LARGO RESOURCES LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(Expressed in thousands / 000's of Canadian dollars)

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Expressed in thousands / 000's of Canadian dollars and shares (except per share information)
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at September 30, 2015	December 31, 2014 (Note 3)	January 1, 2014 (Note 3)
Assets				
Current Assets				
Cash		**$ 18,056**	$ 11,420	$ 17,009
Restricted cash		**-**	-	16,012
Amounts receivable		**7,087**	5,024	1,911
Inventory		**3,980**	3,376	299
Prepaid expenses		**2,803**	1,381	1,674
Total Current Assets		**31,926**	21,201	36,905
Non-current Assets				
Restricted cash		**6,347**	7,462	-
Deferred transaction costs		**-**	-	1,347
Property, plant and equipment	5	**182,047**	213,031	184,919
Equipment deposits		**-**	8	202
Development properties	6	**110,802**	99,059	66,556
Exploration and evaluation properties		**6,747**	6,747	6,747
Total Non-current Assets		**305,943**	326,307	259,771
Total Assets		**$ 337,869**	$ 347,508	$ 296,676
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	8	**$ 50,138**	$ 27,724	$ 15,657
Current portion of long-term debt	7	**30,092**	53,223	13,962
Total Current Liabilities		**80,230**	80,947	29,619
Non-current Liabilities				
Long-term debt	7	**187,105**	167,806	148,137
Provision for closure and reclamation		**2,615**	3,344	3,244
Other long-term liabilities		**-**	-	660
Total Non-current Liabilities		**189,720**	171,150	152,041
Total Liabilities		**269,950**	252,097	181,660
Equity				
Issued capital	9	**328,707**	256,458	232,243
Equity reserves	10	**19,937**	34,537	26,034
Accumulated other comprehensive loss		**(18,560)**	(7,254)	(7,381)
Deficit		**(262,165)**	(188,330)	(135,880)
Total Equity		**67,919**	95,411	115,016
Total Liabilities and Equity		**$ 337,869**	$ 347,508	$ 296,676

Going concern	1
Commitments and contingencies	1,7,15

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Notes	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
			(Note 3)		(Note 3)
Expenses					
Professional, consulting and management fees		**$ 1,524**	$ 1,061	**$ 5,158**	$ 6,589
Foreign exchange and derivative loss (gain)	8	**47,095**	11,578	**83,939**	(3,061)
Other general and administrative expenses		**911**	378	**1,776**	1,197
Share-based payments	10	**108**	820	**2,813**	1,082
Other losses (income)		**-**	6,362	**(316)**	7,305
Exploration and evaluation costs		**367**	33	**625**	165
Write-down of assets		**-**	-	**-**	7,915
Net loss		**$ 50,005**	$ 20,232	**$ 93,995**	$ 21,192
Other comprehensive loss					
Items that will subsequently be reclassified to operations:					
Unrealized loss (gain) on foreign currency translation		**8,412**	4,237	**11,306**	(790)
Comprehensive loss		**$ 58,417**	$ 24,469	**$ 105,301**	$ 20,402
Basic loss per Common Share	11	**$ 0.25**	$ 0.21	**$ 0.61**	$ 0.22
Diluted loss per Common Share	11	**$ 0.25**	$ 0.21	**$ 0.61**	$ 0.22
Weighted Average Number of Shares Outstanding (in 000's)					
- Basic		**203,263**	98,417	**154,925**	98,535
- Diluted		**203,263**	98,417	**154,925**	98,535

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Issued Capital	Equity Reserves	Accumulated Other Comprehensive Loss	Deficit	Shareholders' Equity
Balance at December 31, 2013	98,234	$ 232,243	$ 26,034	$ (13,821)	$ (57,392)	$ 187,064
Change in accounting policy (note 3)	-	-	-	6,440	(78,488)	(72,048)
Balance at January 1, 2014 (note 3)	98,234	$ 232,243	$ 26,034	$ (7,381)	$ (135,880)	$ 115,016
Exercise of share options	310	715	(256)	-	-	459
Expiry of share options	-	-	(18)	-	18	-
Share-based payments	-	-	1,905	-	-	1,905
Currency translation adjustment	-	-	-	790	-	790
Net loss for the period	-	-	-	-	(21,192)	(21,192)
Balance at September 30, 2014	98,544	$ 232,958	$ 27,665	$ (6,591)	$ (157,054)	$ 96,978
Private placement, net of costs	10,714	23,421	6,400	-	-	29,821
Exercise of share options	4	79	(50)	-	-	29
Expiry of share options	-	-	(67)	-	67	-
Forfeiture of share options	-	-	(80)	-	80	-
Share-based payments	-	-	669	-	-	669
Currency translation adjustment	-	-	-	(663)	-	(663)
Net loss for the period	-	-	-	-	(31,423)	(31,423)
Balance at December 31, 2014 (note 3)	109,262	$ 256,458	$ 34,537	$ (7,254)	$ (188,330)	$ 95,411
Balance at January 1, 2015	**109,262**	**$ 256,458**	**$ 34,537**	**$ (7,254)**	**$ (188,330)**	**$ 95,411**
Private placement, net of costs	**94,000**	**72,249**	**2,152**	**-**	**-**	**74,401**
Issue broker warrants	**-**	**-**	**30**	**-**	**-**	**30**
Expiry of share options	**-**	**-**	**(3,668)**	**-**	**3,668**	**-**
Expiry of warrants	**-**	**-**	**(16,492)**	**-**	**16,492**	**-**
Share-based payments	**-**	**-**	**3,378**	**-**	**-**	**3,378**
Currency translation adjustment	**-**	**-**	**-**	**(11,306)**	**-**	**(11,306)**
Net loss for the period	**-**	**-**	**-**	**-**	**(93,995)**	**(93,995)**
Balance at September 30, 2015	**203,262**	**$ 328,707**	**$ 19,937**	**$ (18,560)**	**$ (262,165)**	**$ 67,919**

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

LARGO RESOURCES LTD.

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Nine months ended September 30, 2015	2014
			(Note 3)
Operating Activities			
Net loss for the period		**$ (93,995)**	(21,192)
Adjustment for Non-cash Items			
Depreciation		**20**	34
Share-based payments	10	**2,813**	1,082
Other losses (gains)		**(316)**	7,305
Finance income		**-**	369
Accretion of arbitration settlement payable	7(e)	**54**	-
Unrealized foreign exchange loss		**82,823**	1,980
Write down of assets		**-**	7,915
Cash Used Before Non-cash Working Capital Items		**(8,601)**	(2,507)
Change in amounts receivable		**(918)**	(1,980)
Change in inventory		**(1,509)**	(1,621)
Change in prepaid expenses		**(1,969)**	(122)
Change in accounts payable and accrued liabilities		**7,337**	1,938
Net Cash Used in Operating Activities		**(5,660)**	(4,292)
Financing Activities			
Proceeds from short term loans	7(d)	**12,000**	5,600
Repayment of short term loans	7(c),(d)	**(13,285)**	-
Proceeds from long-term debt, net		**-**	36,478
Repayment of long-term debt	7(a)	**(10,910)**	-
Interest, guarantee fee and other associated fees paid		**(15,874)**	(9,839)
Exercise of share options		**-**	459
Issued common shares and warrants	9(b)	**75,200**	-
Cost of issuance of common shares and warrants	9(b)	**(769)**	-
Net Cash Provided by Financing Activities		**46,362**	32,698
Investing Activities			
Investment in development properties		**(34,961)**	(25,480)
Receipt of pre-production revenues		**34,998**	-
Equipment expenditures		**(33,885)**	(23,335)
Decrease in restricted cash		**-**	8,217
Net Cash Used in Investing Activities		**(33,848)**	(40,598)
Effect of foreign exchange on cash		**(218)**	(440)
Net Change in Cash		**6,636**	(12,632)
Cash position – beginning of period		**11,420**	17,009
Cash Position – End of period		**$ 18,056**	4,377

Schedule of Non-cash Investing and Financing Transactions

Cash flow-other items 12

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Largo Resources Ltd. (the "Company") is engaged in the acquisition, exploration and development of its mining and exploration properties located in Brazil and Canada. Substantially, all of the Company's efforts are devoted to financing and developing these properties. While certain of the Company's properties have reached advanced stages of development and pre-commercial production has commenced, future changes in market conditions and feasibility estimates could result in the Company's mineral resources not being economically recoverable.

These unaudited condensed interim consolidated financial statements 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. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed interim consolidated financial statements. Such adjustments could be material. At September 30, 2015, the Company has not yet achieved commercial production, had an accumulated deficit of $262,165 since inception (December 31, 2014 – $188,330), and has a net working capital deficiency of $48,304 (December 31, 2014 – $59,746). Total amounts due on the long-term debt in the coming 12 months will be $30,092. At September 30, 2015, the Company had a need for additional equity capital and financing for working capital and the repayment of the long-term debt. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. See note 7.

These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. Although the Company has been successful in the past in obtaining financing there is no assurance that it will be able to obtain adequate financing in future or that such financing will be on terms advantageous to the Company.

The Company is a corporation governed by the Business Corporations Act (Ontario) and domiciled in Canada whose shares are listed on the TSX Venture Exchange. The head office, principal address and records office of the Company are located at 55 University Avenue, Suite 1101, Toronto, Ontario, Canada M5J 2H7.

2) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed interim consolidated financial statements were approved by the Board of Directors of the Company on November 24, 2015.

3) Change in accounting policy

During the period ended September 30, 2015, the Company changed its accounting policy of capitalizing all exploration and evaluation expenditures in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources. The Company believes expensing post-acquisition exploration and evaluation costs as incurred provides more reliable and relevant financial information to users of its financial statements, given the Company's focus on the development and continued advancement to commercial production of its Maracás Menchen Mine. Under the new policy, the cost of acquiring prospective properties and exploration rights continue to be capitalized. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a mineral property is technically feasible and commercially viable and a mine development decision has been made by the Company. Thereafter, the Company capitalizes expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The following tables summarize the adjustments made to the Company's consolidated statements of financial position at January 1, 2014 and December 31, 2014, and to its consolidated statements of comprehensive loss and cash flows for the three and nine month periods ended September 30, 2014, and for the three month period ended March 31, 2015, and the related impact on the unrealized loss on foreign currency translation previously recognized in accumulated other comprehensive loss as a result of this change.

Consolidated Statement of Financial Position

	As at January 1, 2014		
	As previously reported	Adjustment	**Restated**
	$	$	**$**
ASSETS			
Non-current assets			
Deferred transaction costs	1,347	-	**1,347**
Property, plant and equipment	184,919	-	**184,919**
Equipment deposits	202	-	**202**
Development properties	121,922	(55,366)	**66,556**
Exploration and evaluation properties	23,429	(16,682)	**6,747**
	331,819	(72,048)	**259,771**
EQUITY			
Issued capital	232,243	-	**232,243**
Equity reserves	26,034	-	**26,034**
Accumulated other comprehensive loss	(13,821)	6,440	**(7,381)**
Deficit	(57,392)	(78,488)	**(135,880)**
	187,064	(72,048)	**115,016**

Consolidated Statement of Financial Position

	As at December 31, 2014		
	As previously reported	Adjustment	**Restated**
	$	$	**$**
ASSETS			
Non-current assets			
Restricted cash	7,462	-	**7,462**
Property, plant and equipment	213,031	-	**213,031**
Equipment deposits	8	-	**8**
Development properties	152,449	(53,390)	**99,059**
Exploration and evaluation properties	23,679	(16,932)	**6,747**
	396,629	(70,322)	**326,307**
EQUITY			
Issued capital	256,458	-	**256,458**
Equity reserves	34,537	-	**34,537**
Accumulated other comprehensive loss	(15,671)	8,417	**(7,254)**
Deficit	(109,591)	(78,739)	**(188,330)**
	165,733	(70,322)	**95,411**

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Loss and Comprehensive Loss

	For the three months ended September 30, 2014		
	As previously reported $	Adjustment $	**Restated** **$**
Operating expenses			
Professional, consulting and management fees	1,061	-	**1,061**
Foreign exchange loss	1,352	-	**1,352**
Derivative loss	10,226	-	**10,226**
Other general and administrative expenses	378	-	**378**
Share-based payments	812	8	**820**
Other losses	6,362	-	**6,362**
Exploration and evaluation costs	-	33	**33**
Net loss	20,191	41	**20,232**
Unrealized loss on foreign currency translation	7,279	(3,042)	**4,237**
Comprehensive loss for the period	27,470	(3,001)	**24,469**
Basic and diluted loss per Common Share	0.21	-	**0.21**

Consolidated Statement of Loss and Comprehensive Loss

	For the nine months ended September 30, 2014		
	As previously reported $	Adjustment $	**Restated** **$**
Operating expenses			
Professional, consulting and management fees	6,589	-	**6,589**
Foreign exchange gain	(4,822)	-	**(4,822)**
Derivative loss	1,761	-	**1,761**
Other general and administrative expenses	1,197	-	**1,197**
Share-based payments	1,056	26	**1,082**
Other losses	7,305	-	**7,305**
Exploration and evaluation costs	-	165	**165**
Write-down of assets	7,915	-	**7,915**
Net loss	21,001	191	**21,192**
Unrealized (gain) on foreign currency translation	(1,550)	760	**(790)**
Comprehensive loss for the period	19,451	951	**20,402**
Basic and diluted loss per Common Share	0.21	0.01	**0.22**

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Loss and Comprehensive Loss

	For the three months ended March 31, 2015		
	As previously reported $	Adjustment $	**Restated $**
Operating expenses			
Professional, consulting and management fees	1,516	-	**1,516**
Other general and administrative expenses	373	(184)	**189**
Share-based payments	292	9	**301**
Foreign exchange and derivative loss	42,765	-	**42,765**
Other income	(316)	-	**(316)**
Exploration and evaluation costs	-	216	**216**
Net loss	44,630	41	**44,671**
Unrealized loss on foreign currency translation	9,184	(5,206)	**3,978**
Comprehensive loss for the period	53,814	(5,165)	**48,649**
Basic and diluted loss per Common Share	0.41	-	**0.41**

Consolidated Statement of Cash Flows

	For the nine months ended September 30, 2014		
	As previously reported $	Adjustment $	**Restated $**
Cash flow from operating activities	(4,127)	(165)	**(4,292)**
Cash flow from financing activities	32,698	-	**32,698**
Cash flow from investing activities	(40,763)	165	**(40,598)**
Effect of foreign exchange on cash	(440)	-	**(440)**
Net change in cash	(12,632)	-	**(12,632)**

Consolidated Statement of Cash Flows

	For the three months ended March 31, 2015		
	As previously reported $	Adjustment $	**Restated $**
Cash flow from operating activities	(1,757)	(32)	**(1,789)**
Cash flow from financing activities	398	-	**398**
Cash flow from investing activities	(6,116)	32	**(6,084)**
Effect of foreign exchange on cash	(338)	-	**(338)**
Net change in cash	(7,813)	-	**(7,813)**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4) Basis of preparation, significant accounting policies, and future accounting changes

The basis of presentation, and accounting policies and methods of their application in these condensed interim consolidated financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2014, except as noted in notes 3 and 4(b), and should be read in conjunction with those statements.

These condensed interim consolidated financial statements are presented in thousands of Canadian dollars, unless otherwise noted. References to the symbol "R$" mean the Real, the official currency of Brazil, and references to the symbol "US$" mean the U.S. dollar.

a) Critical judgements and estimation uncertainties

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about the carrying amount of its assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are disclosed in Note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2014. There have been no changes to the areas of estimation and judgment during the nine months ended September 30, 2015.

b) Significant accounting policies

These condensed interim consolidated financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the audited annual consolidated financial statements for the year ended December 31, 2014, with the exception of the vanadium sales policy disclosed below and the change in accounting policy disclosed in note 3.

<u>Vanadium Sales</u>

Under the terms of the Company's vanadium sales agreement, vanadium prices are provisionally set on a specified future date based upon market commodity prices. Pre-production revenue is recognized at the time of shipment, which is also when the risks and rewards of ownership pass to the customer. Pre-production revenue is measured using market prices on the date of transfer of risks and rewards of ownership, with an adjustment recorded once the date that final selling prices will be determined has been set. Variations occur between the price recorded on the date of pre-production revenue recognition and the actual final price under the terms of the contracts due to changes in market prices, which result in the existence of an embedded derivative in accounts receivable. This embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included in pre-production revenue, which is recorded directly to the carrying value of the Maracas project.

c) Future Accounting Changes

<u>IFRS 15, Revenue from Contracts and Customers</u>

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it will be effective for annual periods beginning on or after January 1, 2018. The Company continues to evaluate the impact of IFRS 15 on its consolidated financial statements in future periods.

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IFRS 9, Financial Instruments ("IFRS 9")

In November 2009, the IASB issued, and subsequently revised in October 2010, November 2013 and July 2014, IFRS 9 Financial Instruments ("IFRS 9") as a first phase in its on-going project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. The Company is currently assessing the impact of this standard on its consolidated financial statements.

5) Property, plant and equipment

	Computer	Office Equipment	Vehicles	Machinery and Equipment	Construction In Progress	Total
COST						
Balance at December 31, 2014	$ 281	$ 516	$ 587	$ 220,358	$ 3,016	$ 224,758
Additions	**49**	**24**	**-**	**31,172**	**5,032**	**36,277**
Reclassifications	**-**	**-**	**-**	**474**	**(474)**	**-**
Effects of changes in foreign exchange rates	**(64)**	**(88)**	**(128)**	**(52,261)**	**(1,399)**	**(53,940)**
Balance at September 30, 2015	**$ 266**	**$ 452**	**$ 459**	**$ 199,743**	**$ 6,175**	**$ 207,095**
ACCUMULATED DEPRECIATION						
Balance at December 31, 2014	$ 131	$ 195	$ 249	$ 11,152	$ -	$ 11,727
Depreciation	**37**	**51**	**82**	**18,099**	**-**	**18,269**
Effects of changes in foreign exchange rates	**(30)**	**(29)**	**(68)**	**(4,821)**	**-**	**(4,948)**
Balance at September 30, 2015	**$ 138**	**$ 217**	**$ 263**	**$ 24,430**	**$ -**	**$ 25,048**
NET BOOK VALUE						
At December 31, 2014	$ 150	$ 321	$ 338	$ 209,206	$ 3,016	$ 213,031
At September 30, 2015	**$ 128**	**$ 235**	**$ 196**	**$ 175,313**	**$ 6,175**	**$ 182,047**

Borrowing costs of $4,127 (September 30, 2014 – $12,553) were capitalized and included in property, plant and equipment for the nine months ended September 30, 2015.

The net book value of the Company's property, plant and equipment at September 30, 2015 by geographic location is as follows: Brazil – $181,994 (December 31, 2014 – $212,956) and Canada – $53 (December 31, 2014 – $75).

Depreciation for the nine months ended September 30, 2015 related to equipment used in the development of the Company's development properties of $18,249 (September 30, 2014 – $6,539) has been included in development properties (note 6).

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) Development properties

		Maracás Vanadium Project
Balance at December 31, 2014	$	99,059
Pre-production expenditures		**38,201**
Borrowing costs capitalized		**11,845**
Depreciation and amortization costs capitalized (note 5)		**18,249**
Share-based payments (note 10)		**565**
Revenue		**(37,708)**
Effects of changes in foreign exchange rates		**(19,409)**
Balance at September 30, 2015	**$**	**110,802**

Maracás Vanadium Project

As at September 30, 2015 and December 31, 2014, the Company's economic interest in the Maracás Vanadium project totalled 99.84%. The remaining 0.16% economic interest is held by Companhia Baiana de Pesquisa Mineral ("CBPM") owned by the state of Bahia. CBPM retains a 3% net smelter royalty ("NSR") in the Maracás Vanadium project. The property is also subject to a royalty of 2% on certain operating costs under the Brazilian Mining Act. This rate is subject to change based on future changes in legislation. Under a separate agreement, Anglo Pacific receives a 2% NSR in the Maracás Vanadium project.

On September 2, 2014, the Company made its first shipment of vanadium from the Maracas Menchen Mine to its off take partner, Glencore International AG. The Company has made shipments with a total value during the nine months ended September 30, 2015 of $37,708 (nine months ended September 30, 2014 – $2,012).

7) Long-term debt

		September 30, 2015		December 31, 2014
Total debt	**$**	**224,232**	$	228,485
Current portion	**$**	**30,092**	$	53,223
Long-term debt[1]	**$**	**194,140**	$	175,262

1. The carrying amount of the long-term debt excludes unamortized deferred transaction costs of $7,035 as at September 30, 2015 (December 31, 2014 - $7,456).

a) Debt facility

On July 3, 2012, the Company's subsidiary, Vanadio de Maracás S.A. ("Vanadio") entered into a definitive agreement for the BNDES Facility. As at September 30, 2015, the total facility, as a result of the indexing of a portion to U.S. dollars, was R$517,134 ($175,050). As a condition precedent to the BNDES Facility, the Company also entered into a guarantee agreement with a consortium of three commercial banks in Brazil on the facility's original amount of R$333,831. Guarantee fees based on the facility's carrying value, are payable on a quarterly basis.

On April 27, 2015, the Company signed a term sheet with its consortium of lenders to defer the debt amortization schedule and extend the maturities for the BNDES Facility. The material terms of the restructuring include:

- An additional one-year grace period on the amortization schedule for the BNDES Facility;
- A three-year extension of the maturity date for the U.S. dollar component of the BNDES Facility and the Export Facilities;

Expressed in thousands / 000's of Canadian dollars and shares (except per share information)

- An increase in the guarantee fees payable to the commercial banks in respect of the BNDES Facility, from 3.3% to 3.85% per annum; and
- Payment of a flat structuring fee equal to 1.5% of the aggregate amount of the Facilities.

The BNDES Facility is denominated in Brazilian reais, but approximately 74% (R$380,099) is indexed to the U.S. dollar ("U.S. dollar component"). The 26% of the BNDES Facility that is not indexed ("R$ component") currently bears a weighted average interest rate of 7.64%, while the U.S. dollar component currently bears a weighted average interest rate of approximately 6.09%. The interest rate on the U.S. dollar component is based on the BNDES cost of borrowing a basket of foreign funds, plus a weighted average margin rate of 2.00% which will increase or decrease with BNDES's foreign borrowing costs. Approximately R$35,049 of the outstanding R$ component is fixed at 5.5%, while the remaining amount is based on the Taxa de Juros de Longo Prazo ("TJLP") index, currently at 6.5%, a long-term interest rate that BNDES posts from time to time, plus a weighted average margin of 1.98%.

The principal repayments due in May 2015 were paid, with further principal repayments on the Export Facilities now extended to begin in October 2016, and principal repayments of the U.S. dollar component of the BNDES Facility extended to begin in May 2016. Principal repayments of the R$ component of the BNDES Facility will occur as per the previous terms.

Period		Monthly Principal Payments (R$)
October 2015 – April 2016	$	2,361
May 2016 – July 2020	$	6,730
August 2020 – July 2023	$	4,369

The application of certain of the financial covenants associated with the facility was also extended from December 31, 2015 to June 30, 2017. The other significant terms of the agreement governing the facility remain the same. The facility is secured by the Maracás Vanadium property as well as all of the development and fixed assets located at or associated with it.

The Company considers that the above noted amendments to its debt facility are not substantial changes and as such has accounted for them as amendments of an existing debt facility. The Company has accordingly adjusted the effective interest rate of the loan based on the carrying amount of the debt facility on the date of the modifications and the expected revised future cash flows.

As at September 30, 2015, the loan facility was completely drawn down. An amount of $16,993 is due for repayment within the next twelve months.

b) Export credit facilities

(i) On July 2, 2013, Vanadio drew down R$22,000 under an export credit facility with a Brazilian bank. On May 5, 2014, Vanadio renegotiated its export credit facility and drew down an additional R$12,500 under a second export credit facility with the same bank, which bears interest at the posted CDI rate plus 3.55%. Vanadio simultaneously renegotiated its swap agreement increasing the notional amount to US$15,000 (R$34,500 at that time) under which Vanadio will receive amounts equal to its amortizing liability and interest under the loan agreements.

As part of the restructuring of the BNDES Facility, the principal repayment due in April 2015 on this export credit facility was deferred to May 2015, with further principal repayments due to commence in October 2016. This facility will amortize on a quarterly basis in equal amounts until maturity in May 2020 of R$2,080 ($704) plus interest at a CDI derived rate of 7.09%.

As at September 30, 2015, an amount of $nil is due for repayment within the next twelve months.

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(ii) On July 2, 2013, Vanadio drew down US$10,000 under an export credit facility with a second Brazilian bank. As part of the restructuring of the Facilities, the facility amortization period was extended to commence in October 2016 with equal quarterly amounts of US$593 to be paid until maturity in May 2020. On May 2, 2014, Vanadio entered into a loan agreement with the same bank for US$5,000 subject to an interest rate of 7.5% per year. The loan has a three year term, and in accordance with the terms of the restructuring of the Facilities, amortizes on a quarterly basis in equal amounts of US$296 starting in October 2016.

As at September 30, 2015, an amount of $nil is due for repayment within the next twelve months.

Each of the credit facilities described above is secured by a second priority charge on the Maracás project assets.

c) Short term loan

The Company has reached an agreement to restructure its US$5,000 short term loan which was due to be repaid on May 22, 2015. In exchange for a US$1,000 ($1,264) up front principal repayment and a 1% structuring fee, the Company will now repay the loan on a quarterly basis over a period of 24 months, which commenced in August 2015. Interest will be payable on a quarterly basis, at an increased rate of 8.98%.

As at September 30, 2015, an amount of $1,776 is due for repayment within the next twelve months.

d) Bridge loan

On March 13, 2015, the Company closed a $12,000 non-revolving, convertible term loan facility (the "Bridge Loan"). The loan was drawn down in tranches and as at May 8, 2015 the full amount of this facility was disbursed. The lenders under the Bridge Loan are certain funds managed by one of the Company's Lead Investors, the ARC Funds (see note 14). The Bridge Loan had an interest rate of 20% per annum, had a 6 month term and was secured by a pledge of securities over and guaranteed by the Company's wholly-owned subsidiary, Mineração Campo Alegre de Lourdes Ltda.

As at September 30, 2015, the loan was repaid in full.

e) Arbitration settlement

On March 31, 2015, the Company reached a final settlement agreement with a customer related to all claims not covered by the arbitration as well as the terms of payment of the arbitration settlement itself. Pursuant to the terms of the settlement agreement the Company will be required to remit its first payment of US$500 on January 15, 2016, 11 subsequent monthly payments of US$1,000 will follow beginning on February 15, 2016, for an aggregate settlement of US$11,500. The Company has included in the current portion of long-term debt an amount of $11,323 (December 31, 2014 - $13,243) and in long-term debt an amount of $4,019 (December 31, 2014 – $nil) related to this settlement agreement.

8) Accounts payable and accrued liabilities

The Company's accounts payables and accrued liabilities as at September 30, 2015 and December 31, 2014 are as follows:

		September 30, 2015		December 31, 2014
Accounts payable	**$**	**13,400**	$	12,162
Accrued liabilities		**2,143**		4,010
Accrued financial costs and derivative liabilities[1]		**34,595**		11,382
Other taxes		**-**		170
Total	**$**	**50,138**	$	27,724

1. Fair value movements in the derivative liabilities are recorded in foreign exchange and derivative loss (gain) in the condensed interim consolidated statements of loss and comprehensive loss.

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9) Issued capital

a) Authorized:

Unlimited common shares without par value.

b) Issued

	Nine months ended September 30, 2015			Year ended December 31, 2014		
	Number of Shares		Stated Value	Number of Shares		Stated Value
Balance at December 31, 2014	**109,262**	**$**	**256,458**	98,234	$	232,243
Private placements, net of issue costs	**94,000**		**74,401**	10,714		29,821
Options exercised	**-**		**-**	314		488
Warrant valuation	**-**		**(2,152)**	-		(6,400)
Transfer value from options exercised	**-**		**-**	-		306
Balance at September 30, 2015	**203,262**	**$**	**328,707**	109,262	$	256,458

On May 15, 2015, the Company closed a first tranche (the "First Tranche") of its $75,000 Unit (as defined below) offering (the "Offering"). The First Tranche closing resulted in proceeds to the Company of $18,222 from the sale of 22,777 Units. Of the proceeds realized from the First Tranche, a total of $12,250 was used to repay in full the existing principal and interest on the $12,000 convertible note facility extended to the Company by the ARC Funds (note 7(d)) and the remainder will be used for general corporate purposes relating to the development of the Maracás Menchen Mine. Proceeds from the First Tranche were received from Units sold entirely on a non-brokered basis and included proceeds from the sale of 15,312 Units purchased by the ARC Funds.

Each Unit was sold at a price of $0.80 and consists of one common share and one-half of one common share purchase warrant (the "Units"). Each whole warrant entitles the holder to acquire one further common share at a price of $1.50 per common share for a period of one year from the date of issuance.

On May 22, 2015, the Company closed the second tranche (the "Second Tranche") of the Offering. The closing of the Second Tranche resulted in proceeds to the Company of $55,962 from the sale of 69,953 Units which together with the first tranche, resulted in aggregate proceeds to the Company of $74,184 from the sale of 92,730 Units. Proceeds realized from the Second Tranche will be used for the development of the Maracás Menchen Mine and related corporate purposes.

Mackie Research Capital Corporation ("Mackie") acted as agent for the Company on a "best efforts" basis with respect to the sale of 2,210 Units issued in the Second Tranche for gross proceeds of $1,768. Mackie, as agent for the brokered portion of the Second Tranche of the Offering, was paid a commission of $115 and was issued a compensation option exercisable at any time up to 12 months following closing to purchase up to 177 Units, being an amount equal to 8% of the Units sold by Mackie in the brokered portion of the Second Tranche, at $0.80 per Unit. Other than the 2,210 Units sold through Mackie, the Units issued under the Offering were sold on a non-brokered basis. Share issuance costs of $799 were incurred by the Company in respect of the non-brokered Offering, including $30 of broker warrants.

The ARC Funds purchased an aggregate of 48,000 Units in the Second Tranche for gross proceeds to the Company of $38,400. These Units were in addition to the 15,312 Units issued to the ARC Funds upon closing of the first tranche. The ARC Funds are a "Control Person" of the Company (as defined in the TSX Venture Exchange Corporate Finance Manual) by virtue of their ownership prior to the closing of the Offering of approximately 28.2% of the Company's issued and outstanding Common Shares. At closing of the Second Tranche, the ARC Funds owned 46.5% of the Company's then issued and outstanding Common Shares (or approximately 55.0% of the Company's then issued and outstanding Common Shares in the event that the ARC Funds exercised all of the convertible securities held by them).

In addition, Mr. Mark Smith, President and Chief Executive Officer and a director of Largo, and another former employee of Largo, subscribed for an aggregate of 770 Units under the Offering.

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On May 28, 2015, the Company closed the third and final non-brokered tranche of the Offering (the "Third Tranche') for an additional $1,016 worth of Units, bringing the final aggregate amount raised to approximately $75,200.

10) Equity reserves

	Number of options	Weighted average exercise price	Value of options vested	Number of warrants	Weighted average exercise price	Value of warrants	Total value
December 31, 2014	6,325 $	2.50 $	6,571	30,833 $	3.59 $	27,966 $	34,537
Share-based payments for options vested in the period	**-**	**-**	**1,228**	**-**	**-**	**-**	**1,228**
Options and warrants granted in the period	**5,924**	**0.70**	**2,150**	**47,177**	**1.50**	**2,182**	**4,332**
Expired	**(1,814)**	**2.02**	**(3,668)**	**(13,755)**	**3.93**	**(16,492)**	**(20,160)**
September 30, 2015	**10,435 $**	**1.56 $**	**6,281**	**64,255 $**	**1.98 $**	**13,656 $**	**19,937**

Under the Company's incentive stock option plan, the Company has issued options approximating 5.1% of its issued and outstanding capital as at September 30, 2015.

The Company applies the fair value method of accounting for share-based payment awards. The Company estimated the expected volatility using historical volatilities from traded shares in the Company's peer group when estimating the fair value of stock options granted during 2014 and 2015, as it believes that this methodology better reflects the expected future volatility of its stock. The peer group is a group of publicly listed companies deemed to reflect fundamentals of the Company's stock.

On June 15, 2015 and July 16, 2015, the Company granted 5,924 stock options to its employees with exercise prices of $0.70 and $0.79. The options vested immediately and are exercisable for a period of 5 years from the date of grant. The estimated grant date fair value of the options was $0.37 and $0.41, as determined using the Black-Scholes valuation model and the following assumptions: risk free interest rate – 0.94% and 0.68%, expected life in years – 5, expected volatility – 63% and 61.5%, expected dividends – 0%.

During the nine month period ended September 30, 2015, the Company recognized a share-based payment expense related to vesting of stock options of $3,378 (September 30, 2014 - $1,905) for options granted to the Company's officers, employees and consultants. Of the total share-based payment expense, $2,813 (September 30, 2014 - $1,082) was charged to operations and $565 (September 30, 2014 – $823) was charged to development properties.

The following share-based payment arrangements were in existence as at September 30, 2015:

a) Stock options

Range of prices	No. outstanding	No. exercisable	Weighted average remaining life (years)	Weighted average exercise price	Weighted average grant date share price
$ 0.51 – 1.00	5,533	5,533	4.7	$ 0.7	$ 0.7
2.01 – 2.50	1,964	1,913	2.4	2.3	2.2
2.51 – 3.00	2,928	1,173	3.3	2.7	2.9
3.51 – 4.00	10	10	0.3	4.0	4.9
	10,435	**8,629**			

The remaining weighted average contractual life of options outstanding at September 30, 2015 was 3.9 years (December 31, 2014 – 3.4 years).

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b) Warrants and broker warrants

No. outstanding	No. exercisable	Grant Date	Expiry Date	Exercise price	Estimated fair value at grant date	Expected volatility	Expected life (years)	Expected dividend yield	Risk-free Interest rate
6,364	6,364	12-Mar-12	12-Mar-16	3.00	$ 5,074	106%	4	0%	1.39%
10,714	10,714	6-Oct-14	6-Oct-17	3.50	$ 6,400	64%	4	0%	1.13%
47,000	47,000	15-May-15	15-May-16	1.50	$ 2,152	54%	1	0%	0.65%
177	177	15-May-15	15-May-16	1.50[1]	$ 30	54%	1	0%	0.65%
64,255	**64,255**				**$ 13,656**				

1. Note: these warrants are exercisable into units consisting of one common share and one half of one common share purchase warrant, each whole warrant entitles the holder to acquire one further common share at a price of $1.50 per common share, expiring May 15, 2016.

11) Loss per share

Total shares issuable from options and warrants excluded from the computation of diluted loss per share because their effect would be anti-dilutive was 74,690 for the three month period ended September 30, 2015 (September 30, 2014 – 26,420) and 74,690 for the nine month period ended September 30, 2015 (September 30, 2014 – 26,420), respectively.

12) Cash flow – Other items

Period ended	**September 30, 2015**	September 30, 2014
Non-cash investing and financing transactions:		
Depreciation and amortization charged to development properties (note 6)	**$ 18,249**	$ 6,539
Share-based payments charged to development properties (note 10)	**565**	823
Borrowing costs charged to property, plant and equipment (note 5)	**4,127**	12,553
Compensation warrants issued (note 9)	**30**	-

13) Segmented disclosure

The Company has two operating segments: development properties and exploration and evaluation properties. Corporate, which is not an operating segment includes all the corporate growth and the corporate team that provides administrative, technical, financial and other support to all of the Company's business units.

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	Exploration and evaluation properties	Development properties	Corporate	Total
Three months ended September 30, 2015				
Professional, consulting and management fees	**$ -**	**$ 952**	**$ 572**	**$ 1,524**
Foreign exchange and derivative loss	**-**	**45,430**	**1,665**	**47,095**
Other general and administrative expenses	**-**	**508**	**403**	**911**
Share-based payments	**8**	**-**	**100**	**108**
Exploration and evaluation costs	**367**	**-**	**-**	**367**
Net loss	**$ 375**	**$ 46,890**	**$ 2,740**	**$ 50,005**
As at September 30, 2015				
Total non-current assets	**$ 6,747**	**$ 299,141**	**$ 55**	**$ 305,943**
Total assets	**$ 6,772**	**$ 313,376**	**$ 17,721**	**$ 337,869**
Total liabilities	**$ -**	**$ 264,083**	**$ 5,867**	**$ 269,950**
Three months ended September 30, 2014				
Professional, consulting and management fees	$ -	$ 411	$ 650	$ 1,061
Foreign exchange and derivative loss	-	11,433	145	11,578
Other general and administrative expenses	-	205	173	378
Share-based payments	8	-	812	820
Other losses	-	-	6,362	6,362
Exploration and evaluation costs	33	-	-	33
Net loss	$ 41	$ 12,049	$ 8,142	$ 20,232
As at December 31, 2014				
Total non-current assets	$ 6,752	$ 319,480	$ 75	$ 326,307
Total assets	$ 6,764	$ 330,373	$ 10,371	$ 347,508
Total liabilities	$ -	$ 245,615	$ 6,482	$ 252,097

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	Exploration and evaluation properties	Development properties	Corporate	Total
Nine months ended September 30, 2015				
Professional, consulting and management fees	**$ -**	**$ 2,254**	**$ 2,904**	**$ 5,158**
Foreign exchange and derivative loss	**-**	**80,602**	**3,337**	**83,939**
Other general and administrative expenses	**-**	**561**	**1,215**	**1,776**
Share-based payments	**26**	**-**	**2,787**	**2,813**
Other (gains)	**-**	**(316)**	**-**	**(316)**
Exploration and evaluation costs	**625**	**-**	**-**	**625**
Net loss	**$ 651**	**$ 83,101**	**$ 10,243**	**$ 93,995**
Nine months ended September 30, 2014				
Professional, consulting and management fees	$ -	$ 1,049	$ 5,540	$ 6,589
Foreign exchange and derivative (gain) loss	-	(3,113)	52	(3,061)
Other general and administrative expenses	-	463	734	1,197
Share-based payments	26	-	1,056	1,082
Other losses	-	-	7,305	7,305
Exploration and evaluation costs	165	-	-	165
Write-down of assets	-	7,915	-	7,915
Net loss	$ 191	$ 6,314	$ 14,687	$ 21,192

14) Related party transactions

The remuneration of directors and other members of key management personnel during the period were as follows:

	For the three months ended		For the nine months ended	
For nine months ended	**September 30, 2015**	September 30, 2014	**September 30, 2015**	September 30, 2014
Short-term benefits	**$ 423**	$ 426	**$ 1,233**	$ 1,943
Share-based payments	**166**	774	**1,951**	1,026
	$ 589	$ 1,200	**$ 3,184**	$ 2,969

See notes 7(d) and 9(b) for details of a bridge loan and equity financing entered into with the ARC Funds, an investor which holds approximately 46% of the Company's issued and outstanding common stock as at September 30, 2015.

15) Commitments and contingencies

At September 30, 2015, the Company was party to certain management and consulting contracts. Minimum commitments under the agreements are approximately $3,801 and all payable within one year. These contracts also require that additional payments of up to approximately $4,527 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 condensed interim consolidated financial statements.

The Company has certain debt covenants related to the debt facility described in note 7(a), which must be met from December 31, 2015, with some extended to be met from June 30, 2017 onwards.

In the regular course of development of the Company's Maracas project, the Company has entered into purchase order contracts with remaining amounts due related to goods not received or services not rendered as of September 30, 2015 of $4,930.

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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. As at September 30, 2015 two such proceedings were ongoing, each in Brazil. The first relates to a supply agreement for the Maracas Menchen Mine which was filed with the courts in October 2014. The amount claimed totals R$9,000 ($3,047). The second proceeding relates to a consulting agreement dispute for which R$3,000 ($1,016) has been claimed against two of the Company's subsidiaries. The Company and its subsidiaries are also party to legal proceedings regarding labour matters. The Company believes the claims against it to be without merit. Management does not expect the outcome of any of these 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.

16) Financial instruments

Financial assets and financial liabilities as at September 30, 2015 and December 31, 2014 were as follows:

	September 30, 2015	December 31, 2014
Cash	**$ 18,056**	$ 11,420
Restricted cash	**6,347**	7,462
Amounts receivable	**4,141**	2,325
Accounts payable and accrued liabilities	**17,905**	16,373
Current portion of long-term debt	**30,092**	53,223
Long-term debt	**187,105**	167,806
Derivative liabilities at FVTPL	**$ 32,233**	$ 11,351

Refer to the liquidity risk discussion below regarding liabilities.

The Company does not have any financial instruments measured using Level 3 inputs. The Company does not offset financial assets with financial liabilities and there were no transfers between Level 1 and Level 2 input financial instruments.

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

a) Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made based on relevant market information and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as those derived from prices.
- Level 3 inputs are unobservable inputs for the asset or liability.

At September 30, 2015 and December 31, 2014, the Company had non-deliverable foreign exchange contracts, recorded at fair value, with a first-tier Brazilian bank that it valued based on the stated forward foreign exchange rates as posted by the Bank of Brazil and accordingly, the valuation would be categorized as Level 2 under the fair value hierarchy in IFRS 7, Financial Instruments: Disclosures.

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There have been no changes in the classification of financial instruments in the fair value hierarchy since December 31, 2014.

The carrying amounts for cash, restricted cash, amounts receivable and accounts payable and accrued liabilities on the statements of financial position approximate fair values because of the limited term of these instruments.

The Company's long-term debt facility, credit facility, short term loan and arbitration settlement (note 7) are recognized initially at fair value, net of financing costs incurred, and subsequently measured at amortized cost. Any difference between the amounts originally received and the redemption value of the debt is recognized in the consolidated statement of loss over the period to maturity using the effective interest method. The Company estimates the fair value of its debt facilities to be $224,232 as at September 30, 2015, being the carrying value excluding unamortized deferred transaction costs.

b) Credit risk

The Company's credit risk is primarily attributable to cash, restricted cash and amounts receivable. The Company minimizes its credit risk with respect to cash by leaving its funds on deposit with the highest rated banks in Canada and Brazil. Similarly, as required by the trustee of the restricted cash, these funds are also on deposit with one of the highest credit rated banks in Brazil. Financial instruments included in amounts receivable consist primarily of a receivable from one unrelated company. Management believes that the credit risk related to this receivable is remote due the credit quality of the customer.

c) Liquidity risk

The following table details the Company's expected remaining contractual cash flow requirements as at September 30, 2015 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	$ 17,905	$ -	$ 3,833	$ 28,400
Long-term debt	5,129	24,963	77,308	116,832
	$ 23,034	$ 24,963	$ 81,141	$ 145,232

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015 the Company had cash of $18,056 (December 31, 2014 - $11,420) and restricted cash of $6,347 (December 31, 2014 - $7,462).

The amount of $6,347 (December 31, 2014 – $7,462) is classified as restricted cash and deposited in accounts in Brazil that are restricted to service the interest payments and the guarantee fees payable pursuant to the debt facility (see note 7(a)).

d) Market risk

Interest rate risk

The Company's exposure to a rise in interest rates is limited to that portion of its total debt facility that is subject to floating interest rates. These floating interest rates are posted by BNDES from time to time and are in turn based on a U.S. dollar basket rate. As a consequence, these posted rates could rise in the future.

The Company has partially mitigated its interest rate risk by virtue of a swap transaction concluded on May 5, 2014 whereby the Company has swapped its floating rate R$ denominated export credit facility noted in note 7(b)(i) for US$ at a R$/US$ exchange rate of 2.30 and a fixed US$ interest rate of 7.09%.

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As at September 30, 2015, the portion of the Company's total debt facility and other US dollar denominated debt exposed to interest rate risk was approximately $11,864 and a sensitivity to a plus or minus 1% change in the interest rate associated with this portion of the debt would affect interest expense by approximately plus or minus $119 for a 12 month period.

Foreign currency risk

Pursuant to a swap agreement entered into on December 23, 2013, the Company has swapped substantially all of the R$ denominated sub-credits of its total debt facility (R$162,563 at a R$/US$ exchange rate of 2.363, for a notional value of US$68,795) under which the Company will pay amounts equal to its amortizing liability and interest applicable to the various sub-credits at fixed US$ exchange rates. Pursuant to the May 5, 2014 swap agreement noted above, the Company has swapped 100% of its R$ denominated export credit facility noted in note 7(b)(i) for US$ at a R$/US$ exchange rate of 2.30, for a notional value of US$15,000. After considering the effects of the Company's various swap agreements, the proportion of the Company's short-term and long-term debt denominated in U.S. dollars is 79%.

The impact of fluctuations in foreign currency on debt therefore relates primarily to fluctuations between the U.S. dollar and the Brazilian real, the functional currency of Vanadio, the entity which holds substantially all of the Company's U.S. dollar exposed debt. The effect of the devaluation of the Brazilian real relative to the U.S. dollar on the U.S. dollar denominated debt was the primary factor contributing to the foreign exchange loss recognized during the nine months ended September 30, 2015. Pursuant to the off take agreement signed in 2008, the Company expects to receive all of its revenues in U.S. dollars, therefore, the foreign exchange impact is neutral as it relates to repayments of the Company's U.S. dollar denominated debt.

Price risk

The Company's only financial asset susceptible to price risk is its accounts receivable, which can vary with the market price of Vanadium. A 10% decrease or increase in the price of Vanadium in the two months following quarter end would affect the value of accounts receivable by $405.

17) Subsequent events

Effective October 1, 2015, the Company declared its Maracás Menchen Mine to be operating in the manner intended ("commercial production"). Since the date of commercial production, the Maracás Menchen Mine is considered an operating mine and is no longer accounted for as a development project. The Maracás Menchen Mine's contribution from vanadium sales is recorded in the consolidated statement of loss and comprehensive loss and will no longer be netted against development property capital expenditures. In addition, as at October 1, 2015, the Company's Maracás Menchen Mine development property asset is reclassified to property, plant and equipment and depreciation of these amounts commenced. Attributable borrowing costs and depreciation are no longer capitalized and are recognized in the consolidated statement of loss and comprehensive loss.