



Sigma Provides an Update on Engineering and Construction Contract for its Grota do Cirilo Project and 2020 First Quarter Results

VANCOUVER, British Columbia, June 15, 2020 -- SIGMA Lithium Resources Corporation (“Sigma” or the “Company”) (TSX-V: SGMA) (OTC- QB: SGMLF) is pleased to announce the successful completion of the first phase of early contractor involvement (the “ECI”) with Duro Felguera S.A of Spain (“DF”), which provided an updated multicurrency gross maximum price (the “Multicurrency GMP”) of US\$22.8 million (US Dollars) and R\$182.1 million (Brazilian Reais) for the engineering, procurement and construction (“EPC”) of the Grota do Cirilo lithium project in Brazil (the “Project”). The Multicurrency GMP is lower than estimated in the Feasibility Study Report, as outlined below.

As part of the ECI, DF: (i) updated its due diligence on the Project based on the more recent documentation and information provided by the Company, (ii) reconfirmed quantities and pricing in the overall expected capital expenditure (“Capex”) for the Project provided in the Feasibility Study Report (defined below), (iii) established the Multicurrency GMP for the process plant and associated infrastructure and (iv) submitted a Multicurrency GMP proposal and schedule to progress to the next phase.

Sigma and DF have entered into a memorandum of understanding (the “MOU”) which includes (among its provisions) the following:

- *Multicurrency GMP.* The construction cost for plant and infrastructure in the Multicurrency GMP of US\$59 million (the USD:BRL translation was calculated utilizing the exchange rate of US\$ 1 = BRL 5.05) is lower than the US\$66 million estimated in the NI 43-101 Technical Report on Grota do Cirilo Project Feasibility Study filed on SEDAR on November 6, 2019 (the “Feasibility Study Report”). The approximate 30% devaluation of the Brazilian Real since then had the overall effect of decreasing the Capex of the Project, a material portion of which is expected to be sourced domestically in Brazil and is, therefore, to be denominated in Brazilian Real.
- *EPC Contract.* DF will prepare a proposal for a contract for the EPC for the Project (the “EPC Contract”). The EPC Contract is to include a multicurrency Lump Sum Turnkey Price (“LSTK Price”), which is to be based on the Multicurrency GMP of US\$22.8 million (US Dollars) and R\$182.1 million (Brazilian Reais) for the engineering, have a break-down by currency and is not to exceed the Multicurrency GMP.
- *Mediation of Financial Services:* DF’s services are to include assisting the Company in obtaining Project financing by introducing and supporting the Company with different potential lenders, including export financing & development government agencies.
- *Subcontractor:* The MOU contemplates that Primero Group Americas, a subsidiary of Primero Group of Australia, will be the subcontractor to execute engineering services for the Project.

Sigma’s Chief Executive Officer Calvyn Gardner said: “We look forward to working closely with Duro Felguera, which will join Primero as an EPC partner to build our Grota do Cirilo Project. An engineering construction company with the right skillset is critically important to the success of the Project – including through value engineering analysis and procurement efficiency measures – which are expected to provide savings and reduce the total estimated infrastructure capital cost of the Project. DF’s expertise in successfully managing lump sum turnkey fixed price EPC contracts was palpable during our negotiations. The Multicurrency GMP in US dollars and Brazilian Real, eliminating procurement cost volatility and simplifying the Project financing structure, is a clear indication of DF’s experience in EPC contacts in Brazil.”

FIRST QUARTER 2020 FINANCIAL RESULTS

Sigma’s financial statements and MD&A for the three months ended March 31, 2020 were filed on SEDAR on June 11, 2020.

Selected consolidated financial information is presented as follows:

<i>(in CAD \$thousands except per share information)</i>	Three months ended March 31, 2020	Three months ended March 31, 2019
General and Administrative Expenses	(425.0)	(1,072.9)
Net Loss	(263.1)	(1,455.0)
Net Comprehensive Loss	(1,983.0)	(1,620.4)
Loss per Common Share - Basic and Diluted	0.00	(0.02)
	Three months ended March 31, 2020	Three months ended December 31, 2019
Cash and Cash Equivalents	60.7	103.6

Total Assets	19,483.1	20,927.2
Total Liabilities	(12,198.0)	(12,187.9)

The Company's net loss totaled \$263,138 for the three months ended March 31, 2020, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$1,454,976 with basic and diluted loss per share of \$0.02 for the three months ended March 31, 2019. The decrease in net loss of \$1,191,838 was principally because of a decline in general and administrative expenses, which totaled \$425,041 for the three months ended March 31, 2020 (three months ended March 31, 2019 - \$1,072,919). Despite the decrease in net loss, net comprehensive loss, which totaled \$1,983,034 (three months ended March 31, 2019 - \$1,620,376) rose on a year-over-year basis due to cumulative translation adjustments resulting from exchange rate variations.

The Company's total liabilities of \$12,198,019 at March 31, 2020 include mostly (i) deferred revenue of \$4,007,100 received as part of the production prepayment memorandum of understanding with Mitsui & Co. Ltd., (ii) payables to suppliers of \$2,410,931 and (iii) indebtedness to related parties of \$5,271,399 (consisting primarily of \$3,055,901 in a note payable for the acquisition of the final 11% interest in the now fully-owned Brazilian operating subsidiary of the Company (Sigma Mineração S.A.) and \$1,268,865 in amounts drawn and accrued interest on a credit facility with A10 Group, a group of companies owned by certain directors of the Company (the "**A10 Credit Facility**")).

Management believes that the Company has access to sufficient funds for its planned expenditures for the next 12 months and to meet certain ongoing obligations with third parties. The Company has considerable flexibility in terms of the pace and timing of Project costs and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The CAD\$6.6 million (US\$5 million) A10 Credit Facility provides additional support for the Company's needs. As of June 8, 2020, \$1,455,268 (US\$1,076,700) had been drawn in total and \$45,973 (US\$34,014) in calculated interest and \$43,927 (US\$32,500) in commitment and disbursement fees had been accrued on the facility, resulting in a liability of \$1,545,168 (US\$1,143,214). Moreover, management believes that, within the next 12 months, it will be able to access financing that will support the Company in meeting its construction timetable and funding its detailed engineering.

NEXT STEPS FOR SIGMA IN 2020 (SUBJECT TO COVID-19 DEVELOPMENTS)

It is not possible to reliably estimate the length and severity of the COVID-19 pandemic or its ultimate impact on the financial results and condition of the Company in future periods. However, as per federal government decree, the activities of both operational and pre-operational mining companies in Brazil are not subject to the COVID-19 related physical movement restrictions and shelter-in-place, lockdowns and state border restrictions imposed by certain states and municipalities.

However, due to international travel curtailments, the Company has been prioritizing Project activities that can be mostly executed with Brazilian-based personnel and that require a limited amount of inbound and outbound travel to and from Brazil. As announced on 19 May 2020, the Company's short and medium-term goals have not been materially impacted by the COVID-19 pandemic and excellent progress is being made on the pre-construction execution activities to advance the Project. Sigma plans to:

- Continue to work closely with the international and Brazilian financial institutions as well as with Brazilian development banks in order to finalize the debt and equity financing for the construction of the Project.
- Finalize negotiations with DF to conclude the EPC FEED Contract and initiate the detailed front-end engineering design and the EPC of the Project in the second phase of the ECI.
- Following the approval of the PAE (Plano de Aproveitamento Econômico), initiate the environmental licensing process for the Barreiro deposit, Sigma's second deposit slated for development (the "**Barreiro deposit**") and finalize the ongoing pre-feasibility study for the Barreiro deposit, validating the economic potential and production costs outlined in the PAE. Mining the Barreiro deposit, subject to completion of all related feasibility studies and assessments, has the potential to double the planned production capacity of the Project to 440,000 tonnes of lithium concentrate per year.
- Continue ongoing negotiations with offtake customers in order to enter into binding off-take agreements (interested parties to date include companies from the lithium, chemicals, battery and automotive sectors).

INDEPENDENT QUALIFIED PERSON

The technical and scientific information in this press release has been reviewed and approved by Marc Antoine Laporte, P.Geo., M. Sc., of SGS Canada Inc. Mr. Laporte is a Qualified Person as defined by National Instrument 43-101 and is independent of Sigma.

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% Li₂O 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 16th, 2019, a larger-scale lithium concentration commercial production plant will contemplate a capacity of 220,000 tonnes annually of battery-grade low-cost lithium concentrate and Sigma will be amongst the lowest-cost producers of lithium concentrate globally.

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.

FOR ADDITIONAL INFORMATION PLEASE CONTACT

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FORWARD-LOOKING STATEMENTS

This news release includes certain "forward-looking statements" under applicable Canadian securities legislation including statements relating to the ultimate duration, impact and severity of the COVID-19 pandemic (including its impact on financial markets and national and multinational economies generally, and its impact on the growth of the electric vehicle market and other impacts on the demand for lithium products) and other forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. All statements that address future plans, activities, events, or developments that the Company believes, expects or anticipates will or may occur are forward-looking information, including statements regarding the potential development of resources and drilling plans which may or may not occur. Forward-looking statements and information contained herein are based on certain factors and assumptions regarding, among other things, the ability to complete the Annual Filings and Interim Filings; the market price of the Company's securities, metal prices, exchange rates, taxation, the estimation, timing and amount of future exploration and development, capital and operating costs, the availability of financing, the receipt of regulatory approvals, environmental risks, title disputes, litigation risks, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes, claims and limitations on insurance coverage and other risks of the mining industry, changes in national and local government regulation of mining operations, and regulations and other matters including the COVID-19 pandemic. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. 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.

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