

NORTHERN DANCER (LOGTUNG) PROPERTY

Largo Resources

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Stock symbol: LGO (TSX Venture Exchange)

PROJECT STATUS

Active; scoping study



Location

290 km east of Whitehorse

Ownership

Largo Resources

Commodity

Tungsten

Ore type

Oxide

Mineral resource* (based on 0.06% WO₃ cut-off)

Indicated Resource: 1.408 million tonnes grading 0.10% WO₃ and 0.026% Mo

Inferred Resource: 253.2 million tonnes grading 0.10% WO₃ and 0.022% Mo

*NI 43-101-compliant technical report by Snowden Mining Industry Consultants Inc., May, 2008

HISTORY

Mineralization was first noted by the Geological Survey of Canada in the early 1950s but the first claims were staked in September, 1976 as Log claims 1-138 (YA11210) by Bath 1976 Uranium Partnership (W.M. Bath Investments Ltd., Sicintine Mines Ltd. and several individuals), which performed limited mapping and sampling that year and formed a new company, Logtung Resources Ltd., to develop the property.

Amax Potash Ltd. tied on the Top claims 1-54 (YA11472) to the northwest in October, 1976, optioned the Logtung property, and between 1977 and 1981 they built a road, and explored with mapping, geochemical and induced-polarization surveys, 51 diamond-drill holes (11 628 m), 496 m of decline and drifts, a 15 000-tonne bulk sample and preliminary engineering, metallurgical and environmental studies. Logtung changed its name to Regional Resources Ltd. and W.M. Bath Investments changed to Petromin Resources Corporation in 1982 and

Amax's interest was transferred to Canamax Resources Inc. in 1983.

Canamax dropped its interest in 1986 and the Log claims were transferred back to Logtung Resources in September, 1986. In December, 1992 the Barb and Log claims were transferred to 7188 Yukon Ltd.

In June, 1993, NDU Resources Ltd. entered into an option agreement with Regional to obtain a 50% interest in the Yukon portion of the property. The agreement required NDU to evaluate the gold potential of the deposit and surrounding area over a three-year period. In July and August, 1993, NDU conducted an exploration program which included prospecting, soil geochemical surveys and two diamond-drill holes totaling 234 m. NDU dropped its option at the end of 1993.

The Barb and Log claims covering the deposit began to lapse in early 1998. Nordac Resources Ltd. staked Dansar claims 1-6 (YB91322) in June, 1998. These claims covered the portion of the deposit located in the Yukon Territory. The company also staked claims in British Columbia to

cover the portion of the deposit located in that province. During the summer of 1998 Nordac carried out a few prospecting traverses on the claims and began removing old drums which had been abandoned on the claims. In 2000, the company examined the beryl potential of the property and removed the remaining barrels.

In March, 2001 Nordac staked the Dansar claims 7-14 (YB93166). The company re-organized and changed its name to Strategic Metals Ltd. in June, 2001. Upon acquiring the Logtung property, Strategic Metals began digitizing all previous exploration data. In September, 2001 the company carried out a brief prospecting program to verify previous results. The company also staked Dansar claims 15-23 (YB93172). The digitizing program continued through 2002. In August, 2003 the company carried out a small prospecting and hand-trenching program, and undertook excavator trenching and road construction in 2004.

Largo Resources optioned the Logtung property from Strategic Metals on April 10, 2006, renaming it Northern Dancer. In 2006, 17 diamond drill holes were completed (3995 m), 8 of which were designed to twin drill holes from the 1977 to 1980 Amax drilling program, and 9 of which were infill-drilling. Largo resurveyed all historic drill holes and surveyed the topography.

Largo began a scoping/metallurgical study (Snowden Mining Industry Consultants Inc./SGS) in February, 2007. The initial metallurgical phase of the work was designed to focus on mineralogical investigations, grindability, sulphide flotation, gravity separation and fluor spar flotation prior to flowsheet development for the Scoping Study.

In April, 2007 Largo Resources announced a 43-101 compliant Inferred mineral resource of 242.0 million tonnes at 0.10% WO₃ and 0.047% MoS₂ at a 0.05% WO₃ cut-off grade, which included a higher grade molybdenum zone of 36.8 million tonnes of 0.085% MoS₂. The mineral resource estimate was generated using lithological, mineralogical, MoS₂ and WO₃ assay data from 70 drill holes totalling 15 503 m of drilling.

A 5000-m drill program in 2007 was undertaken to further define the limits of the higher grade tungsten and molybdenum zones outlined during the 2006 drill program. The program was designed to further define mineralization through a series of angled drill-hole fences across the deposit. Three drill rigs were running on the property. As well, the company channel-sampled on the

higher grade tungsten zone, 300 m southwest of previous drilling, and completed preliminary pit modelling.

During the 2008 exploration season, the company completed 38 diamond drill holes totalling 11 500 m and carried out additional exploration work and further engineering and environmental studies. In the fall of 2008, the company announced that the previously announced scoping study would be delayed until early 2009 in order to incorporate the results of the 2008 drill program.

PROJECT SUMMARY

The Northern Dancer property is located 290 km east of Whitehorse, and covers an area of approximately 1500 ha. The Northern Dancer deposit is one of the world's largest known tungsten-molybdenum porphyry systems. Currently there are 23 contiguous mineral claims in the Yukon and three tenures in British Columbia covering Northern Dancer. The property lies at an elevation of about 1371 m at camp, rising to approximately 1850 m at the highest point on the ridge above the camp. The area is accessible by a paved highway and a 12-km gravel access road.

In May 2008, the company released updated resource figures for the Northern Dancer project. The new Indicated mineral resource is 140.8 million tonnes grading 0.10% WO₃ and 0.026% Mo and the Inferred mineral resource is estimated at 253.2 million tonnes grading 0.10% WO₃ and 0.022% Mo (calculated using 0.06% WO₃ cut-off; NI 43-101 report by Snowden Mining Industry Consultants Inc., May 25, 2008).

Geology and mineralogy

The area is located in south-central Yukon near the border with British Columbia. The area is underlain by mafic to intermediate volcanic and epiclastic rocks assigned to the Klinkit Succession. Recent age dating by Mortensen and Gabites (2002) has resulted in a Pennsylvanian age date for the Klinkit Succession. Roots et al. have recently assigned the Klinkit Succession to the Yukon-Tanana Terrane.

The Klinkit Succession is intruded by a Triassic diorite stock flanked by numerous satellite dykes and a mid-Cretaceous monzonite stock accompanied by pegmatitic dyke swarms and a slightly younger but apparently comagmatic felsic dyke complex. Mineralization is hosted by an extensive, multi-episode vein system that is enriched in several metals, most notably tungsten and

molybdenum. The vein system is centered on the felsic dyke complex. Approximately 95% of the mineralization occurs within veins and fractures; the remainder occurs as disseminations within the felsic dyke complex and skarn horizons. The veins crosscut all units and are believed to be genetically related to emplacement of the felsic dyke complex.

Tungsten and molybdenum mineralization are concentrated in two zones which partially overlap. In the core of the deposit, there is a higher grade molybdenum zone where molybdenite occurs within and adjacent to the felsic intrusion. Surrounding and partially overlapping the molybdenum zone is a much more extensive tungsten zone where scheelite occurs in northeast-trending sheeted quartz veins in skarn. This sheeted-quartz-vein zone extends for at least 500 m along strike, to a depth of at least 500 m and varies from at least 20 m to possibly more than 100 m in width. The zone dips near vertical and is open in all directions. Previous historical drilling did not adequately test the zone because the holes were all steeply inclined to vertical. The deposit, which has been tested by drilling for 750 m along strike, 500 m vertically and 600 m in width, remains open along strike to both the northeast and southwest as well as at depth.

The original mineralized showing found by the GSC consisted of blades of wolframite with purple fluorite, tourmaline, cosalite and beryl in a quartz vein cutting quartz monzonite. The main zone found nearby in 1976 consists of scheelite and molybdenite in a multi-stage stockwork vein system developed in a quartz-porphyry plug, and disseminated in a vein stockwork which cuts garnet-diopside skarn and hornfels peripheral to a fluorite-rich quartz monzonite stock cutting cherty banded argillite and quartzite of Pennsylvanian age. Three mineralized zones, called the BC, Central and Yukon have been investigated. The latter two zones are adjacent and cover a 915 m by 610 m area.

Mineralization is controlled by four superimposed stages of veining: (1) quartz-molybdenum along the north and west flanks of the stock; (2) quartz-pyrite-scheelite proximal to felsic dykes; (3) quartz-molybdenum in and near the felsic dykes; and (4) polymetallic sheeted veins. This deposit has many similarities to classic porphyry molybdenum deposits. The skarn minerals are incidental to the tungsten-molybdenum mineralization, which is almost totally confined to porphyry-style crackle breccia.