

## **Sigma Lithium Provides Update on Pre-Construction, Project Financing and Participation at UN Climate Change Conference COP25**

*Speaks About “Green Lithium” at the World Climate Summit during UN Climate Conference COP25  
Signs a CAD 6.6 million Revolving Credit Facility with A10 Investimentos to Meet  
ESG Goals and Further Advance PFS at Second Deposit Barreiro*

Vancouver, British Columbia, December 10<sup>th</sup>, 2019: Sigma Lithium Resources Corporation (TSXV: SGMA) (OTCQB: SGMLF) (“Sigma” or the “Company”) is pleased to provide an update on its operational and corporate activities, the status of its ongoing efforts to further advance the Grota do Cirilo Project towards construction and to meet its sustainable development ESG goals. This update follows the filing, on November 29, of its financial statements (“3Q Statements”) and Management Discussion and Analysis (the “3Q MD&A”) of its financial and operating results for the three and nine months ended September 30, 2019.

### **OPERATING AND CORPORATE HIGHLIGHTS: SUBSEQUENT EVENTS TO 3Q 19**

#### **Sigma’s Chief Strategy Officer Speaks at World Climate Summit during the United Nations Climate Change Conference COP 25 in Madrid about “Leadership in Responsible Mining”.**

- Sigma Lithium is pleased to announce today that Ana Cabral-Gardner, Chief Strategy Officer presented at the World Climate Summit during the United Nations Climate Change Conference COP 25 on the panel covering the theme of “Leadership in responsible mining - mitigating the impacts of resource extraction” on November 8, in Madrid.
- She discussed the case study of Sigma as an ESG “green lithium” company and the role played by Sigma’s investors in providing the capital and the leadership to drive implementation of environmental and social best practices. Ms Cabral-Gardner highlighted how these key issues are part of a broader movement spearheaded by ethical and ESG-focused investors driving sweeping changes in practices across the mining industry as a whole.
- Excerpts from Ms Cabral-Gardner’s speech include:
- “In battery materials, we start with a consumer who is very knowledgeable about carbon emissions and this is why he is buying an electric car to begin with. That consumer is demanding carbon neutrality, carbon consciousness and sustainability, throughout the value chain...when one thinks about the cathodes... it will be counterintuitive to buy a car to decarbonize the environment if upstream you are burning coal to produce lithium, nickel or using child labor to produce cobalt.”
- “In this [EV] industry a paradigm is being broken [from the ICE days], whereby now ‘upstream matters’ and therefore, upstream practices matter too. So ultimately, in the very last step of the value chain...the OEM hears this [message from the consumer], because they are tuned into what their customer wants. So there is a “push for provenance” in battery materials, and at Sigma we sense

*that in the contracts [for lithium offtakes]. Sigma is in binding offtake discussions with some of the EV industry leading participants in great part because of the [differentiation] of the “green lithium” Sigma is 100% hydro, it is 100% environmentally conformed to dry stacking and other best practices. So even though the green price differentiation hasn’t yet happened in metals and it isn’t expected, it has been translated into displacement value: you get the best contracts, you get to sell the big volumes...”*

- *“Sigma produces environmentally sustainable high-quality high-grade lithium concentrate from its pilot plant on site in Brazil... and the Company has some of the world’s largest and richest deposits of spodumene ore... and we set out to develop it since the very beginning six years ago as an ESG green mining case study, pioneering amongst lithium companies ... and we did that by focusing 15% of the capex towards always keeping up with best environmental practices [management and rehabilitation] and obviously focusing on the way [electric] power was sourced to benefitiate the material [lithium].”*
- *“Four examples of actions include dry-stacking tailings management from inception at the pilot plant to investing in water recirculation equipment that would lead the company to recycle 90% of the water...so there is an enormous focus on water efficiency. And then there is energy efficiency, 100% of the energy is green, power is sourced from hydro.”*
- *“More importantly there is the “S” in ESG, the Company works in a region with the second-lowest IDH [index of human development] in Brazil and one of the lowest in the world... So [Sigma] is transformational as we become the largest investor by a factor of 20x in the region with massive social impact. This has been our mission and just demonstrates that with the right purpose and the right will we can become a great example even though we are a relatively small mining company on a small budget.*
- *But why? Because being in battery materials... the purpose of that value chain is to decarbonize at the “mobility-end” of the value chain. So if we do not behave accordingly by being 100% green and by powering the energy with 100% green energy and enforcing those practices all along, we would not be a sustainable member of that [EV] value chain.*

## **Signs a CAD6.6 million Revolving Credit Facility with A10 Investimentos to Meet ESG Goals and Further Advance Second Deposit into Pre-Feasibility.**

- A10 Investimentos and its affiliates (“A10 Group”) continues to support Sigma in meeting its development and construction timetable as well as strategic environmental and social ESG goals. On November 29, A10 Group provided Sigma with a CAD6.6 million (USD5 million) senior unsecured revolving credit facility to complete the pre-feasibility study for the Barreiro deposit, to meet the current social-economic obligations under the environmental licensing as well as for general corporate purposes. The facility bears interest at 11% per annum (calculated in US Dollars from the day funds are drawn) and it has a one-year term, which is the maturity day for all funds drawn, if any. Each disbursement under the facility is subject to A10 Group’s approval.
- This credit facility is a related party transaction for Sigma for purposes of Multilateral Instrument 61-101 (“MI 61-101”) and Policy 5.9 of the TSX Venture Exchange (which incorporates by reference MI 61-101) because Ana Cabral-Gardner, Marcelo Paiva and Anna Hartley are officers and/or directors of Sigma as well as principals of the A10 Group. In accordance with applicable law, the credit facility agreement was reviewed and unanimously approved by the directors of Sigma

other than those related to the A10 Group. The credit facility, which is not convertible into securities of Sigma, is exempt from the formal valuation and minority approval requirements under MI 61-101 because the fair market value of the transaction is below 25% of Sigma's market capitalization. It is also exempt from the minority approval requirements under MI 61-101 because the facility is on reasonable commercial terms and is not convertible into securities of Sigma

### **Selection of Global Engineering Contractor for Construction of Plant on a 'Lump Sum Turnkey Basis' Capped by a Gross Maximum Price**

- Sigma invited global engineering firms to conduct due diligence and submit proposals for engineering and procurement services for the construction of the commercial production plant (the "Plant") and the production complex. The Plant will be based on the design prepared by Primero Group Ltd for the FS Technical Report (as defined below) for the Xuxa Deposit, supporting a 1.5 Mtpa lithium concentrate processing operation with an output capacity of approximately 220,000 tonnes per year.
- Sigma requested that the construction costs described in the proposals be fixed price lump sum turnkey not exceeding a gross maximum price to be determined to be determined following due diligence. By securing the EPC contacts as gross maximum price, Sigma is seeking to manage the capex budget during construction, and thus, avoid the risk of cost overruns.
- Due to Primero Group's previous experience in building similar lithium processing plants in Western Australia, as well as the depth of analysis conducted to prepare the Plant design in the FS Technical Report, Sigma believes the gross maximum price proposals will be in line with the capital expenditures outlined in the FS Technical Report.

### **Barreiro Pre-Feasibility Study, Project Financing and Capital Structure**

- *Pre-Feasibility Barreiro*: Sigma continues its pre-feasibility study for the Barreiro deposit. Subject to completion of all related feasibility studies and assessments, Sigma aims to increase Project production capacity of high-quality battery-grade 6% lithium concentrate to 440,000 tonnes per year from an initial 220,000 tonnes.
- *Project Financing and Capital Structure*: Sigma expanded the group of financial institutions involved in the discussions of project financing to five commercial banks, one Brazilian development bank and one international development bank. The Company is actively engaged in structuring the debt and equity financing package for the construction of the Plant targeting a cost-effective and optimized capital structure that matches the risk and ESG profile of the Project.
- *Feasibility Study of Xuxa Deposit and Plant*: On November 7<sup>th</sup>, 2019 Sigma filed its National Instrument 43-101 technical report on the feasibility study on the Xuxa deposit (the "FS Technical Report"), which is dated October 18 2019 and has an effective date of September 16 2019, on SEDAR.
  - The FS Technical Report (titled "Grota do Cirilo Lithium Project, Araçuaí and Itinga Regions, Minas Gerais, Brazil, National Instrument 43-101 Technical Report on Feasibility Study Final Report") supports an average annual production for 9.2 years of 220,000 tonnes

of coarse green and high-quality battery grade 6% lithium concentrate (“Lithium Concentrate”) at the Xuxa deposit and Plant with projected cash operating costs of US\$ 238 per tonne of Lithium Concentrate (cash cost CIF China of US\$ 342 per tonne of Lithium Concentrate), among the lowest costs globally.

- The FS Technical Report positive results projected for the Xuxa deposit an after tax NPV of US\$ 249 million, an IRR of 43%, payback period of 3.1 years and a Capex of US\$ 98.4 million. The positive economics of the FS Technical Report provides a strong platform for Sigma to continue to develop its extensive mineral properties, which include nine past-producing lithium mines

### **THIRD-QUARTER FINANCIAL HIGHLIGHTS**

This section should be read in conjunction with the Q3 Statements and the Q3 MD&A, which are available on the Company’s website and SEDAR. Selected consolidated financial information is presented as follows:

<i>(In CAD million, except per share information)</i>	3Q 2019	3Q 2018	9M 2019	9M 2018
Total assets	20.24	18.02	20.24	18.02
Exploration and evaluation assets	17.44	7.77	17.44	7.77
Cash and cash equivalents	1.50	9.44	1.50	9.44
Working capital	(4.21)	5.66	(4.21)	5.66
Total liabilities	11.55	6.41	11.55	6.41
Shareholders’ equity	8.69	11.62	8.69	11.62
General and administrative expenses	1.01	2.33	3.71	6.06
Net income/(loss) for the period	(1.99)	(3.16)	(4.86)	(11.33)
Basic and fully diluted income/(loss) per share	(0.02)	(0.04)	(0.07)	(0.27)

- Net income for the three months ended September 30, 2019 was a loss of CAD1.99 million, which declined from a loss of CAD3.16 million in the three months ended September 30, 2018. The improvement was mainly due to a 57% year-on-year fall in general and administrative expenses driven by a reduction in corporate support costs and personnel in Brazil following the FS completion. The Company continues to assess these costs to ensure that cost-effective choices are being made.
- Exploration and evaluation assets were up by 124% on a year-on-year basis to CAD 17.44 million as of September 30 2019. The increase reflects mostly the completion of a substantial drilling programme undertaken at Sigma’s Grota do Cirilo property, which more than tripled the amount of measured and indicated mineral resources to 45.7 million tonnes as discussed in the Company’s press release dated January 10<sup>th</sup>, 2019.
- The Company does not generate cash from mining operations. During the nine months ended September 30<sup>th</sup>, 2019, the Company received a Pre-Payment from Mitsui & Co. Ltd. (“Mistui”) in the amount of CAD 4,007,100 (US\$3,000,000). In addition, broker warrants were exercised providing cash proceeds of CAD 137,695. The Company’s aggregate operating, investing and financing activities during the nine months ended September 30<sup>th</sup>, 2019 resulted in a net cash and cash equivalents position of CAD 1,503,303 and a negative working capital of CAD 4,214,713.

- The rise in total liabilities from CAD6.41 million as of September 30<sup>th</sup>, 2018 to CAD 11.55 million as of September 30<sup>th</sup>, 2019 was mostly due to the addition of CAD4.01 million (USD 3.00 million) in deferred revenue, which corresponds to an initial tranche of a Pre-Payment made by Mitsui & Co. Ltd. of Japan, which is part of a USD 30 million Pre-Payment facility agreed in exchange for production offtake rights, as outlined in Sigma’s press release dated April 5 2019.

## **ABOUT SIGMA LITHIUM**

Sigma is a Canadian company and produces environmentally sustainable battery-grade lithium concentrate on a pilot scale since 2018, shipping high-quality above 6% Li<sub>2</sub>O coarse lithium concentrate samples to potential customers in Asia. Based on the technical report titled “Grotta do Cirilo Lithium Project, Araçuaí and Itinga Regions, Minas Gerais, Brazil, National Instrument 43-101 Technical Report on Feasibility Study Final Report”, dated October 18 2019 and with an effective date of September 16<sup>th</sup>, 2019 (the “FS Technical Report”), a larger-scale lithium concentration commercial production plant will contemplate a capacity of 220,000 tonnes annually of battery-grade low-cost lithium concentrate. Sigma will be amongst the lowest-cost producers of lithium concentrate globally. Sigma is on track to achieve commercial production by 2021 of its “green” 6% battery-grade lithium-concentrate with low impurities, which will be engineered to customer specifications in the fast-growing lithium-ion battery supply chain.

To secure a leading position supplying the clean mobility and green energy storage value chain, Sigma has adhered to the highest standards of environmental practices in line with its core values and mission since starting activities in 2012. Sigma’s production process is powered by hydroelectricity and the Company utilizes state-of-the-art dry-stacking tailings management and water-recycling techniques in its beneficiation process. Its corporate mission is to execute its strategy while embracing strict ESG principles. Sigma’s shareholders include some of the largest ESG-focused institutional investors in the world.

## **QUALIFIED PERSONS**

The FS Technical Report was prepared by leading mining consultancies and professional service firms SGS Geological Services, Worley Parsons and GE21 Consultoria Mineral. Individuals who were responsible for parts of the FS Technical Report, each of whom is a qualified person as defined by National Instrument 43-101 and independent of Sigma, were: (i) Marc Antoine Laporte, P.Geo., M. Sc., of SGS Canada Inc., (ii) Ara Erzingatzian, P.Eng, of Primero Group Americas Inc., (iii) Kiedock Kim, P.Eng. Lead Process Engineer, of Primero Group Americas Inc. (iv) Porfirio Cabaleiro Rodriguez, Mining Engineer of GE21 (v) Frederic Claridge, M.S., P.Eng., Senior Technical Director, Advisian Americas, a division of WorleyParsons Canada Services Ltd., (vi) Lucas Duarte, P.Eng., MSc, PMP.

## **FOR ADDITIONAL INFORMATION PLEASE CONTACT**

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### **FORWARD-LOOKING STATEMENTS**

*This news release contains forward-looking statements relating to Sigma's objectives, the potential for increased resources, concentration plant construction and expected production levels, achieving sustainable production and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: the state of the economy in general and capital markets in particular, the availability of project financing on reasonable terms, investor interest in the business and future prospects of Sigma and the settlement of definitive offtake and other commercial agreements.*

*The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, Sigma disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, Sigma undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.*

*The key risks and uncertainties that could cause actual results or the material factors and assumptions applied in preparing forward-looking information to differ materially from predictions, forecasts, projections, expectations or conclusions are discussed in the "Risk Factors" section of Sigma's annual information form for the year ended December 31, 2018. We caution that the foregoing list is not exhaustive of all possible factors.*

*For more information on the risks, uncertainties and assumptions that could cause our actual results to differ from current expectations, please refer to our public filings available at [www.sedar.com](http://www.sedar.com). Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*