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**Largo Physical Vanadium Corp.**

**Management's Discussion and Analysis**

**Years ended December 31, 2024, and 2023**

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## **BACKGROUND**

The following Management's Discussion & Analysis ("MD&A") of Largo Physical Vanadium Corp. ("we", "us", "our", "LPV" or the "Company") for the year ended December 31, 2024 has been prepared to provide material updates regarding the business operations, liquidity and capital resources of the Company since its last annual Management's Discussion & Analysis, being the Management's Discussion & Analysis for the year ended December 31, 2023.

This MD&A has been prepared in compliance with Item 1 of Form 51-102F1, following National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2024, together with the notes thereto ("**financial statements**"). All dollar figures included therein and in the following MD&A are quoted in United States dollars. The Company's audited financial statements and the financial information contained in this MD&A are prepared following International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

For the purposes of preparing this MD&A, management, in conjunction with the Company's board of directors (the "**Board**"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of LPV common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **FORWARD LOOKING INFORMATION AND GOING CONCERN**

This MD&A contains forward-looking information and future oriented financial information within the meaning of applicable Canadian securities laws ("**forward-looking information**"). All information other than statements of current and historical facts contained in this MD&A is forward-looking information and reflect management's expectations regarding the prospects, results of operations, performance and business of the Company based on information currently available to us. Forward-looking information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words but the absence of these words does not mean that a statement is not forward-looking. The purpose of disclosing any future-oriented financial information or financial outlooks within the meaning of Canadian securities laws is to provide investors with more information concerning Funds Expected to be Spent for Calendar 2025 in the Liquidity section. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking information in this MD&A includes, but is not limited to, information relating to the Company's future financial and business operations outlook, statements regarding the Company's business, future development, future financial position, our strategy and investment policies, demand for, supply of, and the prices for, vanadium, the competitiveness of vanadium redox flow battery products ("**VRFBs**") in the long-duration energy storage (LDES) market, opportunities to deploy VRFBs, the expected payment of storage fees under the safekeeping agreement (the "**Safekeeping Agreement**") between the Company and Largo Inc. ("**Largo**"), the availability of additional funding to the Company, the Company's intentions with respect to funds raised, the Company's ability to continue as a going concern, the potential impacts of potential tariffs, inflation, and other economic events, and general business and economic conditions. In developing the forward-looking information in this MD&A, we have applied several material assumptions, as set out herein, including those under the section "Outlook" and those related to general business and economic conditions.

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although the Company has attempted to identify important factors, in the section entitled "Risk Factors", that could cause actual actions, events or results to differ materially from those described in forward-looking statements, 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 statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

### **KEY PERFORMANCE INDICATORS (NON-GAAP MEASURES)**

This MD&A refers to certain non-GAAP measures, which are used to provide investors with supplemental measures of the Company's operating performance and highlight trends that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that providing such information to securities analysts, investors and other interested parties who frequently use non-GAAP measures in the evaluation of issuers will allow them to better compare the Company's performance against others in its industry. Management also uses non-GAAP measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts. These non-GAAP measures have been defined below:

**"Cash operating costs"** is calculated for the applicable period as total expenses per the statement of comprehensive income (loss) less non-cash listing fees, gain (loss) on revaluation of vanadium, and net foreign exchange gains (losses).

**"Net asset value"** is equal to total assets less total liabilities (or total equity) on the statement of financial position.

**"Net asset value per kg of vanadium"** is equal to total net asset value divided by total vanadium on hand (includes vanadium as well as prepaid assets).

**"Management expense ratio"** is calculated based on total expenses (including applicable Canadian taxes and excluding commissions) for the stated period and is expressed as an annualized percentage of average net asset value during the period.

### **COMPANY OVERVIEW AND UPDATE**

The Company was incorporated on January 20, 2022, under the *Business Corporations Act* (British Columbia). The Company was formed by Largo and Term Oil, Inc. ("**Term Oil**") with the aim of creating a publicly traded investment vehicle that would invest in and hold substantially all its assets in vanadium in physical form. The Company aims to provide a secure, convenient, and exchange-traded investment alternative for investors interested in direct investment exposure to physical vanadium and not to speculate regarding short-term changes in vanadium prices.

The Company is listed on the TSX Venture Exchange ("**TSX-V**") under the symbol "**VAND**" and on the OTCQX Best Market under the symbol "**VANAF**".

#### *VRFB business update*

LPV's strategy is not only to achieve appreciation through the acquisition of vanadium, but to own and actively supply (via long-term rental contracts) vanadium to end users of VRFBs to advance to integration of renewable energy in long duration storage. However, the market for VRFBs, and so, for LPV to own and actively supply (via long-term rental contracts) vanadium to end users of VRFBs and earn storage fees under the Safekeeping Agreement, is in the nascent stages. No set time frame exists, and one cannot be estimated, for market development and implementation of this objective. LPV is dependent on Largo, in

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

its role as safekeeper under the Safekeeping Agreement, for the deployment of VRFBs, and there can be no assurance that Largo and LPV will be able to negotiate and secure opportunities to deploy VRFBs, or to do so on favourable terms. On February 4, 2025, Largo amended its Safekeeping and Supply Agreements with LPV and assigned its Safekeeping Agreement to Storion, a joint venture between Largo and Stryten. As a result, the Company will be paying safekeeping fees to Storion moving forward.

Largo, the Company's significant shareholder has indicated to LPV that its VRFB business has been slow to commence the active supply of vanadium to end users. It is important to note that VRFB deployment, although growing, is still a small industry outside of China. LPV expects VRFB adoption in China to continue and thus wants to position itself early. However, as LPV focuses on deployments in Organization for Economic Co-operation and Development ("OECD") countries, LPV believes the market still needs to mature to offer further opportunities.

The Safekeeping Agreement provides that, to the extent opportunities are identified and executed to deploy VRFBs using the Company's vanadium, storage fees payable by Largo to LPV will be not less than 1% of the Market Price of the applicable vanadium (as defined in the Safekeeping Agreement) per annum and shall not exceed \$2 per lb per annum. Such storage fees may be higher than 1% per annum, to the extent market prices for vanadium so dictate. The Safekeeping Agreement further provides that Largo as safekeeper may charge VRFB customers separate discretionary fees for the sale, supply, or servicing of the applicable VRFB by Largo (or its affiliates) that differ from a pure annual rental fee payment (i.e., storage fees), to which discretionary fees LPV would not be entitled.

Safekeeping of vanadium

The Safekeeper has arranged for storage of the Company's physical vanadium at the following warehouses: QSL Montreal (Canada), IH Mathers Halifax (Canada), C. Steinweg Rotterdam (Netherlands), C. Steinweg Busan (South Korea) and Sebang Busan (South Korea) (the "Storage Facilities"). C. Steinweg and Sebang are leading storage providers in the metals and vanadium industry and QSL and IH Mathers are professional warehouses based in Canada. Currently, the Company's physical vanadium is not segregated from the physical vanadium of Largo, but it is fully allocated in that specific units are allocated to LPV and easily distinguished from non-LPV materials based on lot numbers.

All Storage Facilities are well-established leading warehouse providers that are highly specialized, qualified and International Organization for Standardization (ISO) (a qualification standardization body) certified and the jurisdictions in which the Storage Facilities are located are all advanced economies with regulations like those in Canada. Largo is the counterparty to the agreements with the Storage Facilities under which the materials are stored, and which storage agreements contain terms and conditions that are customary for industry participants in all material respects.

Supply arrangements with Largo

Largo or independent third parties perform stock counts at the Storage Facilities each quarter based on a materiality assessment (volume). Regardless of attendance at stock count, each quarter Largo requests warehouses to complete a stock count and provide a stock report and Largo reconciles these reports back to its internal records. Any discrepancies (other than de minimis) are investigated.

The Company is not dependent on Largo vanadium supply and can purchase and has purchased from third parties. As a result, the Company does not believe that Largo's production capacity and previously committed sales is material for investors. The Company is advised that Largo typically commits most of its future planned production under annual contracts depending on market conditions and that the rest of Largo's production is distributed to the spot market.

## **VANADIUM PRICE ENVIRONMENT**

The value of LPV's physical vanadium fluctuated over the period, driven primarily by changes in the price of V2O5 and industry sentiment. According to Fastmarkets Metal Bulletin and CRU, the price of LPV's inventory in V2O5 equivalent decreased by 10% in 2024, starting the year at \$6.90 per pound of V2O5 and ending the twelve-month period at \$6.21 per pound of V2O5 equivalent, averaging \$6.37 per pound of V2O5 equivalent throughout the year. After December 31, 2024, the V2O5 price of the portfolio has slightly declined to \$6.16 per pound.

## **TRENDS**

There can be no assurance that additional funding will be available to the Company, which could delay some of the Company's planned or proposed business activities. In addition, external risks like a trade dispute with the U.S. could put significant strain on Canada's broader economy. Tit-for-tat import tariffs are generally inflationary and would raise costs. Management, in conjunction with the Board, will continue to monitor these developments and their effect on the Company's business.

Strong equity markets are favourable conditions for completing a public merger, financing, or acquisition transactions. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Inflation increases major operating expenses like service provider costs such as accounting, costs of being a reporting issuer, legal and audit costs. The Company works to counteract rising expenses. Despite the best efforts to control costs where possible, inflationary pressures nonetheless introduce added financial burdens on the Company.

Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition of the Company or results of operations. See "Risk Factors" below.

## **SIGNIFICANT EVENTS AND TRANSACTIONS FOR 2024**

There were no significant events and transactions for 2024.

## **2024 HIGHLIGHTS**

On December 19, 2024, the Company announced that following the closing of the transaction between Largo's subsidiary, Largo Clean Energy Corp. ("**LCE**") and affiliates of Stryten Energy LLC, the newly created Storion Energy, LLC ("**Storion**") will assume the role of safekeeper for LPV's held vanadium units previously managed by LCE.

On July 9, 2024, the Company appointed Francesco D'Alessio as the Chief Executive Officer (CEO) of the Company effective July 9, 2024, to replace Paul Vollant, who continues to serve on the Company's Board of Directors.

On August 28, 2024, the Company completed a swap transaction of purchase and sale of vanadium with Largo. The Company purchased 40 metric tons ("**MT**") of vanadium for \$550,351 and sold 25MT of vanadium for \$501,345. The net cash outlay in the transaction was \$49,007.

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

**SIGNIFICANT EVENTS AND TRANSACTIONS FOR 2023**

There were no significant events and transactions for 2023 other than the Company announcing initiatives to reduce expenses. On November 16, 2023, LPV announced amendments to the Technical Advisory Agreement and the advisory services agreement among LPV, Term Oil and SCP Resource Finance LP ("SCP") dated April 14, 2022 (the "Advisory Services Agreement"), which included removing the requirement for LPV to pay any "transaction fees" to the applicable counterparty and removing the requirement to pay a portion of LPV's storage fee profits to the applicable counterparty, in each case including as part of the calculation of the applicable termination fee under each agreement.

**2023 HIGHLIGHTS**

As of March 31, 2023, the Company paid \$865,291 in advance for the purchase of 60 MT of vanadium. As of March 31, 2023, the Company had not taken legal title of this vanadium, and the Company sold 40 MT of vanadium for \$1,031,863 to Largo.

As of June 30, 2023, the Company completed the purchase of \$10,943,926 of vanadium, of which \$4,597,197 was paid in cash, \$1,015,308 was settled through the purchase and sale of vanadium inventories and the remainder related to vanadium prepaid in prior periods.

As of December 31, 2023, the Company sold 40MT of vanadium for \$932,948 to Glencore International AG.

**SELECTED FINANCIAL INFORMATION**

**Statement of Net and Comprehensive Loss**

	Year ended December 31, 2024	Year ended December 31, 2023	January 20, 2022 December 31, 2022
<b>Income</b>			
Interest income	\$ 17,534	\$ -	\$ 162,162
Change in fair value of vanadium	(1,828,717)	(6,121,182)	881,954
<b>Expenses</b>			
Professional fees	390,339	620,784	475,947
Storage and customs	173,626	(9,190)	258,969
Management fees	160,388	215,866	58,031
Director fees	151,233	224,246	-
General and administrative	34,198	68,137	22,137
Bank charges	1,439	2,214	1,795
Listing fees	-	53,780	1,235,489
<b>Total expenses</b>	<b>911,223</b>	<b>1,175,837</b>	<b>2,052,368</b>
<b>Loss from Operations</b>	<b>(2,722,406)</b>	<b>(7,297,019)</b>	<b>(1,008,252)</b>
<b>Other income and expense</b>			
Foreign exchange gain (loss)	(34,574)	49,064	499,872
<b>Loss before income taxes</b>	<b>(2,756,980)</b>	<b>(7,247,955)</b>	<b>(508,380)</b>
Income tax recovery	-	329,716	(329,716)
<b>Net Loss</b>	<b>(2,756,980)</b>	<b>(6,918,239)</b>	<b>(838,096)</b>

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

Cumulative translation adjustment	-	-	-
<b>Comprehensive Loss</b>	<b>\$ (2,756,980)</b>	<b>\$ (6,918,239)</b>	<b>\$ (838,096)</b>

**Loss per share attributable to equity holders**

<b>Basic and diluted</b>	<b>\$(0.16)</b>	<b>\$(0.41)</b>	<b>\$(0.16)</b>
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**Statement of Financial Position**

<b>As at</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total assets	\$ 18,211,172	\$ 20,796,534	\$ 28,058,266
Total liabilities	620,599	448,981	792,474
Total shareholders' equity	\$ 17,590,573	\$ 20,347,553	\$ 27,265,792

**Results of operations:**

Year ended December 31, 2024:

The Company's net and comprehensive income (loss) for the year ended December 31, 2024, was \$(2,649,887), (December 31, 2023: \$(6,918,239)) with basic and diluted income (loss) per share of \$0.16/share (2023- \$(0.41)). Key operational highlights for the year ended December 31, 2024, are as follows. The major reason for the deviation between the years under comparison is the revaluation of the vanadium on hand. A large increase in the value of the inventory recouping some of the initial downturn resulted in a less significant loss for 2024. All other expenses were comparable.

- The Company incurred certain legal, accounting, and other professional fees of \$390,339 for the year ended December 31, 2024 (2023: \$620,784).
- The Company incurred management fees of \$160,388 related to the Safekeeping Agreement for vanadium between the Company and Largo (2023: \$215,866).
- The Company incurred director fees of \$151,233 (2023: \$224,246).
- The Company recorded a total loss of \$1,828,717 on the revaluation of vanadium (2023: \$6,121,182) due to a decrease in the price of vanadium. This balance is comprised of \$1,684,254 (2023: \$6,167,773) on the revaluation of 1,075 MT of vanadium held as of December 31, 2024, in addition to a realized loss on the sale of vanadium of \$144,463 (2023: 46,591).
- The Company recorded an unrealized foreign exchange gain/(loss) of \$(34,574) (2023: \$49,064) in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax recovery of \$nil (2023: \$329,716) due to the loss on revaluation of vanadium. In 2022, there was a deferred tax expense, as such the taxable benefit not recognized in 2023 was not entirely 100% of the expected income tax recovery but instead was enough to bring the deferred income tax asset to nil. As the deferred income tax asset is now nil, fully taken and therefore no recovery in 2024.
- The Company incurred storage and customs expenses of \$173,626 for the year ended December 31, 2024 (2023: \$(9,190)). The difference is due to the reversal of an accrual from 2022, bringing the expense total

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

below zero. Excluding this transaction, the balance would be about \$170k, and comparable to the current year.

From October 1, 2024, to December 31, 2024:

The Company's net and comprehensive income (loss) for the three months ended December 31, 2024, was \$135,746, (December 31, 2023: \$1,622,213). Key operational highlights for the three-month period are as follows.

- The Company incurred certain legal, accounting, and other professional fees of \$201,315 (2023: \$162,251) for the three months ended December 31, 2024.
- The Company incurred management fees of \$37,972 (2023: \$43,653) related to the Safekeeping Agreement for vanadium between the Company and Largo.
- The Company incurred director fees of \$39,452 (2023: \$37,397).
- The Company recorded an unrealized foreign exchange gain/(loss) of \$42,675 (2023: \$(2,237)) in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax recovery nil (2023: \$nil).

Year ended December 31, 2023:

The Company's net and comprehensive loss for the year ended December 31, 2023, was \$6,918,239, (December 31, 2022: \$838,096) with basic and diluted loss per share of \$0.41 (2022- \$0.16). Key operational highlights for the year ended December 31, 2023, are as follows. The major reason for the deviation between the year under comparison is the fact that the Company was incorporated on January 20, 2022, and very few operational expenses had been incurred, and the Company had less vanadium on hand compared to 2023, which resulted in lower gains and losses related to vanadium in 2022. Other expenses such as professional and listing fees were higher in 2022 due to the added cost of legal and professional fees incurred on incorporation and start-up.

- The Company incurred certain legal, accounting, and other professional fees of \$620,784 for the year ended December 31, 2023 (2022: \$475,947).
- The Company incurred management fees of \$215,866 related to the Safekeeping Agreement for vanadium between the Company and Largo. (2022: \$58,031).
- The Company incurred director fees of \$224,246 (2022: nil).

From October 1, 2023, to December 31, 2023:

The Company's net and comprehensive loss for the three months ended December 31, 2023, was \$1,622,213, (December 31, 2022: \$135,056). Key operational highlights for the three-month period are as follows. The differences between the two periods relates to the fact that LPV had just begun operations in January of 2022 so by December 2022 very few operational expenses had been incurred, and the Company had less vanadium on hand compared to 2023, which resulted in lower gains and losses related to Vanadium in 2022.

- The Company incurred certain legal, accounting, and other professional fees of \$162,251 for the three months ended December 31, 2023.

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

- The Company recorded a total loss of \$6,167,773 on the revaluation of vanadium (2022: profit of \$881,954) due to a decrease in the price of vanadium. The Company recorded a total loss of \$6,121,182 on the revaluation of vanadium due to a decrease in the price of vanadium. This balance is comprised of \$6,167,773 on the revaluation of 1,060 MT of vanadium held as of December 31, 2023, offset by a realized gain on the sale of vanadium of \$46,591.
- The Company recorded an unrealized foreign exchange gain of \$49,064 in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax recovery of \$329,716 due to the loss on revaluation of vanadium.
- The Company incurred management fees of \$43,653 related to the Safekeeping Agreement for vanadium between the Company and Largo.
- The Company incurred director fees of \$37,397.
- The Company recorded an unrealized foreign exchange loss of \$2,237 in relation to transactions in currencies other than the Company's functional currency.
- The Company recognized a deferred income tax recovery nil.

***Statement of Cash Flows***

	<b>For the year ended December 31, 2024</b>	<b>For the year ended December 31, 2023</b>
Cash flows used in operating activities	\$ 165,275	\$ 3,363,625
Cash flows used in investing activities	\$ (49,006)	\$(8,995,671)
Cash flows from financing activities	\$ -	\$ -

On December 31, 2024, the Company had \$864,177 (December 31, 2023: \$781,713) in cash. As of December 31, 2024, the Company held no cash equivalents (December 31, 2023: nil).

***Operating Activities:***

Cash flows used in operating activities were a result of the comprehensive loss for the year ended December 31, 2024, of \$2,649,887 (December 31, 2023: \$6,918,239), with the following adjustments:

- Non-cash adjustments of \$1,684,254 (December 31, 2023: \$6,167,773) for the unrealized gain on the change in fair value of vanadium held which is offset by a realized (gain)/loss on sale of vanadium for \$144,463 (2023: (46,591)).
- Non-cash adjustment of \$33,805 (December 31, 2023: \$(39,787)) for unrealized foreign exchange (gain)/loss incurred for the year.
- Non-cash adjustment of \$nil (2023: \$nil) for the recognition of deferred tax recovery which resulted in a nil balance for the deferred tax liability on December 31, 2024.
- Change in the Company's working capital balance and non-cash adjustments resulted in a positive cash flow of \$165,276 (December 31, 2023: \$3,363,625).

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

Investing Activities:

- For the year ended December 31, 2024, the Company completed the purchase of 40MT of vanadium \$550,351.
- As of December 31, 2024, the Company sold 25MT of vanadium for \$645,808

Financing Activities:

No cash flows were used or raised in the Company's financing activities for the period ended December 31, 2024 (December 31, 2023: \$nil).

**Quarterly financial information**

Period	Income (loss) <sup>1</sup>	Net (loss) income	Basic earnings (loss) per share	Diluted loss per share	Total assets	Non-current liabilities
Q4 2024	\$ 502,378	\$ 169,549	\$ 0.01	\$ 0.01	\$18,211,172	-
Q3 2024	\$(1,315,818)	\$(1,455,508)	\$(0.09)	\$(0.09)	\$17,844,864	-
Q2 2024	\$ (362,942)	\$ (633,415)	\$(0.04)	\$(0.04)	\$19,969,323	-
Q1 2024	\$ (634,800)	\$ (803,788)	\$(0.05)	\$(0.05)	\$19,391,029	-
Q4 2023	\$(1,138,393)	\$(4,305,338)	\$(0.41)	\$(0.41)	\$20,796,534	-
Q3 2023	\$(2,322,103)	\$(2,683,125)	\$(0.16)	\$(0.16)	\$22,238,088	-
Q2 2023	\$(5,767,744)	\$(5,990,868)	\$(0.29)	\$(0.29)	\$24,837,169	-
Q1 2023	\$ 3,263,061	\$ 2,241,768	\$ 0.13	\$ 0.13	\$31,047,482	\$1,136,199

<sup>1</sup> Income (loss) includes the gain or loss on revaluation of vanadium.

- For the three months and year ended December 31, 2024, the Company had an unrealized gain/(loss) on physical vanadium of \$497,709 and \$(1,684,254), respectively (for the three months and year ended December 31, 2023 – \$1,138,393 and \$6,167,773 respectively).
- During the year ended December 31, 2024, the Company sold 25MT of vanadium for \$501,345 which was originally purchased for \$645,808. This resulted in a difference of \$202,594 which was used to reduce cash payments to Largo Commodities Trading Limited (“LCTL”) for additional purchases. This transaction was done to swap trioxide for ferrovandium.
- The Company pays safekeeper fees, technical advisory fees, legal and accounting fees, management fees, general and administrative fees, filing and listing fees payable to applicable securities regulatory authorities and the TSX-V. During the three months and year ended December 31, 2024, the Company incurred expenses of \$225,736 and \$804,130 (2023-\$325,580 and \$1,175,837), respectively. This included \$37,972 and \$160,388 (for the three months and year ended December 31, 2023 – \$43,653 and \$215,866 respectively) in management fees payable to Largo, SCP and Term Oil, and \$nil in

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

transaction and/or technical advisory fees.

- The Company held 1,075MT of physical vanadium products comprised of ferrovandium, vanadium pentoxide and vanadium trioxide as of December 31, 2024. As of December 31, 2024, the spot price of physical vanadium was \$13.69 (2023: \$15.21) per kg of vanadium compared to the weighted average cost of \$18.47 (2023: \$18.67) per kg V.
- The Company's common shares closed at \$ 0.89 per share on the TSX-V on December 31, 2024.
- It is worth noting that the fair value of vanadium held is greater than the market capitalization of the Company. It is speculated that this is because of a lack of liquidity of the shares, in part, due to the lack of public float.
- The Company's cash operating costs for the three months and year ended December 31, 2024, were \$224,316 and \$802,710 (2023-\$325,580 and \$1,175,837) respectively and amounted to approximately 1.27% and 4.54% (2023: 1.60% and 5.78%) of the average net assets, respectively. Cash operating costs are a non-GAAP measure and are calculated for the applicable period as total expenses per the audited statement of comprehensive income/loss less non-cash listing fees, gain (loss) on revaluation of vanadium, and net of foreign exchange gains (losses).

***Ratios and Supplemental Data***

Physical vanadium:

As of December 31, 2024, the Company entered into various agreements relating to the purchase of physical vanadium as described below. A reconciliation of vanadium products, held by the Company as of December 31, 2024, is as follows:

	<b>Volume (MT)</b>	<b>Amount (\$)</b>
Opening balance as of January 1, 2024	1,060	19,084,323
Purchases during the period	40	550,351
Proceeds on sales during the year	(25)	(501,345)
Change in fair value	-	(1,828,717)
Ending balance as of December 31, 2024	1,075	17,304,612

Location wise segmented information:

	<b>South Korea</b>	<b>Netherlands</b>	<b>Canada</b>	<b>Total</b>
<b>December 31, 2024</b>				
Current assets	\$ -	\$ -	\$ 906,561	\$ 906,561
Non-current assets - Vanadium	2,337,099	6,994,125	7,973,389	17,304,613
	<b>South Korea</b>	<b>Netherlands</b>	<b>Canada</b>	<b>Total</b>
<b>December 31, 2023</b>				
Current assets	\$ -	\$ -	\$ 1,712,211	\$ 1,712,211
Non-current assets - Vanadium	2,558,686	8,416,272	8,109,365	19,084,323

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

Other ratios and supplemental data:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total net asset value <sup>1</sup>	\$ 18,211,172	\$ 20,347,553
Number of common shares outstanding	16,816,799	16,816,799
Quarterly management expense ratio <sup>2</sup>	1.27%	1.60%
Annual management expense ratio	4.54%	5.78%
Net asset value per share	\$ 1.05	\$ 1.21
Net asset value per kg of vanadium <sup>3</sup>	\$ 16.46	\$ 19.20
Closing share price - TSX-V	\$ 0.62	\$ 1.10

1 Net asset value is a non-GAAP measure and is equal to total assets, less total liabilities on the statement of financial position.

2 Management expense ratio is a non-GAAP measure and is calculated based on total expenses (including applicable Canadian taxes and excluding commissions) for the stated period and is expressed as a percentage of average net asset value during the period.

3 Net asset value per kg of vanadium is a non-GAAP measure and is calculated as total net asset value divided by the amount of vanadium on hand (includes vanadium as well as prepaid inventory).

Total Net asset value

Net asset value is a non-GAAP measure and is equal to total assets, less total liabilities on the statement of financial position.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total assets	\$ 18,211,172	\$ 20,796,534
Total liabilities	(620,599)	(448,981)
Total net asset value	\$ 17,590,573	\$ 20,347,553

Management expense ratio

Management expense ratio is a non-GAAP measure and is calculated based on total expenses (including applicable Canadian taxes and excluding commissions) for the stated period and is expressed as a percentage of average net asset value during the period.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total expenses	\$ 911,223	\$ 1,175,837
Average net assets	17,590,573	20,347,553
Management expense ratio	5.18%	5.78%

Net asset value per share

Net asset value is a non-GAAP measure and is equal to total net assets divided by the total number of shares outstanding.

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total net assets	\$ 17,590,573	\$ 20,347,553
Total shares outstanding	16,816,799	16,816,799
Net asset value per share	\$ 1.05	\$ 1.21

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

Net asset value per kg of vanadium

Net asset value per kg of vanadium is a non-GAAP measure and is calculated as total net asset value divided by the quantity of vanadium on hand (does not include prepaid inventory).

		Year ended December 31, 2023	Year ended December 31, 2023
Total net assets	\$	17,590,573	\$ 20,347,553
Total vanadium (KG)		1,075,000	1,060,000
Net asset value per KG	\$	16.36	\$ 19.20

Cash operating costs

Cash Operating Costs	Three months ended December 31, 2024 Amount (\$)	Year ended December 31, 2024 Amount (\$)
Bank Charges	318	1,439
Professional fees	201,315	390,339
Storage and customs	48,198	173,626
Management fees	37,973	160,388
Director Fees	39,452	151,233
General and administrative	5,573	34,198
<b>Total cash operating costs</b>	<b>332,829</b>	<b>911,223</b>
<b>Net assets</b>	<b>17,590,575</b>	<b>17,590,575</b>
<b>Average net assets</b>	<b>1.89%</b>	<b>5.18%</b>

**LIQUIDITY**

As of December 31, 2024, the Company's operations have been financed from cash held. The cash was generated through the issuance of shares. The period from incorporation on January 20, 2022, to December 31, 2024, consisted of the issuances of shares as summarized below:

January 20, 2022, to December 31, 2022	Number	Amount (\$)
Issuance of shares	316,600	463,284
Private placement	15,110,000	21,653,998
Issuance of shares for in-kind contribution <sup>1</sup>	890,000	5,317,360
Shares issued in Qualifying Transaction	500,199	669,246
<b>Total</b>	<b>16,816,799</b>	<b>28,103,888</b>
<b>Year ended December 31, 2023</b>		
Issuance of shares	-	-
Private placement	-	-
Issuance of shares for in-kind contribution	-	-
Shares issued in Qualifying Transaction	-	-
<b>Total</b>	<b>16,816,799</b>	<b>28,103,888</b>

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

Year ended December 31, 2024

Issuance of shares	-	-
Private placement	-	-
Issuance of shares for in-kind contribution	-	-
Shares issued in Qualifying Transaction	-	-
<b>Total</b>	<b>16,816,799</b>	<b>28,103,888</b>

<sup>1</sup> The in-kind contribution from Q3 2022 was adjusted in Q4 2022 to reflect the correction of the valuation of vanadium contributed by Largo on September 15, 2022, resulting in an overstatement of the gain on revaluation of vanadium and related foreign exchange and tax impact. This correction is reflected prospectively in filings containing 3rd quarter 2022 financial information.

**Sources and uses of funds**

As of December 31, 2024, the Company had cash of \$864,177 (December 31, 2023: \$781,713), which it expects to primarily use to fund operating costs. Taking into consideration the amounts required to fund operating costs, the Company will expend substantially all funds raised on the purchase of physical vanadium. Pursuant to the Company's investment policy, 95% of the total net assets of the Company will be held in physical vanadium, provided however that in circumstances where the Company's Board believes that it is in the best interests of LPV, LPV may sell some or all of its holdings in physical vanadium, which circumstances may include where insufficient cash is available to fund operating costs.

On December 31, 2024, the Company did not generate any operating revenue and requires additional financing to meet its planned operations for the next twelve months. These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon the ability of the Company to generate positive cash flows from its operations, including through any sales of vanadium and to raise additional financing.

The MD&A does not have effect on any adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments may be material.

As of December 31, 2024, 95% (December 31, 2023: 94%) of the total net assets are held in vanadium.

The following table sets forth the funds anticipated to be spent in the 12 months 2025 fiscal year:

<b>Funds Expected to be Spent for Calendar 2025</b>		
Total available funds (approximate)	\$	864,000
<b>Funds expected to be used:</b>		
General and administrative expenses		760,000
Purchases of vanadium		-
<b>Total funds used</b>	<b>\$</b>	<b>760,000</b>

**CAPITAL MANAGEMENT**

The Company defines its managed capital as shareholders' equity, including common shares, and accumulated net and comprehensive loss. As of December 31, 2024, total managed capital was \$17,590,573 (December 31, 2023: \$20,347,553).

The Company's objective when managing capital is to maintain its ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders. Management continuously

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

assesses its working capital needs to assess whether it will be able to meet its investment objectives. The Company manages its capital structure under the supervision of its Board. The Company adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company could adjust its capital structure by issuing new equity or debt and controlling the amount it distributes to shareholders.

**ADDITIONAL DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The table below presents a breakdown of operating and general and administrative expenses:

	<b>Year ended December 31, 2024</b>	<b>Year ended December 31, 2023</b>
Professional fees	\$ 390,339	\$ 620,784
Storage and customs	173,626	(9,190)
Management fees	160,388	215,866
Director fees	151,233	224,246
General and administrative	34,198	68,137
Bank charges	1,439	2,214
Listing fees	-	53,780
<b>Total</b>	<b>\$ 911,223</b>	<b>\$ 1,175,837</b>

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**OFF-BALANCE SHEET ARRANGEMENTS**

As of December 31, 2024, the Company did not have nor was it subject to any off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

Key management personnel are those people who have authority and responsibility for planning, directing, and controlling the activities of the Company, comprised of the Company's directors and executive officers. During the year ended December 31, 2024, the Company paid professional fees totaling \$94,995 (December 31, 2023 - \$61,852), to Marrelli Support Services Inc, and certain of its affiliates, together referred to as the "Marrelli Group" for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the Chief Financial Officer of the Company, and (ii) corporate secretarial services and regulatory filing services. For the year ending December 31, 2024, the Company entered into various transactions relating to the purchase of vanadium from Largo. Additionally, the Company has entered into certain safekeeping and supply arrangements with Largo for the management and safekeeping of its physical vanadium.

During the year ended December 31, 2024, the Company incurred \$151,233 (December 31, 2023 - \$224,246) related to fees paid to the Board.

Transactions entered with Largo and LCTL during the year ended December 31, 2024, and December 31, 2023, were as follows:

- For the year ended December 31, 2024, the Company entered into a swap transaction of purchase and sale of vanadium with Largo, where it purchased vanadium for \$550,351 and sold vanadium costing \$645,808 for \$501,345. For the year ended December 31, 2023, 40 MT of vanadium products were sold to LCTL for \$932,947. These were swap transactions to profit from arbitrage opportunities

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

between different vanadium products. All such materials were sold to unrelated third parties on LPV's behalf and the proceeds were transferred to LPV on a pure "passthrough" basis (i.e., Largo or LCTL passed through the consideration received from the third parties to LPV and therefore did not themselves pay valuable consideration to LPV, and accordingly the transaction was not subject to Multilateral Instrument 61-101 – *Protection of Security Holders in Special Transactions* ("MI 61-101")). Even if such sales were subject to MI 61-101, the Company does not expect any transaction with Largo or LCTL that constitutes a related party transaction for the purposes of MI 61-101 will not be entitled to rely on the exemption in section 5.7(1)(a) of MI 61-101 or another exemption from minority approval under MI 61-101 and has procedures in place to manage conflicts of interest.

- For the year ended December 31, 2023, the Company purchased 540 MT of vanadium from LCTL for total consideration of \$10,943,926 and sold 80 MT of vanadium to LCTL with an original weighted average cost of \$1,918,219 for \$1,964,810. LCTL purchased/sold all such material from/to unrelated third parties on LPV's behalf and then onward transferred the vanadium/proceeds to LPV on a pure "passthrough" basis (i.e., Largo did not receive valuable consideration for such purchases [or sales], and accordingly they were not subject to MI 61-101). Even if such transactions were subject to MI 61-101, as previously noted the Company does not expect any transaction with Largo or LCTL that constitutes a related party transaction for the purposes of MI 61-101 will not be entitled to rely on the exemption in section 5.7(1)(a) of MI 61-101 or another exemption from minority approval under MI 61-101. As it relates to conflicts of interest, the Technical Advisory Agreement provides a process to manage any conflicts including the involvement of the Company's independent board members. The Company also addresses conflicts and expertise related matters via the financial advisory services provided by SCP under the Advisory Services Agreement, pursuant to which SCP provides recommendations on whether purchases of vanadium products reflect capital market conditions at the time of such purchase. See note 5.
- During the year ended December 31, 2024, the Company incurred management fees of \$160,388 (December 31, 2023: \$215,866) to Largo, Term Oil and SCP in exchange for management services under the technical advisory agreement between the Company and Largo as well as the Company, Term Oil and SCP dated April 14, 2022, as amended November 16, 2023.
- No transaction fees in relation to the supply agreements with Largo were incurred for the year ended December 31, 2024 (December 31, 2023 - \$nil).
- As of December 31, 2024, the Company had accounts payable and accrued liabilities payable to Largo of \$167,513 (December 31, 2023 - \$93,398).

#### **SUBSEQUENT EVENTS**

On February 4, 2025, Largo has amended its Safekeeping and Supply Agreements with LPV and assigned its Safekeeping Agreement to Storion, a joint venture between Largo and Stryten.

#### **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management is required to apply judgment and estimates in determination of appropriate provisions. By their nature, these judgments and estimates are subject to

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

measurement uncertainty and are reviewed periodically and adjustments, if necessary, are made in the period in which they are identified. Actual results could differ from those estimates.

### **Risk Management**

The Company's board of directors has overall responsibility for the determination of the Company's risk management objectives and policies while retaining ultimate responsibility for them. The Company is exposed to a variety of financial risks by virtue of its activities: market risk, credit risk, interest rate risk, liquidity risk and foreign currency risk.

Risk management is conducted by the board of directors, who identify and evaluate financial risks in close cooperation with management. The Company is not exposed to significant interest rate or credit risks arising from its financial instruments.

#### Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities and commitments. The Company's approach to managing liquidity risk is to monitor forecast spending so that it will have sufficient liquidity to meet liabilities when due. Being able to maintain sufficient liquidity is dependent upon many factors including, but not limited to the Company's ability to successfully execute our business plan and generate positive cash flows from operations, including through the sale of any vanadium and the ability to raise additional financing at acceptable terms in order to meet its planned operations for the next twelve months. Adverse changes in one or more of these factors negatively impact on the Company's ability to maintain sufficient liquidity. The Company continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

#### Market risk

Market risk arises from the possibility that changes in the market price of the Company's investment in vanadium will result in change in fair value of such investments. The Company closely monitors vanadium prices to determine appropriate investment strategies. If the price of vanadium increased or decreased by 5% with all other variables held constant, this would result in an increase or decrease in net income before tax of \$856,231.

#### Currency risk

Currency risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company's assets include cash held in Canadian dollars. Therefore, the Company is exposed to currency risk as fluctuations in the foreign exchange rate between the Company's functional currency and Canadian dollar may result in adverse impact for the Company.

### **RISK FACTORS**

The Company's business is, and will be, subject to numerous risks and uncertainties, including, but are not limited to, the following:

- the Company has a limited operating history;
- the performance of the Company is highly dependent upon the price of vanadium;
- the Company is dependent on certain key agreements with third parties;

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

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- the Company is subject to risks relating to the business and operations of Largo;
- Largo may not be able to build, finance and successfully operate its VRFB business;
- the vanadium market is small and highly concentrated, and therefore susceptible to swings in the availability of supply;
- demand for vanadium is highly dependent on demand for steel;
- there can be no assurance regarding the adoption of new use cases for vanadium;
- developments in China, EU and USA could have a negative impact on demand for vanadium;
- directors and officers of the Company may from time to time have conflicts of interest with the counterparties in key agreements;
- the business of the Company depends on key personnel and any inability to recruit and retain key personnel may adversely affect the business;
- there are risks associated with the safekeeping of vanadium;
- it may not be possible to obtain additional financing on acceptable terms, or at all;
- the objectives and benefits of transactions in vanadium may not be realized;
- there are risks associated with calculation and realization of net asset value ("NAV");
- there are risks associated with vanadium lending or relocation;
- the activities and financial results of the Company will be affected by changes in foreign exchange rates;
- the business of the Company are exposed to global economic conditions;
- reliance on various operating and financial systems and data which may expose LPV to cyber security threats;
- the Company is subject to risks associated with the production of vanadium;
- a large purchase of physical vanadium by the Company in connection with an offering may temporarily affect the price of vanadium;
- the requirements of being a public company may strain the Company's resources, divert management's attention, and affect its ability to attract and retain executive management and qualified board members;
- an active trading market may not develop for the Company's shares; and
- shareholders of the Company are at risk of equity dilution.

**United States Tariffs and Retaliatory Tariffs**

In February and March 2025, the new U.S. administration imposed new tariffs, including an additional 25% rate of duty on certain imports from Canada and Mexico and 10% on certain imports from China, subject to various exceptions. In response, Canada has applied tariffs on certain imports from the United States. The international trade disputes sparked by the tariffs imposed by the United States and other countries in

**LARGO PHYSICAL VANADIUM CORP.**  
**Management's Discussion and Analysis**  
**Year ended December 31, 2024**  
**Dated: April 24, 2025**

---

response thereto, including a further escalation in tariffs, retaliatory tariffs, and/or the withdrawal from, or changes to, international trade agreements, may have a negative impact on the Canadian and global economy and could adversely affect the Company's financial condition or the value of its vanadium assets. In addition, general uncertainty regarding possible future tariffs, international trade disputes and restrictive trade policies may have a negative impact on the Canadian and global economy and adversely affect the Company's financial condition or the value of its vanadium assets.

**ADDITIONAL INFORMATION**

Additional information relating to LPV is available under LPV's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).