

Largo Resources Ltd.

Nasdaq Statement of Corporate Governance Differences

As a “foreign private issuer” under the U.S. Securities Exchange Act of 1934, as amended, Largo Resources Ltd. (the “Company”) is permitted, pursuant to Nasdaq Stock Market Rule 5615(a)(3), to follow its home country practice in lieu of certain Nasdaq corporate governance standards provided the Company discloses and describes the differences between its corporate governance practices and those required by Nasdaq. Below we describe the differences between Nasdaq Stock Market Rules and the applicable home country requirement. References to a “Rule” below are references to the referenced rule in the Nasdaq Stock Market Rules.

Independent Directors

Rule 5605(b)(1) requires that a majority of the board of directors of an issuer must be comprised of “Independent Directors” as defined in Rule 5605(a)(2). Although a majority of the members of the Board of the Company are independent within the meaning of all applicable Canadian securities laws and the rules of the Toronto Stock Exchange (“TSX”), a majority of the Board of the Company are not considered “Independent Directors” as defined in Rule 5605(a)(2).

Executive Sessions

Rule 5605(b)(2) requires that “Independent Directors” must have regularly scheduled meetings at which only “Independent Directors” are present. The Mandate of the Board of Directors of the Company provides that the Board meets at least four times per year. The by-laws and the Mandate of the Board of Directors of the Company do not require that the regular meetings of the Board are attended by independent directors only.

Compensation Committee Charter

Rule 5605(d)(1) requires that the formal written compensation committee charter of an issuer specifies that the chief executive officer of a company may not be present during voting or deliberations on his or her compensation and that the compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the compensation committee only after taking into consideration the specific factors enumerated in Rule 5605(d)(3)(D). Rule 5605(d)(1) further requires that the compensation committee of an issuer reviews and reassesses the adequacy of the compensation committee charter on an annual basis. The Charter of the Compensation Committee of the Company provides that the Compensation Committee of the Company may invite to the meetings such officers as it sees fit and does not specify that the chief executive officer of the Company may not be present during voting or deliberation on his or her compensation. The Charter of the Compensation Committee also provides that the Compensation Committee has discretion to select outside consultants and approve their compensation and that the Compensation Committee reviews the adequacy of the Charter of the Compensation Committee from time to time.

Compensation Committee Composition

Rule 5605(d)(2) requires that each member of an issuer's compensation committee must be an Independent Director as defined under Rule 5605(a)(2). Although the Company's Charter of the Compensation Committee sets forth that the members of the Compensation Committee must be independent as set forth in the criteria included in Appendix A thereto, one member of the Compensation Committee is not considered an "Independent Director" as defined in Rule 5605(a)(2).

Independent Director Oversight of Director Nominations

Rule 5605(e)(1) requires that director nominees must either be selected, or recommended for the Board's selection, either by Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate, or a nominations committee comprised solely of Independent Directors. Although the Company's Charter of the Governance Committee sets forth that the members of the Governance Committee must be independent as set forth in the criteria included in Appendix A thereto, one member of the Governance Committee is not considered an "Independent Director" as defined in Rule 5605(a)(2).

Quorum Requirements

Rule 5620(c) requires that the by-laws of an issuer provide a minimum quorum requirement of 33 1/3 percent of the outstanding common voting shares for a meeting of shareholders. The Company follows applicable Ontario laws with respect to quorum requirements, which permits the Company to specify a quorum requirement in its by-laws. The by-laws of the Company provide that two shareholders, whether present or duly represented by proxy, who hold or represent in the aggregate not less than 10% of the issued shares of the Company entitled to be voted at a meeting of shareholders constitute a quorum for the transaction of business. The by-laws of the Company do not specify any minimum quorum requirement for any matter different from the transaction of business.

Shareholder Approval Requirements

Rule 5635(a) requires shareholder approval prior to the issuance of securities in connection with the acquisition of the stock or assets of another company in certain circumstances, including (1) where the common stock to be issued will have voting power equal to or in excess of 20% of the voting power outstanding before the issuance, or the number of shares to be issued will be equal to or in excess of 20% of the number of shares outstanding before the issuance; and (2) if any director, officer or substantial shareholder of the Company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid, and the present or potential issuance of securities could result in an increase in outstanding common shares or voting power of 5% or more. Furthermore, Rule 5635(b) requires shareholder approval prior to the issuance of securities when the issuance or potential issuance will result in a change of control of the issuer. The Company complies with the applicable requirements of the TSX which requires shareholder approval prior to (i) the issuance of shares that would materially affect control of the issuer, (ii) any private placement that would materially affect control of the issuer, (iii) any private placement that would provide consideration to insiders of the issuer in aggregate of 10% or greater of the market cap during any 6 month period, and (iv) any private placement that would

result in an insider of the issuer acquiring 10% or more of the issued share capital. Under the requirements of the TSX, a transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise, and transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances.

Rule 5635(c) requires shareholder approval of most equity compensation or purchase plans or arrangements and material amendments thereto (with a few limited exceptions), and this applies whether the securities issuable pursuant to such plan or arrangement are newly issued or bought over the open market. The Company complies with the applicable requirements of the TSX which requires shareholder approval of equity compensation plans only if they involve newly issued securities. Additionally, the TSX requires shareholder approval of the unallocated securities every three years under such plans that do not have a fixed maximum number of securities issuable under the plans. If a plan includes procedures for amendment, the TSX requires shareholder approval of amendments only if the plan specifically requires that approval or if the amendment does any of the following: (1) reduces the exercise price or extends the term of options held by insiders under the plan; (2) removes or exceeds limits on insider participation under the plan; (3) increases any fixed limit on the number of securities to be issued under the plan; or (4) changes the amendment procedure of the plan.