



Sigma is Awarded a Binding Commitment for a Development Bank Credit Line of C\$18,750,000 on ESG Attributes and Publishes Third Quarter Results

- Credit for 8 years with 3-year grace granted by development bank of the state of Minas Gerais
- Production of 220,000t per annum of Sustainable Lithium expected in the first quarter of 2022
- Updating Feasibility Study Report to include capacity increase to 440,000t per annum

Sigma will host an investor zoom video call December 9, 2020 at 12 noon (EST).

Investors can join the zoom video call link below:

<https://us02web.zoom.us/j/81554640437>

Zoom meeting number: 815 5464 0437

Alternatively, investors can join by phone using the following dial in:

North America: +1 646 558 8656, UK: +44 203 481 5237, Brazil: +55 11 4680 6788

VANCOUVER, British Columbia, December 7, 2020 - SIGMA Lithium Resources Corporation (“**Sigma**” or the “**Company**”) (TSX-V: **SGMA**) (OTC- QB: **SGMLF**) is pleased to announce that it received a binding commitment for a C\$18,750,000 (R\$75,000,000) credit line (“**Development Credit Line**”) from the Development Bank of the State of *Minas Gerais* (the “**BDMG**”), the state where Sigma’s Grota do Cirilo project (the “**Project**”) is located, in the Jequitinhonha Valley. The closing of the Development Credit Line is subject to the negotiation of definitive documentation and other customary closing conditions, followed by final credit approval for draw-downs. The Company is also announcing its financial and operating results for the three and nine months ended September 30, 2020 and providing a detailed progress update on the pre-construction activities of the Project.

DEVELOPMENT BANK CREDIT LINE

The Development Credit Line was awarded on December 2, 2020 of up to \$18,750,000 (R\$75,000,000) has an eight-year term, a three-year grace period and a floating annual interest rate indexed to SELIC (Brazilian Central Bank Federal Funds Rate, equivalent to 2%, as of the date of this news release), plus a credit spread, in line with the regulated table practiced by development banking institutions in Brazil. The proceeds will strengthen the Project’s financing and capital structure by lowering its cost of debt and lengthening its debt duration (maturity).

The President of BDMG, Sergio Gusmão Suchodolski stated: “The BDMG has intensified financing for the strategic and innovative sectors of the economy of the state of Minas Gerais. Undoubtedly, supporting the mining industry with an ESG perspective is one of the catalysts for sustainable development. Our own funding strategy contemplates the relationship with multilateral development institutions in order to attract financial resources, investments and generate a positive social impact”.

“As a development bank, we are confident in the success of the Sigma project, which has proved effective in aligning the economic value creation with the United Nations’ Sustainable Development Goals. This is a relevant and promising inflection point for the future of the mining activity in the state of Minas Gerais”, he added.

The funds for the Development Credit Line are being provided by global multilateral agencies for which the BDMG acts as a disbursement agent. These funds are directed to projects in line with the United Nations Sustainable Development Goals (“UN-SDGs”). Sigma was awarded the Development Credit Line by the BDMG taking into consideration in particular the Project’s achievements to date on certain UN-SDGs, notably: **(#1) “no poverty”**; **(#5) “gender equality”** (#7); **“affordable and clean energy”**; **(#9) “industry, innovation and infrastructure”**; **(#12) “responsible consumption and production”**; **(#13) “climate action”**; and **(#15) “life on land”**.

Sigma was formally recognized as a critical vector of development in the Jequitinhonha Valley, which is the poorest region of the state (and one the lowest per capita income areas in the world).

Ana Cabral-Gardner, Chief Strategy Officer and Co-Chairman of Sigma’s Board of Directors said: *“We are delighted with the award of the Development Credit Line by the BDMG. It will not only significantly improve our capital structure due to longer duration and grace period, but also solidify the support of the government of the State of Minas Gerais.”*

“This governmental support will allow Sigma to increase its transformational impact in the Vale do Jequitinhonha by enabling the Company to develop the regional human capital through a partnership with SENAI for technical training, as well as pursue a joint initiative towards implementing zero residue mining, by attracting to the Valley ancillary industries that use Sigma’s dry tailings as raw materials.

Sigma has been developing the Project with an ESG-centered strategy since it was founded: striving to be at the forefront of environmental practices, effecting economic impact in the community and maintaining a diverse Board with the transparency and compliance of a Canadian public company”, she added.

OPERATIONAL AND ESG HIGHLIGHTS

As a result of the recent significant improvement in the outlook for lithium demand for 2022 and onwards, specifically for ESG-compliant and sustainable lithium products, the Company added a number of workstreams at the Project, with the objective of solidifying its unique market leadership as a future supplier of low-carbon, sustainable, high-purity 6% battery-grade lithium concentrate (“**Sustainable Lithium**”). In parallel, the Company has been executing the detailed engineering pre-construction workstreams for development of the Xuxa deposit (Phase 1 of the Project), which includes building the Xuxa mine and a commercial production plant (the “**Commercial Production Plant**”).

Phase 1 production of 220,000 tonnes per annum of Sustainable Lithium is expected in the first quarter of 2022. In the first half of 2021, the Company expects to complete an update of the 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” (the “**Feasibility Study Report**”) to include the development of the Project’s Barreiro deposit, contemplating production at the rate of 440,000 tonnes per annum (Phase 2 of the Project).

The Company expects its pre-construction activities (including the EPC and “contract-readiness” of core construction suppliers) to be completed during the first half of 2021. A decision regarding construction could then be made by Sigma’s Board, which would be followed by the ordering of long lead items for the Commercial Production Plant. Phase 1 production commencement is expected in the first quarter of 2022.

Sigma’s strategic approach is the result of a thorough review of the Company’s priorities and aims to significantly increase the Project’s commercial and market importance on three fronts: future production, size of mineral reserves and scale of mineral resources, all while maintaining its strategic leadership in ESG & sustainability in the lithium supply chain.

- *Commercial Production Plant:* There are four main workstreams involved in the detailed engineering and pre-construction of the Commercial Production Plant: geotechnical structural assessment for the civil engineering

and foundations, front-end engineering design, EPC pre-procurement and contract readiness of construction suppliers (including long lead items).

- The front-end engineering design workstream is focusing on solutions for a future addition of a production line to process the spodumene ore to be mined from the Barreiro deposit in Phase 2 of the Project, including a trade-off analysis between operational and capital expenditures for the crushing module. The key objective is to maintain operational and processing efficiency and flexibility, while allowing for a potential earlier Stage 2 expansion.
- Xuxa Mine (Phase 1 of the Project): the main ongoing workstreams in the pre-construction activities of the Xuxa mine are geotechnical and hydrogeology validations at higher (detailed engineering) confidence levels and the optimization of the mining plan with two pit layouts under consideration.
 - In addition to potentially lowering the capital expenditure for the construction of the mine from the amount in the Feasibility Study Report, the mining plan optimization has the benefit of decreasing the suppression of vegetation in the construction of the pit and waste and tailings piles, enhancing the life cycle analysis of the Project by substantially decreasing its carbon footprint.
 - These validations at detailed engineering levels are a result of the ESG-centered decision of the Company to preserve the entire ecosystem of the Piauí stream, which provides a seasonal source of freshwater to the surrounding communities during the three-month rainy season in what is a semi-arid region.
- Barreiro Deposit (Phase 2 of the Project): There are two main ongoing workstreams in the development of the Barreiro deposit: the preparation of a pre-feasibility study by SGS Canada, which will update the Feasibility Study Report, and the environmental licensing process for the Barreiro mine, which is being developed to be fully integrated into the existing license for the Xuxa mine and the Commercial Production Plant.
 - Sigma has been working on an environmental impact study for the fauna and flora of the Barreiro mine area during dry and wet seasons since the second quarter of 2020. The EIA/RIMA integrated licensing request is expected to be filed in the first quarter of 2021.
 - Due to Sigma's ESG-centric strategy, the environmental approach to the Barreiro mine has been similar to that of the Xuxa mine, with the selection of former pasture areas for waste and tailings piles targeting the overall minimization of vegetation suppression. As a result, the overall life cycle analysis of the Project will continue to be enhanced in Phase 2, decreasing its mining carbon footprint.
 - The Company plans to initiate exploring financing options for the development of the Barreiro deposit, including the possibility of a strategic partner.
- Other Deposits: Sigma's strategic approach includes plans to increase more rapidly the scale of its mineral resources.
 - During 2020, the Company's own team evaluated the mineralogy potential of certain deposits on the Grota do Cirilo property that were not included in the Feasibility Study Report.
 - SGS Canada was engaged to prepare a drill plan based on the area's "brownfield status" and update the Project's mineral resources by adding the potential mineral resources of these deposits in line with National Instrument 43-101 criteria.
 - Following the completion of the pre-construction activities of the Xuxa mine involving geotechnical and geohydrology drilling, the drilling rigs on site will be redeployed to conduct this program.

- ESG & Sustainability: The Company has in place an ongoing comprehensive set of environmental and social programs, which aim to establish actions to proactively mitigate, prevent, control and compensate for the environmental impacts that could eventually be caused by the mining activity to be carried out by Sigma.
 - The Company designed these programs and actions based on the UN-SDGs. The programs that have been initiated and are ongoing are the following:

A solid waste management program, a waste reuse plan, an environmental education program, a program for the prioritization and professional training of local suppliers, an accident prevention program, a public health program, a social communication program, a maintenance and conservation program for permanent preservation areas and legal environmental reserves, an environmental management and supervision plan, a monitoring program for vegetation planted (including a nursery), a program for visual monitoring of environmental impacts and mitigating measures and specific conservation and several monitoring programs for endangered species.
 - Sigma engaged a specialist team and an ISO14000 third party reviewer to perform a Life Cycle Analysis including, but not limited to, the carbon emissions of the Project. The goal is to demonstrably measure its carbon footprint (and carbon credits), as well as its sustainable and green characteristics.

CORPORATE HIGHLIGHTS

The Minas Gerais state oversight board for sustainable economic development (*Grupo de Coordenação de Política Pública de Desenvolvimento Econômico Sustentável – GCPPDES*) has approved the Project as a “Priority Development Project” for the state. As a result, all of the state-level licensing and regulatory approvals for the Project were centralized under the special projects secretariat SUPRI (Secretaria Projetos Especiais), including environmental licensing as well as several tax deferral programs from SEFAZ (Secretaria da Fazenda). The new status should result in a fast tracking of these processes.

THIRD QUARTER 2020 FINANCIAL RESULTS

Sigma’s financial statements and MD&A for the three and six months ended September 30, 2020 were filed on SEDAR on December 3, 2020.

Selected consolidated financial information is presented as follows:

<i>(in CAD \$ except per share information)</i>	Three months ended September 30, 2020	Three months ended September 30, 2019
General and administrative expenses	(330,834)	(1,007,651)
Foreign exchange gain/(loss)	115,307	(879,443)
Other expenses	(114,200)	(104,873)
Net Loss	(329,727)	(1,991,967)
Cumulative currency translation adjustment	(45,202)	(423,425)
Net loss and comprehensive loss	(284,525)	(1,568,542)
Loss per common share - basic and diluted	0.00	(0.03)
	September 30, 2020	December 31, 2019
Cash and cash equivalents	16,071,957	103,640
Exploration and evaluation assets	18,136,954	19,388,092
Other assets	1,161,275	1,435,466
Total Assets	35,370,186	20,927,198
Suppliers	2,424,276	2,966,609
Debits with related parties	5,552,708	4,790,861

Deferred revenue	4,007,100	4,007,100
Other liabilities	324,458	423,353
Total Liabilities	12,308,542	12,187,923

- In order to finance certain incremental and ongoing workstreams incorporated into the Sigma’s strategy, the Company expects to have excess liquidity available under the Development Credit Line and its credit facility with the A10 Group (a group of companies owned by certain directors of the Company) (the “**A10 Credit Facility**”).
- At September 30, 2020, the company had C\$16.1 million in cash and cash equivalents. At the date of publication of this press release, the Company had C\$14.3 million in cash and cash equivalents and C\$2.5 million (US\$1.9 million) had been drawn under the C\$6.6 million (US\$5 million) A10 Credit Facility.
- Phase 1 of the Project, would be fully funded to production, as a result of: (i) the completion of its private placement offering in August 2020, (ii) the amount that remains to be disbursed under an offtake agreement with Mitsui & Co. and (iii) assuming the completion of the debt financing contemplated in the Company’s agreement with Société Générale (which is subject to completion of due diligence, credit approval, the negotiation of definitive documentation and other customary closing conditions).
- The significant reduction in net loss on a year-over-year basis was mainly due to the workstreams related to the preparation of the Feasibility Study Report having been executed during 2019, as well as strict cost saving initiatives implemented by management.
- The continued devaluation of the Brazilian Real led to a foreign exchange gain due to its’ positive impact on Real-denominated liabilities. It also led to a negative cumulative currency translation adjustment, which was added to comprehensive loss. The latter resulted mostly from the devaluation’s negative impact on the value of exploration and evaluation assets, which are held by Sigma’s wholly owned Brazilian subsidiary Sigma Mineração S.A. (“**SMSA**”) and are denominated in Brazilian Reais.
- At September 30, 2020, the Company’s liabilities consisted mostly of (i) C\$2.4 million in payables and accrued interest owed to suppliers, (ii) C\$4.0 million in deferred revenue, which was received from Mitsui & Co. Ltd. as an initial disbursement under an offtake agreement; and (iii) C\$5.6 million in debits with related parties: primarily C\$2.7 million in amounts drawn, fees and accrued interest on the A10 Credit Facility; and C\$2.2 million in the balance and accrued interest of a note payable issued for the acquisition of a remaining 11% interest in SMSA.

ABOUT SIGMA LITHIUM

Sigma is a Canadian company and has been producing environmentally sustainable battery-grade lithium concentrate on a pilot scale since 2018 and 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 “green” 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.

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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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