9(e)). Under the terms of the agreement, the Company paid R$29,816 ($11,530) in settlement of accrued interest and to reduce the total outstanding indebtedness to R$69,000.
- On April 16, 2018, the Company announced its plan to expand production capacity at the Maracás Menchen Mine from the nameplate rate of approximately 800 tonnes per month of V_2O_5 to 1,000 tonnes per month. The enhanced production rate is expected to result in an additional 200 tonnes of V_2O_5 being produced per month from and after October 2019. Construction began at the beginning of June 2018 and is anticipated to be completed by the end of Q2 2019. Commissioning and ramp up to 1,000 tonnes per month is anticipated to occur during Q3 2019.

- On May 22, 2018, the Company announced it had completed the private placement offering of US$150,000 aggregate principal amount of senior secured notes due in 2021 (the "Notes"), with a coupon of 9.25%. Refer to note 9(a) for further details.
- On July 20, 2018, the Company announced that it had filed a final short form prospectus for the secondary offering by its selling shareholders of 60,000 common shares at a public offering price of $1.40 per share. The underwriters were granted a 30-day option to purchase up to an additional 9,000 common shares from the selling shareholders, which was exercised in full. The offering, including the full exercise of the over-allotment option, closed on July 24, 2018. The Company did not receive any proceeds from the offering.
- On August 2, 2018 the Company announced that it had repaid in full an aggregate of US$144,100 in debt owing to the Brazilian Development Bank ("BNDES") and to Largo's syndicate of commercial lenders comprised of Itaú Unibanco S.A., Banco Bradesco S.A. and Banco Votorantim S.A. (collectively, the "Syndicate"), being all amounts owing to the BNDES and the Syndicate (the "Repayment"). The Repayment was a condition of Largo's US$150,000 note offering (the "Offering") which was completed on May 22, 2018 pursuant to which Largo was provided with 180 days in which to satisfy the escrow release conditions and provide a pledge over all of the shares it holds in its operating subsidiary, Vanadio de Maracás S.A (the "Pledge"). Having completed the Repayment, Largo discharged the existing security and on October 26, 2018 completed the registration of the Pledge. The Company provided the required evidence of same to the trustee under the indenture governing the Notes on November 8, 2018.
- On September 19, 2018 the Company announced that it would redeem US$15,000 in aggregate principal amount, representing 10% of the US$150,000 aggregate principal amount outstanding at that time, of its Notes due in 2021 on September 20, 2018 (the "Redemption Date"). This redemption was completed on September 20, 2018. The Notes redeemed were selected in accordance with the applicable procedures of The Bank of New York Mellon ("BNY"), as the depositary for the Notes, for partial redemptions. The redemption price was equal to US$1,050 per US$1,000 (not expressed in thousands) principal amount of the Notes redeemed, plus accrued and unpaid interest up to, but not including, the Redemption Date.
- On September 27, 2018 the Company announced that it had repaid in full to Banco Pine S.A. its outstanding Swap Facility. The Swap Facility was the only long-term debt that remained outstanding in Brazil following the Repayment of the Company's facilities in August 2018.
- On October 11, 2018, the Company announced that Instituto do Meio Ambiente e Recursos Hidricos ("INEMA") published confirmation of the renewal of the Company's operating license for the Maracás Menchen Mine (the "Licença de Operação" or "L.O."). The L.O. is valid for a period of two years and may then be extended within six months of the new L.O.'s expiry date for an additional two to five-year period. On November 2, 2018, the Company announced that INEMA has published the Company's environmental license for the Maracás Menchen Mine expansion project. The license is valid for a period of two years and may then be further extended in accordance with the Company's L.O.
- On December 12, 2018, the Company announced that it had repurchased and retired US$16,173 in aggregate principal amount of Notes, plus premium and accrued and unpaid interest, at a redemption price of 104.75%. On December 16, 2018, the Company announced that it had repurchased and retired an additional US$26,015 in aggregate principal amount of Notes, plus premium and accrued and unpaid interest, at a redemption price of 105.125%.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO 2018

- On January 10, 2019, the Company announced that Mr. Alberto Beeck had resigned as a member of the Company's Board of Directors with immediate effect.
- On January 30, 2019, the Company announced that it had completed the repurchase and retirement of US$59,221 in aggregate principal amount of Notes, plus premium and accrued interest, at a redemption price of 105.625%.
- On February 7, 2019, the Company announced that it had filed a final base shelf prospectus (the "Shelf Prospectus"). The Shelf Prospectus will allow the Company and certain of its security holders to qualify the distribution by way of prospectus of up to $750,000 of common shares, debt securities, subscription receipts,

warrants and units or any combination thereof, during the 25-month period that the Shelf Prospectus remains effective.

- On February 19, 2019, the Company completed the repurchase and retirement of US$4,490 in aggregate principal amount of Notes, plus premium and accrued interest, at a redemption price of 105.625%. The outstanding debt balance after this repurchase and retirement was US$29,101.
- On February 25, 2019, the Company announced the resignation of an Arias Resource Capital Management LP (the "ARC Funds") nominee director, Mr. Sam Abraham, from the Board of Directors of the Company.

2018 SUMMARY

Financial

	Three months ended		Year ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Revenues	$ 177,543	$ 48,994	$ 521,415	$ 167,723
Direct mine and mill costs	(21,332)	(19,478)	(82,037)	(80,401)
Operating costs	(37,637)	(30,711)	(135,746)	(120,402)
Net income (loss) before tax	131,091	1,085	322,654	(9,035)
Income tax expense	(11,694)	(1,379)	(27,467)	(1,379)
Deferred income tax (expense) recovery	(11,436)	-	20,769	-
Net income (loss)	107,961	(294)	315,956	(10,414)
Basic earnings (loss) per share	0.21	(0.00)	0.61	(0.02)
Diluted earnings (loss) per share	0.16	(0.00)	0.49	(0.02)
Cash provided before non-cash working capital items	$ 134,357	$ 21,542	$ 403,157	$ 67,132
Net cash provided by operating activities	144,165	38,530	352,074	58,598
Net cash (used in) provided by financing activities	(64,811)	6,983	(177,786)	17,573
Net cash used in investing activities	(6,198)	(4,665)	(18,989)	(19,408)
Net change in cash	78,127	38,676	151,463	53,967

- The Company recorded net income of $107,961 in Q4 2018, compared to a net loss of $294 in Q4 2017. This movement was primarily due to an increase in revenues of $128,549 from $48,994 in Q4 2017 to $177,543 in Q4 2018 and an increase in the foreign exchange gain of $12,033 from a loss of $4,025 in Q4 2017 to a gain of $8,008 in Q4 2018. This was partially offset by a deferred income tax expense of $11,436 and an increase in the income tax expense of $10,315 and an increase in operating costs of $6,926 from $30,711 in Q4 2017 to $37,637 in Q4 2018.
- For 2018, the Company recorded net income of $315,956, compared to a net loss of $10,414 for 2017. This movement was primarily due to an increase in revenues of $353,692 from $167,723 in 2017 to $521,415 in 2018 and a deferred income tax recovery of $20,769. This was partially offset by an increase in operating costs of $15,344 from $120,402 in 2017 to $135,746 in 2018, an increase in professional, consulting and management fees of $4,576 from $10,874 in 2017 to $15,450 in 2018, an increase in share-based payments of $1,904 from $107 in 2017 to $2,011 in 2018 and an increase in income tax expense of $26,088 from $1,379 in 2017 to $27,467 in 2018.
- The Company recognized revenues of $177,543 in Q4 2018 as compared to $48,994 in Q4 2017, with production for Q4 2018 of 2,595 tonnes of V_2O_5 being 56 tonnes higher than the 2,539 tonnes produced in Q4 2017. In addition, the increase in revenues is primarily attributable to the increase in V_2O_5 price, with an average price per lb of V_2O_5 of approximately US$24.53 for Q4 2018, compared to approximately $8.13 for Q4 2017. Revenues for 2018 were $521,415, compared to $167,723 for 2017. The increase is due to the increase seen in the price per lb of V_2O_5, with an average price per lb of V_2O_5 of approximately US$18.30 for 2018, compared to approximately $6.52 for 2017 and an increase in production of 533 tonnes of V_2O_5 in 2018 as compared to 2017. The revenues are related to the Mine properties segment (note 17).

- Operating costs of $37,637 in Q4 2018 ($30,711 for Q4 2017) include direct mine and mill costs of $21,332 ($19,478 in Q4 2017), depreciation and amortization of $7,347 ($8,920 in Q4 2017) and royalties of $8,958 ($2,191 in Q4 2017). For 2018, operating costs of $135,746 ($120,402 in 2017) include direct mine and mill costs of $82,037 ($80,401 in 2017), depreciation and amortization of $31,031 ($33,216 in 2017), royalties of $22,678 ($6,663 in 2017) and an inventory write-down of $nil ($122 in 2017). The increases in royalties in Q4 2018 and 2018 are primarily attributable to the increased revenues. The total operating costs are related to the Mine properties segment (note 17).
- Professional, consulting and management fees in Q4 2018 were $4,746, an increase of $798 from $3,948 in Q4 2017. Of the total professional and consulting compensation expense in Q4 2018, $2,612 related to the mine properties segment (Q4 2017 – $2,696) and $2,134 related to Corporate (Q4 2017 – $1,252), which is not an operating segment (refer to note 17). For 2018, professional, consulting and management fees were $15,450 ($10,874 for 2017) primarily due to costs incurred in the Company's financing and debt restructuring efforts, with $9,680 related to the Mine properties segment ($8,303 for 2017) and $5,770 related to Corporate ($2,571 in 2017).
- The non-cash foreign exchange gain of $8,008 in Q4 2018 resulted primarily from a weakening of the U.S. dollar against the Brazilian real on the Company's U.S. dollar denominated liabilities and a strengthening of the U.S. dollar against the Canadian dollar on the Company's U.S. dollar denominated assets. This is an increase of $12,033 from the loss recorded of $4,025 in Q4 2017. Of the total foreign exchange gain in Q4 2018, $4,160 related to the Mine properties segment (Q4 2017 – loss of $4,089) and a gain of $3,848 related to Corporate (Q4 2017 – gain of $64). For 2018, the non-cash foreign exchange gain was $292, compared to a loss of $3,394 in 2017. Of the total foreign exchange gain for 2018, a loss of $6,619 related to the Mine properties segment ($891 in 2017) due to a strengthening of the U.S. dollar against the Brazilian real by approximately 17% on the Company's U.S. dollar denominated liabilities and a gain of $6,911 related to Corporate (loss of $2,503 in 2017).
- Finance costs in Q4 2018 were $8,306, a decrease of $788 from $9,094 in Q4 2017. The decrease is primarily attributable to the reduction in interest and fees as a result of the settlement of the various facilities with BNDES and the Syndicate in August 2018. Of the total in Q4 2018, $939 related to the Mine properties segment (Q4 2017 – $8,619) and $7,367 related to Corporate (Q4 2017 – $475). The increase in finance costs in Corporate is primarily due to interest on the Notes (refer to note 9(a)). For 2018, finance costs were $39,686 ($39,399 in 2017). Of the total for 2018, $23,624 related to the Mine properties segment ($38,377 in 2017) and $16,062 related to Corporate ($1,022 in 2017).
- Share-based payments in Q4 2018 were $857, an increase of $853 from $4 in Q4 2017. For 2018, share-based payments were $2,011, an increase of $1,904 from $107 in 2017. The increases are due to the grant of stock options and restricted share units ("RSUs").
- In Q4 2018, the Company recognized an income tax expense of $11,694 (Q4 2017 – $1,379). For 2018, the income tax expense was $27,467 ($1,379 in 2017). This is the result of recognizing taxable profits in the Mine properties segment in Q4 2018 and 2018.
- In Q4 2018 and 2018, the Company recognized a deferred income tax expense of $11,436 and a recovery of $20,769, respectively ($nil in the same prior year periods).
- The Company recognized comprehensive income of $125,842 in Q4 2018 after recognizing a cumulative translation adjustment gain of $17,881. This was mainly due to the appreciation in the value of the Company's net investment in its Maracás Menchen Mine and related mine properties, plant and equipment, in turn due to a strengthening of the Brazilian real against the Canadian dollar by approximately 9%. For Q4 2017, the Company recognized a comprehensive loss of $1,588 and a cumulative translation adjustment loss of $1,294. For 2018, the Company recorded comprehensive income of $307,028 and a cumulative translation adjustment loss of $8,928 (loss of $8,543 and gain of $1,871, respectively, for 2017) due to a weakening of the Brazilian real against the Canadian dollar by approximately 7%.
- In Q4 2018 the Company generated positive cash from operating activities, with net cash provided by operating activities of $144,165, compared to $38,530 in Q4 2017. This was primarily due to revenues exceeding direct mine and mill costs and royalties by $147,253 in Q4 2018, compared to $27,325 in Q4 2017, partially offset by income tax paid of $10,839 and changes in working capital of $9,808. For 2018, cash provided by operating activities was $352,074 ($58,598 in 2017). This was primarily due to revenues exceeding direct mine and mill

costs and royalties (both note 22) by $416,700 in 2018, compared to $80,659 in 2017, partially offset by income tax paid of $17,846 and changes in working capital of $(51,083) and.

- Cash used in financing activities in 2018 was $177,786 ($64,811 in Q4 2018), compared to cash provided by financing activities of $17,573 in 2017 ($6,983 in Q4 2017). The movement is primarily due to the repayment of the BNDES and Syndicate facilities and Banco Pine facilities of $242,758 and the payment of debt issue costs, interest, guarantee and other associated fees of $62,598 (versus long-term debt repayments of $38,463 and debt issue costs, interest, guarantee and other associated fees of $19,115 in 2017). In addition, proceeds from the Notes of $191,790 were received, partially offset by repurchases and cancellations of the Notes of $76,028 (proceeds from the 2017 Facility of $34,669 and a net short-term loan settlement of $47 in 2017). Proceeds from the issuance of common shares through the exercise of stock options and warrants totalled $9,330 ($49,713 from the Q4 2017 Private Placement in 2017). In Q4 2018, the cash used in financing activities of $64,811 was primarily due to repurchases and cancellations of the Notes of $56,511.
- Cash used in investing activities in 2018 was $18,989, consistent with the $19,408 seen in 2017. For Q4 2018, cash used in investing activities was $6,198 ($4,665 in Q4 2017).
- The net change in cash in 2018 was an increase of $151,463, compared to $53,967 in 2017. This movement is primarily attributable to the increase in cash provided by operating activities. For Q4 2018, the net change in cash was an increase of $78,127 ($38,676 in Q4 2017), primarily due to net cash provided by operating activities.

Operations

- The Q4 2018 production of 2,595 tonnes of V_2O_5 was a new quarterly production record and is primarily due to improved operational stability in all operational areas. Maintenance was performed on the kiln refractory in October 2018 to help maintain the stability of operations until the scheduled kiln shutdown in March 2019. Production in Q4 2018 is an increase of 2% from Q4 2017 and an increase of 1% from Q3 2018.
- The operational performance in Q4 2018 demonstrated the stability of operations, with 897 tonnes of V_2O_5 produced in October, 816 tonnes of V_2O_5 produced in November and 882 tonnes of V_2O_5 produced in December. Production in November of 816 tonnes of V_2O_5 was impacted by the scheduled shutdown of the de-ammoniator for maintenance and a shutdown of the flake conveyor belt for maintenance.
- 2018 production of 9,830 tonnes of V_2O_5 is the highest annual production the Company has achieved to date and is approximately 6% higher than that achieved in 2017. The 2018 production of 9,830 tonnes of V_2O_5 exceeds the Company's average annual production guidance of 9,650 tonnes of V_2O_5 for 2018. The annual global recovery rate for 2018 was 77%, compared to 75.7% realized in 2017.
- Cash operating costs[1] for Q4 2018 were $6.16 per lb, compared to $4.53 per lb for Q4 2017. Cash operating costs include royalties, which vary based on the price of V_2O_5. Cash operating costs excluding royalties were $4.60 per lb (US$3.48), compared to $4.14 (US$3.26) for Q4 2017. The increase seen in Q4 2018 as compared to Q4 2017 is largely due to significantly higher HFO prices and the loss of the reintegra tax credit. For 2018, cash operating costs were $5.45 or US$4.19 per lb (2017 – $4.72 or US$3.60) and cash operating costs excluding royalties were $4.41 or US$3.38 per lb (2017 – $4.40 or US$3.35). The US$4.19 per lb is just outside of the Company's guidance of US$4.15 per lb.
- Subsequent to Q4 2018, production in January 2019 was 816 tonnes of V_2O_5, with 735 tonnes of V_2O_5 produced in February 2019. Production in January 2019 was impacted by maintenance in the fusion section of the plant and a power shut-down at the end of the month. February 2019 production was impacted by a number of power outages and corrective maintenance on the fusion pan conveyor. Small kiln refractory replacements were completed during both months to fix hot spots and maintain operational stability. At the end of February 2019, the Company had an AMV stock and work-in-process inventory of 326 tonnes to help mitigate the impact of the kiln shutdown in March 2019. The Company's latest estimate is that there will be no production on 13 days during the shutdown. As a consequence of this shutdown, the Company expects that cash operating costs excluding royalties[1] for Q1 2019 will exceed the Company's guidance for 2019.

[1] The cash operating costs and cash operating costs excluding royalties reported are on a non-GAAP basis. Refer to the "Non-GAAP Measures" section of this MD&A.

- In January 2019 the average price per lb of V_2O_5 was approximately US$16.28, significantly lower than the average price per lb of V_2O_5 of approximately US$24.53 for Q4 2018. As a consequence, the Company expects to see a significant negative re-measurement of trade receivables as part of its reported revenues in Q1 2019.
- Cash operating costs[1] are summarized in the following table:

	Production Tonnes	Production Pounds Equivalent[4]	Average Quarterly V_2O_5 price (US$/lb)	Cost per pound US$[5]	CDN$[1,2,3]	R$[6]
4th Quarter 2018	2,595	5,720,989	24.53	$4.66	$6.16	R$17.76
3rd Quarter 2018	2,563	5,650,441	19.66	$4.14	$5.41	R$16.34
2nd Quarter 2018	2,458	5,418,956	15.44	$3.85	$4.97	R$13.87
1st Quarter 2018	2,214	4,881,029	13.57	$4.11	$5.20	R$13.34
4th Quarter 2017	2,539	5,597,530	8.13	$3.57	$4.53	R$11.56
3rd Quarter 2017	2,513	5,540,210	8.24	$3.56	$4.47	R$11.27
2nd Quarter 2017	2,183	4,812,685	5.76	$3.56	$4.80	R$11.46
1st Quarter 2017	2,062	4,545,926	5.14	$3.90	$5.19	R$12.31

1. The cash operating costs reported are on a non-GAAP basis. Cash operating costs include all cash expenditures, the main categories being mining costs, plant and maintenance costs, sustainability costs, mine and plant administration costs, royalties and sales, general and administrative costs ("SG&A"). Cash operating costs excludes depreciation and amortization charges, interest or any other debt servicing costs and commissions on sales. Refer to the "Non-GAAP Measures" section of this MD&A.
2. Excludes corporate SG&A or CAPEX (Capital Expenditures).
3. The reader is cautioned that the cash operating costs presented are intended to serve as a guide to the magnitude of the Company's monthly operating expenditures on a cash basis and excludes financing costs associated with the operations and non-cash accounting charges (including but not limited to depreciation and amortization expense, accretion, share-based payments, or foreign exchange gains or losses). The measure may therefore not be comparable to other companies or the results of similar operations and does not meet any definition of GAAP. Refer to the "Non-GAAP Measures" section of this MD&A.
4. Conversion of tonnes to pounds, 1 tonne = 2,204.62 pounds or lbs.
5. Calculated from "CDN$ Cost per pound" using average CDN$/US$ foreign exchange rates of 1.32, 1.31, 1.29, 1.26, 1.27, 1.25, 1.35, 1.33, 1.34, 1.30, 1.29 and 1.37 for the 4th Quarter 2018, 3rd Quarter 2018, 2nd Quarter 2018, 1st Quarter 2018, 4th Quarter 2017, 3rd Quarter 2017, 2nd Quarter 2017 and 1st Quarter 2017, respectively.
6. Calculated from "CDN$ Cost per pound" using average CDN$/R$ foreign exchange rates of 2.88, 3.02, 2.79, 2.57, 2.55, 2.52, 2.39, 2.37, 2.47, 2.49, 2.72 and 2.84 for the 4th Quarter 2018, 3rd Quarter 2018, 2nd Quarter 2018, 1st Quarter 2018, 4th Quarter 2017, 3rd Quarter 2017, 2nd Quarter 2017 and 1st Quarter 2017, respectively.

SELECTED QUARTERLY INFORMATION

Summary financial information for the eight quarters ended December 31, 2018, prepared in accordance with IFRS:

Period	Revenue	Net Income (Loss)	Basic Earnings (Loss) per Share	Total Assets[1]	Non-current Liabilities
4th Quarter 2018	$ 177,543	$ 107,961	$ 0.21	$ 552,825	$ 8,865
3rd Quarter 2018	149,458	71,416	0.14	463,972	172,239
2nd Quarter 2018	103,321	90,735	0.17	634,612	163,652
1st Quarter 2018	91,093	45,844	0.09	406,696	188,152
4th Quarter 2017	48,994	(294)	(0.00)	371,318	174,782
3rd Quarter 2017	53,507	13,486	0.03	359,088	204,086
2nd Quarter 2017	35,797	(13,885)	(0.03)	349,342	217,039
1st Quarter 2017	29,425	(9,721)	(0.02)	363,479	234,539

The Company's asset base has fluctuated over the last eight quarters ended December 31, 2018, with the high in Q2 2018 primarily attributable to proceeds from the senior secured notes held in escrow as restricted cash prior to the settlement of the BNDES and Syndicate facilities in Q3 2018 and amounts receivable.

During Q4 2018, the Company recognized revenues of $177,543, which was offset by operating costs of $37,637, finance costs of $8,306 and a total tax expense of $11,694.

During Q3 2018, the Company recognized revenues of $149,458, which was offset by operating costs of $36,706, finance costs of $15,031 and a total tax expense of $20,318.

During Q2 2018, the Company recognized revenues of $103,321 and a deferred tax recovery of $45,593, which was offset by operating costs of $30,220 and finance costs of $8,423. The Company recognized a foreign exchange loss of $9,055 primarily due to the translation of U.S. denominated cash into Canadian dollar equivalent.

During Q1 2018, the Company recognized revenues of $91,093, which was offset by operating costs of $31,183 and finance costs of $7,926. The Company recognized a foreign exchange gain of $2,253 primarily due to the translation of U.S. denominated cash into Canadian dollar equivalent.

During Q4 2017, the Company recognized revenues of $48,994, which was offset by operating costs of $30,711 and finance costs of $9,094. The Company recognized a foreign exchange and derivative loss of $4,025 primarily due to the translation of U.S. denominated debts in Brazilian reais equivalent.

During Q3 2017, the Company recognized revenues of $53,507, which was offset by operating costs of $30,165 and finance costs of $9,636. The Company recognized a foreign exchange and derivative gain of $3,483 primarily due to the translation of U.S. denominated debts in Brazilian reais equivalent.

During Q2 2017, the Company recognized revenues of $35,797, which was offset by operating costs of $29,925 and finance costs of $11,095. The Company recognized a foreign exchange and derivative loss of $5,753 primarily due to the translation of U.S. denominated debts in Brazilian reais equivalent.

During Q1 2017, the Company recognized revenues of $29,425, which was offset by operating costs of $29,601 and finance costs of $9,574. The Company recognized a foreign exchange and derivative gain of $2,901 primarily due to the translation of U.S. denominated debts in Brazilian reais equivalent.

OPERATIONS

Maracás Menchen Mine

Recent Developments

Expenditures of $20,480 were capitalized to mine properties, plant and equipment during 2018 (2017 – $18,551), including $9,793 of capitalized waste stripping costs (2017 – $4,535).

Actions taken to implement improvements in maintenance and production practices have resulted in a higher level of stability across all operational areas. The 2018 global recovery of 77.0% is higher than the 75.7% achieved in 2017 and is a direct consequence of this higher level of stability. The Q4 2018 global recovery of 75.3% is approximately 5% lower than the global recovery in Q4 2017 of 79.4%. This is primarily due to the repairs required on the kiln refractory in the period that resulted in greater kiln instability.

Sales of V_2O_5 during Q4 2018 were 2,520 tonnes, including 360 tonnes of high purity V_2O_5. Total high purity V_2O_5 sales in 2018 were 1,440 tonnes. The Company remains focused on developing premium products with the commissioning of the high purity and powder screening and packing automated systems in Q4 2018. The expansion project to achieve production of 1,000 tonnes of V_2O_5 per month is progressing as planned with completion of construction expected at the end of Q2 2019.

The Company uses production drilling prior to blasting to better define the ore and waste material being mined. This dilution control procedure has enabled the Company to avoid mining waste rock inside the ore block, resulting in less ore being mined, but with a higher grade than expected. The V_2O_5 content of the mined ore and the mine sequencing is consistent with that anticipated in the Technical Report (refer to the "Reserves and resources" section). The Company's crushing and milling costs have benefited from the implementation of this procedure as a result of the lower throughput of material in these sections of the plant.

The following table is a summary of production statistics at the Maracás Menchen Mine.

	Q4 2018	2018 Total	Q4 2017	2017 Total
Total Waste Mined (tonnes)	1,555,791	5,919,961	1,439,474	5,309,800
Total Ore Mined (tonnes)	256,436	822,795	306,389	1,165,950
Head Grade of Ore Mined (%)	1.63	1.69	1.72	1.64
Ore Grade Mined - Effective Grade[1] (%)	1.33	1.30	1.23	1.17

	Q4 2018	2018 Total	Q4 2017	2017 Total
Total Ore Crushed - before dry magnetic separation (from mine and stockpile) (tonnes)	259,498	991,042	253,441	1,114,215
Total Ore Crushed - after dry magnetic separation (from mine and stockpile) (tonnes)	199,328	752,295	188,725	795,889
Total Ore Milled (tonnes)	201,204	784,470	179,557	771,804
Effective Grade of Ore Milled (%)	1.53	1.68	2.00	1.90
Concentrate Produced (tonnes)	92,190	343,126	82,918	358,762
Grade of Concentrate (%)	3.27	3.41	3.56	3.38
Contained V_2O_5 (tonnes)	3,016	11,718	2,954	12,139
Crushing Recovery (%)	97.4	97.2	97.2	95.7
Milling Recovery (%)	97.9	96.9	98.5	98.0
Kiln Recovery (%)	84.3	86.6	87.1	86.1
Leaching Recovery (%)	96.5	97.2	98.0	97.0
Chemical Plant Recovery (%)	97.2	97.0	97.1	96.7
Global Recovery (%)[2]	75.3	77.0	79.4	75.7
V_2O_5 Produced (Flake + Powder) (tonnes)	2,595	9,830	2,539	9,297

1. Effective grade represents the percentage of magnetics multiplied by the percentage of V_2O_5 in the magnetics in the ore.
2. Global recovery is the product of crushing recovery, milling recovery, kiln recovery, leaching recovery and chemical plant recovery.

For 2019, the Company anticipates that it will incur sustaining capital expenditures of between $14,000 and $17,000 (US$11,000 to US$13,000). This excludes capitalized waste stripping costs and includes capital expenditures related to the kiln of approximately $4,500 (US$3,500), tailings ponds development of approximately $3,500 (US$2,700) and crushing improvements of approximately $500 (US$400). The Company also expects to acquire land in the areas of the satellite deposits for approximately $2,000 (US$1,500) in 2019. In addition, the Company anticipates that total capital expenditures for its expansion project will be in the range of $24,000 to $27,000 (US$18,000 to US$21,000).

Due to an expected increase in mining volume and costs, the Company's cost guidance for 2019 is higher than that realized in 2018. The Company's production and cost guidance for 2019 is as follows:

	Annual Production High-End	Annual Production Low-End	Annual Production Average	Estimated Annual Average US$/CDN$ Cash Operating Costs Excluding Royalties Per Pound [1,2,3]
2019	11,000 tonnes [4] ~ 24.3 million lbs	10,000 tonnes [4] ~ 22.0 million lbs	10,500 tonnes [4] ~ 23.1 million lbs	US$3.45 – 3.65 $4.50 – 4.75

1. The cash operating costs reported are on a non-GAAP basis. Cash operating costs include all cash expenditures, the main categories being mining costs, plant and maintenance costs, sustainability costs, mine and plant administration costs, royalties and SG&A. Cash operating costs excludes depreciation and amortization charges, interest or any other debt servicing costs and commissions on sales. Cash operating costs excluding royalties is calculated as cash operating costs less royalties. Refer to the "Non-GAAP Measures" section of this MD&A. See also 3. below. The estimated average annual R$/US$ and CDN$/US$ exchange rates used for 2019 are approximately 3.80 and 1.30 respectively.
2. Excludes corporate SG&A or CAPEX (Capital Expenditures).
3. The reader is cautioned that the cash operating costs presented are intended to serve as a guide to the magnitude of the Company's monthly operating expenditures on a cash basis and excludes financing costs associated with the operations and non-cash accounting charges (including but not limited to depreciation and amortization expense, accretion, share-based payments, or foreign exchange and derivative gains or losses). The measure may therefore not be comparable to other companies or the results of similar operations and does not meet any definition of GAAP. Refer to the "Non-GAAP Measures" section of this MD&A.
4. Conversion of tonnes to pounds, 1 tonne = 2,204.62 pounds or lbs.

Reserves and resources

On October 26, 2017, the Company announced the results of an independent NI 43-101 Technical Report with an effective date of May 2, 2017 (the "Technical Report"), containing a Life of Mine Plan ("LOMP") for its Maracás Menchen Mine, a Feasibility Study (the "FS") for the Campbell Pit at the Maracás Menchen Mine and, a Preliminary Economic Assessment (the "PEA") on the inferred resources for Gulçari A Norte, Gulçari B, Novo Amparo, Novo Amparo Norte and São José (the "Satellite Deposits") and Campbell in pit inferred resources at the Maracás Menchen Mine. The Technical Report was prepared by GE21 Consultoria Mineral Ltda. ("GE21").

- The mineral reserves (refer to the Annual Information Form for the year ended December 31, 2018 for definition) in the Campbell Pit were estimated as follows:

Maracás Vanadium Project Mineral Reserves – Campbell Pit Block dimensions 5x5x5 (m) Mine Recovery 100% - Dilution 5% (Effective Date – May 2, 2017)				
Reserve Category	Tonnage (kt)	%V_2O_5 Head	%Magnetics	%V_2O_5 concentrate
Proven	17,570	1.14	29.66	3.21
Probable	1,440	1.26	33.89	3.20
Total in pit reserve	19,010	1.15	29.98	3.21

Notes to mineral reserve and mineral resource Estimates:

1. A probable mineral reserve is the economically mineable part of an indicated mineral resource, and in some circumstances, measured mineral resource.
2. A proven mineral reserve is, in most common circumstances, the economically mineable part of a measured mineral resource.
3. Mineral reserves are included in measured and indicated resources.
4. The reference point at which mineral reserves are defined is the point where the ore is delivered from the open pit to the crushing plant.
5. The mineral resource and mineral reserve estimates are reported in accordance with the National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) and the CIM Definition Standards on Mineral Resources and Reserves (CIM Definition Standards) as a minimum standard.

- The mineral resources (refer to the Annual Information Form for the year ended December 31, 2018 for definition) estimated under the PEA are as follows:

Satellites Deposits Mine Recovery 100% - Dilution 5% (*numbers are rounded to one decimal place)								
Target	ROM				Magnetic Concentrate			
	Category	Tonnes	V_2O_5 Head	SiO_2 Head	Mag*	Tonnes	V_2O_5	SiO_2
		kt	%		%	kt	%	
Gulçari A Norte e Gulçari B	Inferred	7,851	0.67	26.82	25.7	2,014	2.63	2.97
Novo Amparo	Inferred	1,171	0.71	14.18	38.9	456	1.58	1.44
Novo Amparo Norte	Inferred	9,473	0.81	23.66	28.6	2,714	2.60	2.79
São José	Inferred	3,860	0.85	23.35	28.8	1,113	2.67	2.29
Campbell in pit	Inferred	1,736	1.03	28.88	28.2	489	3.06	3.96
Total		24,090	0.78	24.55	28.2	6,785	2.60	2.79

Notes to mineral reserve and mineral resource Estimates:

1. Mineral resources within a pit shell using US$34.20/t all in operating cost and reported at a 0.45% V_2O_5 cut-off, reviewed and confirmed by Fabio Valério Xavier (GE21).
2. Mineral resources are classified as measured, indicated and inferred based on relative levels of confidence in their estimation and on technical and economic parameters consistent with the methods most suitable to their potential commercial exploitation.

3. The mineral resource and mineral reserve estimates are reported in accordance with the National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) and the CIM Definition Standards on Mineral Resources and Reserves (CIM Definition Standards) as a minimum standard.
4. The PEA is preliminary in nature and includes only inferred mineral resources that are considered too speculative geologically to have any economic consideration applied to them that would enable them to be categorized as a mineral reserve. There is no certainty that the PEA will be realized. These results have no impact on the results of any pre-feasibility or feasibility with respect to the Maracás Menchen Mine.

GE21 recommended the Satellite Deposits be developed sequentially as follows: Novo Amparo Norte, Gulçari A Norte & Gulçari B, Sao Jose, Campbell in pit resources and Novo Amparo.

The Technical Report was prepared by GE21 and was designed to allow the Company to more fully optimize operations in order to maximize the Maracás Menchen Mine's NPV and is based on the production of V_2O_5 from the Maracás Menchen Mine's mineral resources as well as from its established mineral reserves. The report does not provide any credit for by-products, however Largo will continue to evaluate the technical and economic viability of all potential by-products.

The Technical Report respects the definition of PEA as described in the CSA Staff Notice 43-307- Mining Technical Report – Preliminary Economic Assessments, issued by the Canadian Securities Administrators on Aug 16, 2012.

- Qualified Persons

  Porfírio Cabaleiro Rodriguez, Mining Engineer, BSc (Mine Eng), MAIG employed by GE21 Consultoria Mineral Ltda, Leonardo Apparicio da Silva, Mining Engineer, BSc (Min Eng), MSc (Met Eng), MAIG associated to GE21 Consultoria Mineral Ltda, and Fabio Valerio Xavier, Geologist, BSc, Geol, MAIG associated to GE21 Consultoria Mineral Ltda, are the Qualified Persons as defined in NI 43-101 responsible for the Technical Report and are all independent of the Company.

- Quality Assurance Quality Control

  The scientific and technical information in this reserves and resources section of the MD&A has been reviewed and approved by Porfírio Cabaleiro Rodriguez, Mining Engineer, BSc (Mine Eng), MAIG, GE21 director; Leonardo Apparicio da Silva, Mining Engineer, BSc (Min Eng), MSc (Met Eng), MAIG; and Fabio Valerio Xavier, Geologist, BSc, Geol, MAIG, both employed by GE21 Consultoria Mineral Ltda, all of whom are Qualified Persons as defined in NI 43-101.

Recent Developments

The Company planned a two-phase exploration program for 2018. Phase I was a 2,000 metre in-pit drill program designed to further define the reserve block model for production in the next two to three years. This program began in the middle of April 2018 and was completed on May 30, 2018. The in-pit program completed 31 holes totalling 2,323 metres. The data was modelled and used for mine planning and development purposes. Consultants from GE21 Consultoria Mineral Ltda assisted in the modelling.

Phase II included a 4,950 metre drilling program focused on upgrading and expanding the satellite deposits and along strike high priority targets. Drilling began with two rigs at Novo Amparo Norte on June 4, 2018 and completed 24 holes totalling 4,223 metres prior to December 31, 2018. This included 13 infill and 11 step out holes. On December 19, 2018, the Company announced that this program had expanded the mineralization to the north and south, while the infill drilling aimed to upgrade the category of resource. At present all resources at Novo Amparo Norte are inferred and the Company is working towards upgrading the category of resource to measured and indicated where applicable. Additionally, seven holes were drilled on targets south of the Campbell pit where a vegetation suppression licence was not required to maintain the mineral concessions. The drill program was completed on October 23, 2018.

In early 2019 the Company initiated additional diamond drilling at Novo Amparo Norte to further define and upgrade the resource and continue to delineate the extent of mineralization. To date, the Company has completed an additional 47 diamond drill holes (5,400 metres) of drilling, primarily focused on increasing the confidence of the resource category within the deposit. Drilling has also begun on the Novo Amparo target, with the aim to increase the size and confidence level of the current inferred resource.

Outlook

The Company has developed an Exploration Master Plan ("EMP") for 2019 to 2021 to develop the known deposits, increase the resources and reserves, further evaluate the potential for along strike continuation of the magnetite mineralization and to maintain the Company's mineral concessions to the north and south of the Campbell pit. The EMP includes ground magnetic surveys, mapping, sampling, drilling and modelling of deposits on the mineral concessions. Landowners are being contacted for permission to cross their land to perform this work. In addition, the necessary permits for vegetation suppression are being requested. The Company is forecasting approximately 25,000 metres of diamond drilling at the satellite deposits and other identified targets in Brazil during 2019.

Campo Alegre de Lourdes

Recent Developments

The Company completed a 1,200 metre drilling program in December 2018 and has finalized the geological and structural mapping needed to satisfy the requirements of the mineral concessions and to develop the Company's knowledge of the mineralization.

During 2018, the Company incurred $59 in expenditures (2017 – $nil) at the Campo Alegre de Lourdes project.

Outlook

For 2019, the Company has budgeted and planned an exploration program that considers approximately 5,000 metres of drilling. The work is being performed to further evaluate mineralization and to maintain the mineral concessions. The drill program will also collect additional material that can be used in further metallurgical test work.

Northern Dancer

Recent Developments

Management is not conducting any further work at this time on the Northern Dancer property, as the majority of the Company's efforts are focused on the Maracás Menchen Mine.

During 2018, the Company incurred $18 in expenditures (2017 – $13) at the Northern Dancer project.

Outlook

Management is not planning any significant expenditures for the foreseeable future.

Currais Novos Tungsten Tailings Project

Recent Developments

Management is not conducting any work at this time on the Currais Novos Tungsten Tailings Project, as the majority of the Company's efforts are focused on the Maracás Menchen Mine.

Outlook

Management is not planning any significant expenditures for the foreseeable future.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Cash	$ 206,188	$ 54,725
Restricted cash	21	4,187
Amounts receivable	55,126	8,949
Accounts payable and accrued liabilities	33,461	48,557
Current portion of long-term debt	117,354	73,153
Long-term debt	-	167,852

The Company's risk exposures and the impact on the Company's financial instruments are summarized in note 20. There have been no changes in the risks, objectives, policies and procedures from the previous year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's continuance as a going concern is dependent on its ability to maintain profitable levels of operations. The Company anticipates being able to fund its future cash flow needs through profitable operations.

At December 31, 2017, the price per lb of V_2O_5 was between US$9.60 and US$9.90. This increased to an average of US$24.53 for Q4 2018, although the price decreased to a range of US$15.00 to US$16.00 at December 31, 2018. This price increase is the primary factor behind the increase in revenues and net cash provided by operating activities seen in 2018 as compared to 2017.

The Company's debt at December 31, 2018 of $117,354 was classified as current as a consequence of the repurchases and cancellations subsequent to 2018 (refer to note 23) and the excess cash flow offer described in note 9(a).

At the date of the MD&A, the market price of V_2O_5 was in a range of US$13.24 to US$14.50 per lb. At such prices, the Company does not anticipate requiring any additional financing to settle its obligations.

The reader is cautioned that in the event of a default under the provisions of the Company's Notes, the Company's assets may be required to cease operations and its assets may be liquidated under the various security arrangements pertaining to these debt facilities. However, given the Company's cash at December 31, 2018 of $206,188, the Company considers the risk of such default to be remote.

Senior secured notes

On May 22, 2018, the Company completed a private placement of US$150,000 ($191,790) aggregate principal amount of Notes. The Notes are callable in years 2 and 3 and have a coupon of 9.25%.

Following the satisfaction of the escrow release conditions, the net proceeds from the offering of US$143,277 ($183,194), being the principal amount less a 2% original issue discount, fees and certain expenses of the offering were used, together with cash on hand at the time of repayment, to repay in full the Company's BNDES Facility, 2016 Facility, 2017 Facility, Swap Facility and export credit facilities, plus accrued and unpaid interest and any fees and expenses in connection therewith. The total amount paid in settlement of these facilities, including principal, interest and fees, was $247,976.

The total costs incurred in relation to the issuance of the Notes was $10,476.

On the Redemption Date the Company redeemed US$15,000 in aggregate principal amount, representing 10% of the US$150,000 aggregate principal amount of Notes currently outstanding. The redemption price was 105% per principal amount of the Notes redeemed, plus accrued and unpaid interest up to, but not including, the Redemption Date.

Under the terms of the Notes, the Company had until November 18, 2018 (180 days from the closing date of the offering) to provide and duly register in Brazil the Pledge over all the shares the Company holds in its operating subsidiary, Vanádio. This Pledge was registered and the Company provided the required evidence of same to the trustee under the indenture governing the Notes on November 8, 2018.

On December 10 and 12, 2018, the Company purchased and cancelled US$16,173 and US$26,015 in aggregate principal amounts of Notes outstanding. The redemption prices were 104.750% and 105.125% per principal amount of the Notes redeemed, respectively, plus accrued and unpaid interest up to these dates.

In December 2018 the Company agreed to purchase and cancel a further US$59,221 in aggregate principal amount of Notes outstanding for settlement on January 28, 2019. The agreed redemption price is equal to 105.625% per principal amount of the Notes redeemed plus accrued and unpaid interest up to January 28, 2019. Refer to note 23 for all repurchases of Notes completed subsequent to 2018 and before the date these consolidated financial statements were approved.

The key terms of the Notes are:

- Maturity date of June 1, 2021;
- Interest rate of 9.25% per annum, paid on a semi-annual basis in arrears on December 1 and June 1 each year, beginning on December 1, 2018;
- The Company may redeem all or part of the notes at any time on or after June 1, 2019 at a redemption price equal to either (i) 104.625% in 2019 or (ii) 100% in 2020 onwards of the principal amount of the notes redeemed, plus any accrued and unpaid interest. The Company may redeem all or part of the notes at any time prior to June

1, 2019 at a price equal to 100% of the principal amount redeemed, plus any accrued and unpaid interest, plus a "make-whole" premium equal to the greater of (i) 1.0% of the principal amount of the notes redeemed and (ii) the excess of the present value of the redemption price at June 1, 2019 plus all required interest payments to June 1, 2019 over the principal amount of the notes redeemed;

- The Company may redeem up to 10% of the original aggregate principal amount of the notes at any time prior to June 1, 2019 at a price of 105% of the principal amount of the notes redeemed, plus any accrued and unpaid interest. In addition, the Company may redeem up to 40% of the aggregate principal amount of the notes at any time prior to June 1, 2019 in an amount not greater than the net cash proceeds of certain equity offerings at a redemption price equal to 109.25% of the principal amount of the notes redeemed, plus any accrued and unpaid interest;
- Within 125 days of each six-month period ending on December 31 or 65 days after the end of each six-month period ending on June 30, the Company will be required to make an offer to purchase the maximum amount of the notes that may be purchased with 75% of the excess cash flow for such period, at an offer price of 103% of the principal amount thereof, together with any accrued and unpaid interest; and
- Certain restrictive covenants limiting, among other things, the Company's ability and the ability of its restricted subsidiaries to transfer and sell assets; pay dividends or distributions on outstanding capital stock, repurchase outstanding capital stock, make payments on subordinated indebtedness and make certain investments; incur additional debt; create or incur liens (other than certain permitted liens) on the Company's assets; create any restriction on the ability of the Company's restricted subsidiaries to pay dividends to the Company, make loans to the Company or other restricted subsidiaries or sell assets to the Company or other restricted subsidiaries; merge, amalgamate or consolidate with another company; and enter into transactions with affiliates.

At December 31, 2018, the balance of the Notes was US$92,812 ($126,503) (December 31, 2017 – $nil). As a consequence of the repurchases and cancellations subsequent to 2018 (refer above and note 23) and the excess cash flow offer described above, the full outstanding balance of the Notes of US$92,812 ($126,503) has been classified as the current portion of long-term debt (December 31, 2017 – $nil).

Maracás Menchen Mine

Production of vanadium commenced during August 2014 and the first sale of vanadium pentoxide flake was concluded during September 2014. Since this time, the Company has continued to further ramp up the production and sales of vanadium pentoxide, as described in the "Maracás Menchen Mine" section above. In connection with the ramp-up, the Company has also evaluated its future financial requirements, including inter alia its sustaining capital, working capital and debt servicing needs for the next 12 months.

At December 31, 2018, the Company had an accumulated deficit of $29,481 since inception (December 31, 2017 – $346,429) and had a net working capital surplus of $135,258 (December 31, 2017 – deficiency of $33,078) (defined as current assets less current liabilities). The total amount due within 12 months on the Company's long-term debt is $126,503 (December 31, 2017 – $73,153).

The following table details the Company's expected remaining contractual cash flow requirements at December 31, 2018 for its financial liabilities with agreed repayment periods. The amounts presented are based on the undiscounted cash flows of financial liabilities and therefore, do not equate to the carrying amounts on the consolidated statement of financial position.

	Less than 6 months	6 months to 1 year	1 to 3 years	Over 3 years
Accounts payable and accrued liabilities	$ 33,461	$ -	$ -	$ -
Long-term debt	126,503	-	-	-
Operating and purchase commitments	16,911	4,685	400	400
	$ 176,875	$ 4,685	$ 400	$ 400

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2018 the Company had cash of $206,188 (December 31, 2017 – $54,725), restricted cash of $21 (December 31, 2017 – $4,187) and trade receivables of $55,011 (December 31, 2017 – $8,911) to settle current liabilities of $151,233 (December 31, 2017 – $122,178).

Currais Novos Tungsten Tailings Project

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

The Company was engaged since late June 2013 in an arbitration process related to its failure to meet certain minimum shipping obligations under a 2011 supply agreement from Currais Novos. The final award of the arbitral panel in respect of the arbitration was received by the Company on November 26, 2014. The arbitral panel awarded US$8,230 plus interest and legal costs in favour of the customer. On March 31, 2015, the Company reached a final settlement agreement with a customer related to all claims not covered by the previously disclosed arbitration as well as the terms of payment of the arbitration settlement itself.

The remaining balance on this arbitration settlement at December 31, 2017 was repaid in full in January and February 2018. At December 31, 2018 the balance was US$nil ($nil) (December 31, 2017 – US$2,001 ($2,509)).

OUTSTANDING SHARE DATA

(Exercise prices presented in this section are in dollars and not thousands).

At December 31, 2018, there were 529,126 common shares of the Company outstanding. At the date of this MD&A, there were 529,493 common shares of the Company outstanding.

At December 31, 2018, under the share compensation plan of the Company, 791 restricted share units ("RSUs") were outstanding and 6,958 stock options were outstanding with exercise prices ranging from $0.46 to $2.80 and expiry dates ranging between August 4, 2019 and August 16, 2023. If exercised, the Company would receive proceeds of $5,691. The weighted average exercise price of the stock options outstanding is $0.82.

As of the date of this MD&A, 1,808 RSUs and 6,990 stock options were outstanding with exercise prices ranging from $0.46 to $2.80 and expiry dates ranging between August 4, 2019 and January 14, 2024.

At December 31, 2018, 146,202 common share purchase warrants were outstanding with exercise prices ranging from $0.29 to $1.15 and expiring between September 7, 2019 and December 13, 2022. If these warrants were exercised, the Company would receive proceeds of $70,089. The weighted average exercise price of the warrants is $0.48.

As of the date of this MD&A, 146,173 common share purchase warrants were outstanding with exercise prices ranging from $0.29 to $1.15 and expiring between September 7, 2019 and December 13, 2022.

TRANSACTIONS WITH RELATED PARTIES

The 2018 audited consolidated financial statements include the financial statements of the Company and its subsidiaries. There have been no changes in the Company's ownership interests in its subsidiaries since December 31, 2017. The Company had transactions with related parties during 2018. Refer to note 16.

Additional information regarding the compensation of officers and directors of the Company is disclosed in the Company's management information circular, which is available under the profile of the Company on SEDAR at www.sedar.com.

COMMITMENTS AND CONTINGENCIES

At December 31, 2018, the Company was party to certain management and consulting contracts. Minimum commitments under the agreements are approximately $4,080 and all payable within one year. These contracts also require that additional payments of up to approximately $6,120 be made upon the occurrence of certain events such as change of control. As the triggering event has not occurred, the contingent payments have not been reflected in these consolidated financial statements.

In 2008, Largo agreed to sell 100% of its vanadium production to Glencore International AG under an off take agreement which expires in May 2020.

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made payments to comply with such laws and regulations.

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. The Company has acquired and maintains liability insurance for its directors and officers.

The Company is committed to a minimum amount of rental payments under two leases of office space which expire on December 31, 2023 and April 30, 2019, respectively. Minimum rental commitments remaining under the leases are approximately $1,016, including $217 due within one year.

At the Company's Maracás Menchen Mine, the Company has entered into purchase order contracts with remaining amounts due related to goods not received or services not rendered as of December 31, 2018 of $17,299.

The Company, through its subsidiaries, is party to legal proceedings in the ordinary course of its operations related to legally binding agreements with various third parties under supply contracts and consulting agreements. At December 31, 2018 two such proceedings were ongoing, each in Brazil. The first relates to a supply agreement for the Maracás Menchen Mine which was filed with the courts in October 2014. The amount claimed totals R$9,900 ($3,480), with a counterclaim filed by Vanádio for R$10,700 ($3,761). A provision of R$1,455 ($511) has been recognized at December 31, 2018 for the probable loss not covered by the counterclaim. The second proceeding relates to a consulting agreement dispute for which R$3,900 ($1,371) has been claimed against two of the Company's subsidiaries. No provision has been recognized for this proceeding. The Company and its subsidiaries are also party to legal proceedings regarding labour matters. A provision was recorded at December 31, 2017 for two such proceedings in an amount of R$1,971 ($747). At December 31, 2018, the provision recognized was R$2,566 ($902). The outcome of these proceedings remains dependent on the final judgment, which the Company does not expect to be delivered within the next 12 months. Management does not expect the outcome of any of the remaining proceedings to have a materially adverse effect on the results of the Company's financial position or results of operations. Should any losses result from the resolution of these claims and disputes, they will be charged to operations in the period that they are determined.

Disclosure Controls And Procedures And Internal Controls Over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company's management, under supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures ("DC&P"). Based upon the results of the evaluation, the Company's CEO and CFO have concluded that as at December 31, 2018, the Company's DC&P were effective in providing reasonable assurance that the information required to be disclosed by the Company in reports it files under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and is accumulated and reported to management on a timely basis to make decisions regarding required disclosure.

Internal Control over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial instruments.

The Company's management, under supervision of the CEO and CFO, assessed the effectiveness of the Company's ICFR based on the criteria established in Internal Control – Integrated Framework (2013) issued by The Committee of Sponsoring Organizations of the Treadway Commission and concluded that as at December 31, 2018, the Company's ICFR was effective.

During the year ended December 31, 2018, the Company did not make any significant changes to its ICFR that would have materially affected, or reasonably likely to materially affect, its ICFR.

Limitations of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management, including the CEO and CFO, believe that due to inherent limitations, any DC&P or ICFR, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating DC&P and ICFR.

Significant Accounting Judgments, Estimates And Assumptions

The preparation of the 2018 audited consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These 2018 audited consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 2018 audited consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant areas requiring the use of estimates and assumptions relate to the determination of mineral reserve estimates and the impact on stripping costs, useful lives of mine properties, plant and equipment, impairment analysis of non-financial assets and estimates of the timing of outlays for asset retirement obligations. Other significant areas include the valuation of mine properties, plant and equipment and development properties, estimates of provisions for environmental rehabilitation, current and deferred taxes and contingencies. Refer to note 4(d) of the 2018 audited consolidated financial statements for a detailed description of these areas of significant judgment, estimates and assumptions. Based on the Company's history of taxable profits and management's assessment of the likelihood of future taxable profits, a deferred income tax asset was recognized at December 31, 2018 for non-capital losses (refer to note 15). Actual results could differ from those estimates.

Changes In Accounting Policies

The basis of presentation, and accounting policies and methods of their application in the 2018 audited consolidated financial statements are consistent with those used in the Company's audited consolidated financial statements for the year ended December 31, 2017, except as disclosed in notes 3 and 4(c), which describe the Company's adoption of IFRS 15, Revenue from Contracts with Customers and IFRS 9, Financial Instruments, as well as the Company's revised accounting policies for vanadium sales and financial instruments.

Future IFRS Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. For a discussion of future accounting policies that impact the Company, refer to note 4(e).

NON-GAAP[2] MEASURES

The Company uses certain non-GAAP financial performance measures in its MD&A, which are described in the following section.

Cash Operating Costs

The Company's MD&A refers to cash operating costs per pound produced, a non-GAAP performance measure, in order to provide investors with information about a key measure used by management to monitor performance. This information is used to assess how well the Maracás Menchen Mine is performing compared to plan and prior periods, and also to assess its overall effectiveness and efficiency.

Cash operating costs includes mine site operating costs such as mining costs, plant and maintenance costs, sustainability costs, mine and plant administration costs, royalties and sales, general and administrative costs, but excludes depreciation and amortization, share-based payments, foreign exchange gains or losses, commissions, reclamation, capital expenditures and exploration and evaluation costs. These costs are then divided by the pounds of production from the Maracás Menchen Mine to arrive at the cash operating costs per pound produced.

The measure, along with revenues, is considered to be one of the key indicators of the Company's ability to generate operating earnings and cash flow from its Maracás Menchen Mine. These cash operating costs do not have any standardized meaning prescribed by IFRS and differ from measures determined in accordance with IFRS. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of net earnings or cash flow from operating activities as determined under IFRS.

In addition, the Company's MD&A refers to cash operating costs excluding royalties. This is a non-GAAP performance measure and is calculated as cash operating costs less royalties, as disclosed in the following tables.

The following tables provide a reconciliation of cash operating costs per pound produced for the Maracás Menchen Mine to operating costs, excluding depreciation expense as per the 2018 audited consolidated financial statements.

	Three months ended	
	December 31, 2018	December 31, 2017
Operating costs[1]	$ 37,637	$ 30,711
Professional, consulting and management fees[2]	2,612	2,696
Other general and administrative expenses[3]	2,348	878
Less: depreciation and amortization expense[4]	(7,347)	(8,920)
Cash operating costs	$ 35,250	$ 25,365
Less: royalties[5]	(8,958)	(2,191)
Cash operating costs excluding royalties	$ 26,292	$ 23,174
V_2O_5 flake produced (000s lb)	5,721	5,598
Cash operating costs per pound produced ($/lb)	$ 6.16	$ 4.53
Cash operating costs excluding royalties per pound produced ($/lb)	$ 4.60	$ 4.14

1. Calculated as the amount for the Company's Mine properties segment in note 17, less the amount disclosed for the Mine properties segment for the nine-month period in note 16 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018: $135,746 – $98,109 = $37,637.
2. Calculated as the amount for the Company's Mine properties segment in note 17, less the amount disclosed for the Mine properties segment for the nine-month period in note 16 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018: $9,680 – $7,068 = $2,612.
3. Calculated as the amount for the Company's Mine properties segment in note 17, less the amount disclosed for the Mine properties segment for the nine-month period in note 16 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018: $3,759 – $1,411 = $2,348.
4. Calculated as the amount per note 22, less the amount disclosed for the nine-month period in note 20 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018: $31,031 – $23,684 = $7,347.

[2] GAAP – Generally Accepted Accounting Principles.

5. Calculated as the amount per note 22, less the amount disclosed for the nine-month period in note 20 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018: $22,678 – $13,720 = $8,958.

	Year ended	
	December 31, 2018	December 31, 2017
Operating costs[1]	$ 135,746	$ 120,402
Professional, consulting and management fees[2]	9,680	8,303
Other general and administrative expenses[2]	3,759	1,288
Less: depreciation and amortization expense[1]	(31,031)	(33,216)
Cash operating costs	$ 118,154	$ 96,777
Less: royalties[1]	(22,678)	(6,663)
Cash operating costs excluding royalties	$ 95,476	$ 90,114
V_2O_5 flake produced (000s lb)	21,671	20,496
Cash operating costs per pound produced ($/lb)	$ 5.45	$ 4.72
Cash operating costs excluding royalties per pound produced ($/lb)	$ 4.41	$ 4.40

1. As per note 22.
2. As per the Mine properties segment in note 17.

Risks And Uncertainties

The Company is subject to various business, financial and operational risks that could materially adversely affect the Company's future business, operations and financial condition. These risks could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described in the Cautionary Statement Regarding Forward-Looking Information found in this MD&A.

The Company's business activities expose it to significant risks due to the nature of mining, development and exploration activities. The ability to manage these risks is a key component of the Company's business strategy. Management is forward looking in its assessment of risks. Identification of key risks occurs in the course of business activities, pursuing approved strategies and as part of the execution of risk oversight responsibilities at the management and Board of Directors' level.

For a full discussion of the Company's Risks and Uncertainties, please refer to the Annual Information Form for the year ended December 31, 2018, which is available under the profile of the Company on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information

The information presented in this MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities laws concerning the Company's projects, capital, anticipated financial performance, business prospects and strategies and other general matters. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking information. The use of words such as "intend", "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking information. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may constitute forward-looking information. Statements relating to mineral resources are also forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral resources described can be profitably produced in the future. There is no certainty that it will be commercially viable to produce any portion of the mineral resources.

Forward-looking information includes statements with respect to: the Company's goals regarding development of its projects and further exploration and development of its properties; the Company's proposed plans for advancing its projects, and potential future exploration and development projects; expectations regarding the continuity of mineral deposits; future prices of V_2O_5; future production at our Maracás Menchen Mine; the results in the Technical Report including resource estimates; expectations regarding any environmental issues that may affect planned or

future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations; receipt and timing of third party approvals; government regulation of mineral exploration and development operations in Brazil; expectations regarding any social or local community issues in Brazil that may affect planned or future exploration and development programs; and statements in respect of V_2O_5 demand and supply. These statements and information are only predictions based on current information and knowledge, some of which may be attributed to third party industry sources. Actual future events or results may differ materially. Undue reliance should not be placed on such forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

The following are some of the assumptions upon which forward-looking information is based: that general business and economic conditions will not change in a material adverse manner; demand for, and stable or improving price of V_2O_5; receipt of regulatory and governmental approvals, permits and renewals in a timely manner; that the Company will not experience any material accident, labour dispute or failure of plant or equipment or other material disruption in the Company's operations at the Maracás Menchen Mine; the availability of financing for operations and development; the Company's ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; that planned expansion at the Maracás Menchen Mine will be completed in budget and in a reasonable timeframe and that the results of such expansion will be sufficient to expand the existing resources consistent with management's expectations; that the estimates of the resources and reserves at the Maracás Menchen Mine are within reasonable bounds of accuracy (including with respect to size, grade and recovery); that the Company's current expansion of development programs and objectives can be achieved; the Company's ability to attract and retain skilled personnel and directors; and the accuracy of the Company's mineral resource estimates (including size, grade and recoverability) and the geological, operational and price assumptions on which these are based.

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risks and uncertainties including, without limitation: volatility in prices of, and demand for, V_2O_5; risks inherent in mineral exploration and development; uncertainties associated with estimating mineral resources; uncertainties related to title to the Company's mineral projects; revocation of government approvals; tightening of the credit markets, global economic uncertainty and counterparty risk; failure of plant, equipment or processes to operate as anticipated; unexpected events and delays during construction and development; competition for, among other things, capital and skilled personnel; geological, technical and drilling problems; fluctuations in foreign exchange or interest rates and stock market volatility; rising costs of labour and equipment; risks associated with political and/or economic instability in Brazil; inherent uncertainties involved in the legal dispute resolution process, including in foreign jurisdictions; changes in income tax and other laws of foreign jurisdictions; and other factors discussed under "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2018 which is filed to the Company's profile on SEDAR at www.sedar.com. Assumptions relating to the potential mineralization of the Maracás Menchen Mine are discussed in the Technical Report which is available under the Company's profile on SEDAR.

Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also materially and adversely affect the Company's business and prospects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking information. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The reader is cautioned not to place undue reliance on forward-looking information.

The forward-looking information is presented in this MD&A for the purpose of assisting investors in understanding the Company's plans, objectives and expectations in making an investment decision and may not be appropriate for other purposes. This forward-looking information is expressly qualified in its entirety by this cautionary statement. Forward-looking information contained in this MD&A or documents incorporated herein by reference are made as of the date hereof or the document incorporated herein by reference, as applicable, and are accordingly subject to change after such date. The Company disclaims any obligation to update any such forward-looking information to

reflect events or circumstances after the date of such information, or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

The information presented contains "forward-looking statements", within the meaning of the United States Private Securities Litigation Reform Act of 1995, and "forward-looking information" under similar Canadian legislation, concerning the business, operations and financial performance and condition of the Company. Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; metal prices and demand for materials; capital expenditures; success of exploration and development activities; permitting time lines and permitting, mining or processing issues; government regulation of mining operations; environmental risks; and title disputes or claims. Generally, forward-looking statements and 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 state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Certain terms appearing in the following table are defined previously in this MD&A. This table contains the material forward-looking statements made by the Company in this MD&A, the assumptions made by the Company in making those statements and the risk factors associated with those assumptions.

Forward-looking Statements	Assumptions	Risk Factors
The 2018 audited consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.	The Company has assumed that it will be able to continue in operation for the foreseeable future and will be able to discharge its liabilities and commitments in the normal course of business, as it anticipates that it will address working capital and other shortfalls through positive cash flow from operations.	The Notes require that the Company comply with a number of financial covenants. Should the Company be unable to comply with any one of the covenants, it is possible that the Company could default under the terms of the Notes. The result of any such default would be that the Note holders could demand repayment of all amounts outstanding.
Production volumes are expected to achieve the expanded nameplate capacity of 1,000 tonnes per month during 2019. 2019 Production Forecast High ~ 24.3 million lbs – 11,000 tonnes Low ~ 22.0 million lbs – 10,000 tonnes Average ~ 23.1 million lbs – 10,500 tonnes	The Company assumes that consistent production levels will continue, at a level of or in excess of 800 tonnes per month, and that the nameplate capacity for the expansion of 1,000 tonnes per month will be reached by Q3 2019.	The Company prepares future production estimates with respect to existing operations. 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 or design failures and other interruptions in production. 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.

Forward-looking Statements	Assumptions	Risk Factors
		In the event that the Company obtains debt financing, repayment terms associated with such financing will likely be based, among other things, 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.
2019 Production Costs: Estimated Annual Average Cash Operating Costs Excluding Royalties Per Pound US$3.45 – 3.65 $4.50 – 4.75	The Company assumes that its current estimation of future operating costs is accurate, as it is largely based on the current cost profile of operations at the Maracás Menchen Mine.	Capital and operating cost estimates made by management with respect to future projects, or current operations in the early stages of production 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 the above could 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; and change in commodity input costs and quantities).
Sustaining capital expenditures of approximately $14,000 to $17,000 (US$11,000 to US$13,000) are expected to be required over the course of 2019 to sustain current operational capacity (excluding capitalized waste stripping costs). In addition, the Company anticipates that total capital expenditures for	Management assumes that its current estimation of capital expenditures is accurate, as based on operational estimates produced and current experience with operations.	Capital and operating costs estimates made by management with respect to future projects, or current operations in production, or 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

Forward-looking Statements	Assumptions	Risk Factors
its expansion project will be in the range of approximately $24,000 to $27,000 (US$18,000 to US$21,000) to achieve production of 1,000 tonnes of V_2O_5 per month.		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; and change in commodity input costs and quantities).

Forward-looking statements and forward looking information are based on the opinions and estimates of management as of the date such statements are made, and they 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 Company to be materially different from those expressed or implied by such forward-looking statements or forward looking information, including, but not limited to, unexpected events during operations; variations in ore grade; risks inherent in the mining industry; delay or failure to receive board approvals; timing and availability of external financing on acceptable terms; risks relating to international operations; actual results of exploration activities; conclusions of economic valuations; changes in project parameters as plans continue to be refined; and fluctuating metal prices and currency exchange rates.

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 statements or 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 statements and forward-looking information. The Company does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except in accordance with applicable securities laws.

Investors are advised that National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") requires that each category of mineral reserves and mineral resources be reported separately. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated or Inferred Resources

This MD&A 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.