UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

☐ **Registration Statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☒ **Annual Report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2022
Commission File Number: 001-40786

SIGMA LITHIUM CORPORATION

(Exact name of Registrant as specified in its charter)

Canada	**1000**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

2200 HSBC Building
885 West Georgia Street
Vancouver, British Columbia
V6C 3E8
Tel: +55 11-2985-0089

(Address and telephone number of Registrant's principal executive offices)

C T Corporation System
28 Liberty Street
New York, New York 10005
Telephone: (212) 894-8940

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	SGML	The Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

104,710,042 Common Shares outstanding as of December 31, 2022

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

FORWARD-LOOKING STATEMENTS

Certain information and statements in this Annual Report on Form 40-F ("Annual Report") may constitute "forward looking information" within the meaning of Canadian securities legislation and "forward looking statements" within the meaning of U.S. securities legislation (collectively, "Forward Looking Information"), which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Sigma Lithium Corporation (the "Company"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such Forward Looking Information. All statements, other than statements of historical fact, may be Forward Looking Information, including, but not limited to, mineral resource or mineral reserve estimates (which reflect a prediction of mineralization that would be realized by development). When used in this Annual Report, such statements generally use words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this Annual Report. Forward Looking Information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and does not necessarily provide accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking Information, which is based upon what management believes are reasonable assumptions, and there can be no assurance that actual results will be consistent with the Forward Looking Information.

In particular (but without limitation), this Annual Report contains Forward Looking Information with respect to the following matters: statements regarding anticipated decision making with respect to the Grota do Cirilo Project, located in the state of Minas Gerais in Brazil (the "Project"); capital expenditure programs; estimates of mineral resources and mineral reserves; development of mineral resources and mineral reserves; government regulation of mining operations and treatment under governmental and taxation regimes; the future price of commodities, including (in particular) lithium; the realization of mineral resource and mineral reserve estimates, including whether mineral resources will ever be developed into mineral reserves; the timing and amount of future production; currency exchange and interest rates; expected outcome and timing of environmental surveys and permit applications and other environmental matters; potential positive or negative implications of change in government; the Company's ability to raise capital and obtain project financing; expected expenditures to be made by the Company on its properties; successful operations and the timing, cost, quantity, capacity and quality of production; capital costs, operating costs and sustaining capital requirements, including the cost of construction of the processing plant for the Project; and competitive conditions and the ongoing uncertainties and effects in respect of the military conflict in Ukraine.

Forward Looking Information does not take into account the effect of transactions or other items announced or occurring after the statements are made. Forward Looking Information is based upon a number of expectations and assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those disclosed in or implied by such Forward Looking Information. With respect to the Forward Looking Information, the Company has made assumptions regarding, among other things:

- General economic and political conditions (including, but not limited to, the impact of the continuance or escalation of the military conflict between Russia and Ukraine, and multinational economic sanctions in relation thereto).
- Stable and supportive legislative, regulatory and community environment in the jurisdictions where the Company operates.
- Stability and inflation of the Brazilian Real, including any foreign exchange or capital controls which may be enacted in respect thereof, and the effect of current or any additional regulations on the Company's operations.
- Anticipated trends and effects in respect of the COVID-19 pandemic and post-pandemic.
- Demand for lithium, including that such demand is supported by growth in the electric vehicle ("EV") market.
- Estimates of, and changes to, the market prices for lithium.

- The impact of increasing competition in the lithium business and the Company's competitive position in the industry.
- The Company's market position and future financial and operating performance.
- The Company's estimates of mineral resources and mineral reserves, including whether mineral resources will ever be developed into mineral reserves.
- Anticipated timing and results of exploration, development and construction activities.
- Reliability of technical data.
- The Company's ability to develop and achieve full capacity commercial production at the Project.
- The Company's ability to obtain financing on satisfactory terms to develop the Project, if required.
- The Company's ability to obtain and maintain mining, exploration, environmental and other permits, authorizations and approvals for the Project.
- The timing and outcome of regulatory and permitting matters for the Project.
- The exploration, development, construction and operational costs for the Project.
- The accuracy of budget, construction and operations estimates for the Project.
- Successful negotiation of definitive commercial agreements, including off-take agreements for the Project.
- The Company's ability to operate in a safe and effective manner.

Although management believes that the assumptions and expectations reflected in such Forward Looking Information are reasonable, there can be no assurance that these assumptions and expectations will prove to be correct. Since Forward Looking Information inherently involves risks and uncertainties, undue reliance should not be placed on such information.

In addition, Forward Looking Information with respect to the potential outlook and future financial results contained in this Annual Report is based on assumptions noted above and about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as at the date of such information. Readers are cautioned that any such information should not be used for purposes other than for which it is disclosed.

The Company's actual results could differ materially from those anticipated in any Forward Looking Information as a result of various known and unknown risk factors, including (but not limited to) the risk factors referred to under the heading "Risk Factors" in the Annual Information Form of the Company (the "AIF"). Such risks relate to, but are not limited to, the following:

- There can be no assurance that market prices for lithium will remain at current levels or that such prices will improve.
- The market for EVs and other large format batteries currently has limited market share and no assurances can be given for the rate at which this market will develop, if at all, which could affect the success of the Company and its ability to develop lithium operations.
- Changes in technology or other developments could result in preferences for substitute products.
- New production of lithium hydroxide or lithium carbonate from current or new competitors in the lithium markets could adversely affect prices.
- Phases 2 and 3 of the Project are at development stage and the Company's ability to succeed in progressing through development of such phases to commercial operations will depend on a number of factors, some of which are outside its control.
- The Company's financial condition, operations and results of any future operations are subject to political, economic, social, regulatory and geographic risks of doing business in Brazil.
- Inflation in Brazil, along with Brazilian government measures to combat inflation, may have a significant negative effect on the Brazilian economy and, as a result, the Company's financial condition and results of operations.
- Violations of anti-corruption, anti-bribery, anti-money laundering or economic sanctions laws and regulations could materially adversely affect the Company's business, reputation, results of any future operations and financial condition.
- Corruption and fraud in Brazil, whether relating to ownership of real estate or otherwise, could materially adversely affect the Company's business, reputation, results of any future operations and financial conditions.

- The Company is subject to regulatory frameworks applicable to the Brazilian mining industry which could be subject to further change, as well as government approval and permitting requirements, which may result in limitations on the Company's business and activities.
- The Company's operations are subject to numerous environmental laws and regulations and expose the Company to environmental compliance risks, which may result in significant costs and have the potential to reduce the profitability of, or its ability to sustain, operations.
- Physical climate change events and the trend toward more stringent regulations aimed at reducing the effects of climate change could have an adverse effect on the Company's business and future operations.
- As the Company does not have any experience in the operation of a mine, processing plants and related infrastructure, it is more difficult to evaluate the Company's prospects, and the Company's future success is more uncertain than if it had a more proven history of developing a mine.
- The Company's future production estimates are based on existing mine plans and other assumptions which change from time to time. No assurance can be given that such estimates will be achieved.
- The Company may experience unexpected costs and cost overruns, problems and delays during construction, development, mine start-up and operations (including for reasons outside of the Company's control), which have the potential to materially affect its ability to fully fund required expenditures and/or production or, alternatively, may require the Company to consider less attractive financing solutions.
- The Company's capital and operating cost estimates may vary from actual costs and revenues (including for reasons outside of the Company's control).
- The Company's operations are subject to the high degree of risk normally incidental to the exploration for, and the development and operation of, mineral properties.
- Insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. Losses from uninsured and underinsured losses have the potential to materially affect the Company's financial position and prospects.
- The Company is subject to risks associated with securing title, property interests and exploration and exploitation rights.
- The Company is subject to strong competition in Brazil and in the global mining industry.
- The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters, which could result in consequences material to its business and operations.
- The Company's mineral resource and mineral reserve estimates are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever qualify as a commercially mineable (or viable) deposit.
- The Company's operations and the development of its projects may be adversely affected if it is unable to maintain positive community relations.
- The Company is exposed to risks associated with doing business with counterparties, which may impact the Company's operations and financial condition.
- Any limitation on the transfer of cash or other assets between the Company and the Company's subsidiaries, or among such entities, could restrict the Company's ability to fund its operations efficiently or the ability of its subsidiaries to distribute up cash otherwise available for distributions.
- Pandemics could have a material adverse effect on the Company's business, operations, financial condition and stock price.
- The current military conflict in Ukraine and the economic or other sanctions imposed may impact global markets in such a manner as to have a material adverse effect on the Company's business, operations, financial condition and stock price.
- If the Company is unable to ultimately generate sufficient revenues to become profitable and have positive cash flows, it could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business (including its ability to repay the Synergy Financing, in respect of which significantly all of the Company's consolidated assets have been secured).
- The Company is subject to liquidity risk and therefore may in the future have to include a "going concern" note in its financial statements.
- The Company may not be able to obtain sufficient financing in the future on acceptable terms, which could have a material adverse effect on the Company's business, results of operations and financial condition. In order to

obtain additional financing, the Company may conduct additional (and possibly dilutive) equity offerings or debt issuances in the future.

- Western governmental actions in respect of critical minerals may affect the Company's business.
- The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants.
- The Company has not declared or paid dividends in the past and may not declare or pay dividends in the future.
- The Company has increased costs as a result of being a public company both in Canada listed on the TSX Venture Exchange and in the United States listed on the Nasdaq Capital Market ("Nasdaq"), and its management is required to devote further substantial time to United States public company compliance efforts.
- If the Company does not maintain implement and maintain adequate and appropriate internal controls over financial reporting as outlined in accordance with NI 52-109 or the rules and regulations of the Securities and Exchange Commission (the "SEC"), the Company will have to continue to report material weakness and continue to disclose that the Company has not maintained appropriate internal controls over financial reporting.
- As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to its shareholders.
- Failure to retain key officers, consultants and employees or to attract and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.
- The Company is subject to currency fluctuation risks.
- From time to time, the Company may become involved in litigation, which would result in diversion of management's attention and may have a material adverse effect on its business financial condition and prospects, irrespective of the merits or outcome.
- Certain directors and officers of the Company are, or may become, associated with other natural resource companies which may give rise to conflicts of interest.
- The market price for the Company's shares may be volatile and subject to wide fluctuations in response to numerous factors beyond its control, and the Company may be subject to securities litigation as a result.
- If securities analysts, industry analysts or activist short sellers publish research or other reports about the Company's business, prospects or value, which questions or downgrades the value of the Company, the price of the Common Shares could decline.
- The Company will have broad discretion over the use of the net proceeds from offerings of its securities.
- There is no guarantee that the Common Shares will earn any positive return in the short term or long term.
- The Company has a major shareholder which owns 44.5% of the outstanding Common Shares and, as such, for as long as such shareholder directly or indirectly maintains a significant interest in the Company, it may be in a position to affect the Company's governance, operations and the market price of the Common Shares.
- As the Company is a Canadian corporation but many of its directors and officers are not citizens or residents of Canada or the U.S., it may be difficult or impossible for an investor to enforce judgements against the Company and its directors and officers outside of Canada and the U.S. which may be obtained in Canadian or U.S. courts or initiate court action outside Canada or the U.S. against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise. Similarly, it may be difficult for U.S. shareholders to effect service on the Company to realize on judgments obtained in the United States.
- The Company is governed by the Canada Business Corporations Act and by the securities laws of the province of Ontario, which in some cases have a different effect on shareholders than U.S. corporate laws and U.S. securities laws.
- The Company is subject to risks associated with its information technology systems and cyber-security.
- The Company may be a Passive Foreign Investment Company, which may result in adverse U.S. federal income tax consequences for U.S. holders of Common Shares.

Readers are cautioned that the foregoing lists of assumptions and risks is not exhaustive. The Forward Looking Information contained in this Annual Report is expressly qualified by these cautionary statements. All Forward Looking Information in this Annual Report speaks as of the date of this Annual Report. The Company does not undertake any obligation to update or revise any Forward Looking Information, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additional information about these assumptions, risks and uncertainties is contained in the Company's filings with securities regulators, including the Company's most recent annual and interim MD&A, which are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its financial statements, which are filed with this Annual Report in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the audit is subject to Canadian auditing and auditor independence standards.

Disclosure regarding the Company's mineral properties, including with respect to mineral reserve and mineral resource estimates included in this Annual Report, was prepared in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the SEC generally applicable to U.S. companies. Accordingly, information contained in this Annual Report is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

INCORPORATED DOCUMENTS

Annual Information Form

The Company's AIF is filed as Exhibit 99.1 to this Annual Report.

Management's Discussion and Analysis

The Company's management's discussion and analysis ("MD&A") is filed as Exhibit 99.2 to this Annual Report.

Audited Annual Financial Statements

The Company's consolidated financial statements and auditor's report thereon are filed as Exhibit 99.3 to this Annual Report.

DISCLOSURE CONTROLS AND PROCEDURES

A. Evaluation of disclosure controls and procedures. Disclosure controls and procedures ("DC&P") are designed to ensure that (i) information required to be disclosed by the Company in reports that it files or submits to the Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), as appropriate, to allow for timely decisions regarding required disclosure.

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were not effective, as a result of the material weakness identified during the Company's assessment of its internal control over financial reporting, as further described below.

B. Management's report on internal control over financial reporting. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of

financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was ineffective as of December 31, 2022, due to material weaknesses in internal controls over financial reporting, as further described below.

Management has identified the following material weaknesses as of December 31, 2022:

- an ineffective control environment resulting from the failure to disseminate a translated Code of Ethics and relevant training, an insufficient number of trained financial reporting and accounting personnel with the appropriate skills and knowledge and with appropriate assigned authorities, responsibilities and accountability related to the design, implementation and operating effectiveness of financial reporting, as well as insufficient board oversight over the development and performance of internal controls;
- the insufficient number of personnel described above contributed to an ineffective risk assessment process necessary to identify all relevant risks of material misstatement, including fraud risks, and to evaluate changes that could impact the system of quality control around processes, as well as the implications of relevant risks on the achievement of objectives, including financial reporting objectives;
- an ineffective internal and external information and communication process to ensure the relevance, timeliness and quality of information used in control activities, particularly with respect to documentation of activities and internal communication between Legal and Accounting for new employment (and consulting) contracts entered into by the Company as well as ensuring the communication of the Company's whistleblower policy;
- an ineffective monitoring process to ensure controls are periodically evaluated, results of testing are communicated to senior management and the board of directors and the control deficiencies are tracked for remediation on a timely basis; and
- ineffective control activities due to the (i) failure to deploy general control activities over information technology, (ii) failure to document policies and procedures and (iii) failure to document control activities to mitigate risks.

These material weaknesses have had a pervasive impact on the Company's internal control over financial reporting and resulted in both material and immaterial misstatements to the preliminary consolidated financial statements that were corrected in the audited consolidated financial statements prior to the release of the Company's Annual Report. During the third quarter of 2022, it was identified that there were a number of share-based compensation awards within contracts which the Company's controls failed to detect and account for appropriately in a timely manner.

The lack of appropriate controls over the timing of recognition of share-based compensation resulted in the need to restate the interim periods financial statements for the quarters ended June 30, 2022 and March 31, 2022. In addition, during the fourth quarter of 2022, it was identified that several lease contracts were not previously accounted for under IFRS 16. The lack of appropriate controls over complex accounting practices caused the Company to restate the financial statements for the year ended December 31, 2021 through a restatement note included in the financial statements for the year ended December 31, 2022, to account for the contracts which were not previously capitalized, properly recognizing right-of-use assets and lease liabilities impact on the financial statements.

Management will continue to review and make necessary changes to the overall design and operation of the Company's internal control environment, as well as the policies and procedures to improve the overall effectiveness of internal control over financial reporting. The material weaknesses will not be considered remediated, until the applicable

controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. The Company is taking steps toward remediation during the 2023 fiscal year.

The Company's independent registered public accounting firm, KPMG LLP, has audited the consolidated financial statements included in this Annual Report and has issued an adverse report dated June 12, 2023 on the Company's internal control over financial reporting based on the criteria set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

C. Attestation report of the registered public accounting firm . KPMG LLP's attestation report, "Report of Independent Registered Public Accounting Firm", accompanies the Company's consolidated financial statements for the years ended December 31, 2022 and 2021, which are attached hereto as Exhibit 99.3.

D. Changes in internal control over financial reporting. In addition to identification of the material weaknesses noted above, the following changes in internal control have the potential to materially affect the Company's internal control financial reporting.

During the third quarter of 2022, the Company engaged external consultants to assist management in assessing its internal control over financial reporting, mapping all existing control deficiencies and defining remediation plans.

During the fourth quarter of 2022, the Company attracted and retained a senior experienced CFO, who subsequently selected a financial Controller during the first quarter of 2023 with the appropriate skills and technical knowledge. While the Company continues to improve management oversight of its financial and accounting activities, it is still in the process of staffing and further strengthening its accounting and financial team.

Since the internal control remediation process remains underway, documentation and testing have not been completed at all levels, management has concluded that as of December 31, 2022 there are material weakness in its internal controls over financial reporting, which were determined to be not effective by management.

The Company is developing, and has started implementing, remediation plans to address the material weaknesses identified during the year ended December 31, 2022. The Company will continue to assess and update its remediation plan during fiscal 2023, with the goal of remediating all material weaknesses by December 31, 2023. During the period covered by this Annual Report, the Company has begun the following remediation actions:

- Budget process: The Company prepared an annual budget submitted to the board for approval, and due to discussions intended to fine tune its scope, comprising the investments, expenses and other accounts, it was subsequently approved in the first quarter of 2023.

- IT Investment: During the fourth quarter of 2022, the Company approved the information technology ("IT") plan, which encompasses investments in equipment and software, additional headcount, training the users, engaging user support providers, as well as establishing policies and procedures for the IT organization structure, including controls over the definition, acquisition, installation, configuration, integration, and maintenance of the IT infrastructure. The Company plans to address training with material in development with our third-party provider. The Company has developed a Data Security Policy and the Access Control Policy that, once approved, will be implemented in 2023, together with training designed to the users (under development with the Company's third party provider) to operate in the enhanced IT environment with the view to ensure the IT general controls are effective.

- Code of ethics: The Company is committed to operate with integrity. The Company is in the process of strengthening the Code of Ethics (the "Code") at all levels and jurisdictions. The Code has been translated into Portuguese, and will be disseminated to all employees, with training sessions to be rolled out, aimed to reach all employees across all jurisdictions during 2023, as part of the process of building a culture of controls compliance.

- Financial statements closing schedule: The Company will develop with the assistance of external providers a detailed financial statements closing schedule identifying all activities, owners, and reviewers to control the preparation, completion and quality of its quarterly and annual financial statements closing processes.

The Company's financial and accounting team will work with external specialists to bring in expertise and expedite the remediation of control deficiencies at the process level during 2023 with a focus on the implementation of absent controls identified at the risks and controls matrix for process underlying all significant accounts and disclosures. The external specialists with expertise in internal controls implementation are assisting with the development and documentation of the following workstreams related to the internal controls over financial reporting needed to be in compliance with the Sarbanes-Oxley Act of 2002, as amended ("SOX"): (i) prepare and review the risks and controls matrix; (ii) establish a Project Management Office to manage the control deficiencies and remediation; (iii) develop and document structured policies and procedures; (iv) test the design, implementation and operating effectiveness of the internal controls after remediation to support the CEO and CFO certifications; and (v) support training content development and conducting training sessions across the Company.

The Company has retained the services of IT consulting help and plans to hire an IT officer during 2023 to manage the IT environment and the IT general controls.

Other than the above, there were no changes in the Company's internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the CEO and CFO, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that it has at least one audit committee financial expert serving on its Audit Committee. The Board has determined that Gary Litwack is an audit committee financial expert and is independent, as that term is defined by the Exchange Act and the Nasdaq corporate governance standards applicable to the Company.

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the Audit Committee and the Board in the absence of such designation and does not affect the duties, obligations or liability of any other member of the Audit Committee or Board.

CODE OF ETHICS

The Board has adopted a written code of business conduct and ethics (the "Code"), which applies to the Board and all officers and employees of the Company, including the Company's principal executive officer, principal financial officer and principal accounting officer or controller. There were no waivers granted in respect of the Code during the fiscal year ended December 31, 2022. The Code is posted on the Company's website at www.sigmalithiumresources.com. If there is an amendment to the Code, or if a waiver of the Code is granted to any of Company's principal executive officers, principal financial officer, principal accounting officer or controller, the Company intends to disclose any such amendment or waiver by posting such information on the Company's website. Unless and to the extent specifically referred to herein, the information on the Company's website shall not be deemed to be incorporated by reference in this Annual Report.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP, Toronto, ON, Canada, Audit Firm ID: 85, acted as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2022. See page 87 of the Company's Annual Information Form, which is attached hereto as Exhibit 99.1, for the total amount billed to the Company by KPMG LLP for services performed in the last two fiscal years by category of service (for audit fees, audit-related fees, tax fees and all other fees).

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See page 87 of the Company's Annual Information Form, which is attached hereto as Exhibit 99.1. No audit-related fees, tax fees or other non-audit fees were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

During the year ended December 31, 2022, the Company was not a party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources of the Company.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Board has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act and satisfies the requirements of Exchange Act Rule 10A-3. The Company's Audit Committee is comprised of Gary Litwack, Frederico Marques and Dana Perlman, all of whom, in the opinion of the Company's Board of Directors, are independent (as determined under Rule 10A-3 of the Exchange Act and the Nasdaq Rules) and all of whom are financially literate.

CORPORATE GOVERNANCE PRACTICES

There are certain differences between the corporate governance practices applicable to the Company and those applicable to U.S. companies under the Nasdaq Corporate Governance Requirements. A summary of the significant differences can be found on the Company's website at www.sigmalithiumresources.com. Information contained in or otherwise accessible through the Company's website does not form part of this Annual Report, and is not incorporated into this Annual Report by reference.

MINE SAFETY

Not applicable.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Company has filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with respect to the class of securities in relation to which the obligation to file this Annual Report arises.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Annual Information Form for the year ended December 31, 2022
99.2	Management's Discussion and Analysis for the year ended December 31, 2022
99.3	Consolidated financial statements for the years ended December 31, 2022 and 2021
99.4	Certificate of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certificate of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certificate of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of KPMG LLP, Independent Registered Public Accounting Firm
99.9	Consent of Marc-Antoine Laporte, P.Geo., M.Sc.
99.10	Consent of Jarrett Quinn, P.Eng., Ph.D.
99.11	Consent of Porfirio Cabaleiro Rodriguez, B.Sc., M.Eng.
99.12	Consent of Homero Delboni, Jr., B.E., M.Eng.Sc., Ph.D.
99.13	Consent of Wes Roberts, P.Eng.
99.14	Consent of Noel O'Brien, BE(Met), MBA, FAusIMM
101	Interactive Data File (formatted as Inline XBRL)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

Pursuant to the requirements of the Exchange Act, Sigma Lithium Corporation certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Dated: June 12, 2023

SIGMA LITHIUM CORPORATION

By:/s/ Ana Cabral-Gardner
Name: Ana Cabral-Gardner
Title: Chief Executive Officer

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Exhibit 99.1



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INTERPRETATION

Definitions

For a description of defined terms and other reference information used in this Annual Information Form (this "AIF"), please refer to Schedule "B".

CIM Definition Standards

The disclosure included in this AIF uses mineral resource and mineral reserve classification terms that comply with reporting standards in Canada. All mineral resource and mineral reserve estimates are made in accordance with the CIM Definition Standards and NI 43-101, which is a set of rules developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects and operations. The following definitions are reproduced from the CIM Definition Standards:

A "mineral resource" is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories, which are defined as follows:

- An "inferred mineral resource" is that part of a mineral resource for which quantity, grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An inferred mineral resource has a lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration.
- An "indicated mineral resource" is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors (as defined below) in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An indicated mineral resource has a lower level of confidence than that applying to a measured mineral resource and may only be converted to a probable mineral reserve.
- A "measured mineral resource" is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing, and is sufficient to confirm geological and grade or quality continuity between points of observation. A measured mineral resource has a higher level of confidence than that applying to either an indicated mineral resource or an inferred mineral resource. It may be converted to a proven mineral reserve or to a probable mineral reserve.

"Modifying factors" are considerations used to convert mineral resources to mineral reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

A "mineral reserve" is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of modifying factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral reserves are sub-divided, in order of increasing geological confidence, into probable and proven categories, which are defined as follows:

- A "probable mineral reserve" is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. The confidence in the modifying factors applying to a probable mineral reserve is lower than that applying to a proven mineral reserve.
- A "proven mineral reserve" is the economically mineable part of a measured mineral resource. A proven mineral reserve implies a high degree of confidence in the modifying factors.



CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

Certain information and statements in this AIF may constitute "forward looking information" within the meaning of Canadian securities legislation and "forward looking statements" within the meaning of U.S. securities legislation (collectively, "Forward Looking Information"), which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such Forward Looking Information. All statements, other than statements of historical fact, may be Forward Looking Information, including, but not limited to, mineral resource or mineral reserve estimates (which reflect a prediction of mineralization that would be realized by development). When used in this AIF, such statements generally use words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance, and speak only as of the date of this AIF. Forward Looking Information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and does not necessarily provide accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the Forward Looking Information, which is based upon what management believes are reasonable assumptions, and there can be no assurance that actual results will be consistent with the Forward Looking Information.

In particular (but without limitation), this AIF contains Forward Looking Information with respect to the following matters: statements regarding anticipated decision making with respect to the Project; capital expenditure programs; estimates of mineral resources and mineral reserves; development of mineral resources and mineral reserves; government regulation of mining operations and treatment under governmental and taxation regimes; the future price of commodities, including (in particular) lithium; the realization of mineral resource and mineral reserve estimates, including whether mineral resources will ever be developed into mineral reserves; the timing and amount of future production; currency exchange and interest rates; expected outcome and timing of environmental surveys and permit applications and other environmental matters; potential positive or negative implications of change in government; the Company's ability to raise capital and obtain project financing; expected expenditures to be made by the Company on its properties; successful operations and the timing, cost, quantity, capacity and quality of production; capital costs, operating costs and sustaining capital requirements, including the cost of construction of the processing plant for the Project; and competitive conditions and the ongoing uncertainties and effects in respect of the military conflict in Ukraine.

Forward Looking Information does not take into account the effect of transactions or other items announced or occurring after the statements are made. Forward Looking Information is based upon a number of expectations and assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those disclosed in or implied by such Forward Looking Information. With respect to the Forward Looking Information, the Company has made assumptions regarding, among other things:

- General economic and political conditions (including, but not limited to, the impact of the continuance or escalation of the military conflict between Russia and Ukraine, and multinational economic sanctions in relation thereto).
- Stable and supportive legislative, regulatory and community environment in the jurisdictions where the Company operates.
- Stability and inflation of the Brazilian Real, including any foreign exchange or capital controls which may be enacted in respect thereof, and the effect of current or any additional regulations on the Company's operations.
- Anticipated trends and effects in respect of the COVID-19 pandemic and post-pandemic.
- Demand for lithium, including that such demand is supported by growth in the electric vehicle ("EV") market.
- Estimates of, and changes to, the market prices for lithium.
- The impact of increasing competition in the lithium business and the Company 's competitive position in the industry.
- The Company's market position and future financial and operating performance.
- The Company's estimates of mineral resources and mineral reserves, including whether mineral resources will ever be developed into mineral reserves.
- Anticipated timing and results of exploration, development and construction activities.
- Reliability of technical data.
- The Company's ability to develop and achieve full capacity commercial production at the Project.



- The Company's ability to obtain financing on satisfactory terms to develop the Project, if required.
- The Company's ability to obtain and maintain mining, exploration, environmental and other permits, authorizations and approvals for the Project.
- The timing and outcome of regulatory and permitting matters for the Project.
- The exploration, development, construction and operational costs for the Project.
- The accuracy of budget, construction and operations estimates for the Project.
- Successful negotiation of definitive commercial agreements, including off-take agreements for the Project.
- The Company's ability to operate in a safe and effective manner.

Although management believes that the assumptions and expectations reflected in such Forward Looking Information are reasonable, there can be no assurance that these assumptions and expectations will prove to be correct. Since Forward Looking Information inherently involves risks and uncertainties, undue reliance should not be placed on such information.

In addition, Forward Looking Information with respect to the potential outlook and future financial results contained in this AIF is based on assumptions noted above and about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as at the date of such information. Readers are cautioned that any such information should not be used for purposes other than for which it is disclosed.

The Company's actual results could differ materially from those anticipated in any Forward Looking Information as a result of various known and unknown risk factors, including (but not limited to) the risk factors referred to under the heading "Risk Factors" in this AIF. Such risks relate to, but are not limited to, the following:

- There can be no assurance that market prices for lithium will remain at current levels or that such prices will improve.
- The market for EVs and other large format batteries currently has limited market share and no assurances can be given for the rate at which this market will develop, if at all, which could affect the success of the Company and its ability to develop lithium operations.
- Changes in technology or other developments could result in preferences for substitute products.
- New production of lithium hydroxide or lithium carbonate from current or new competitors in the lithium markets could adversely affect prices.
- Phases 2 and 3 of the Project are at development stage and the Company 's ability to succeed in progressing through development of such phases to commercial operations will depend on a number of factors, some of which are outside its control.
- The Company's financial condition, operations and results of any future operations are subject to political, economic, social, regulatory and geographic risks of doing business in Brazil.
- Inflation in Brazil, along with Brazilian government measures to combat inflation, may have a significant negative effect on the Brazilian economy and, as a result, the Company's financial condition and results of operations.
- Violations of anti-corruption, anti-bribery, anti-money laundering or economic sanctions laws and regulations could materially adversely affect the Company's business, reputation, results of any future operations and financial condition.
- Corruption and fraud in Brazil, whether relating to ownership of real estate or otherwise, could materially adversely affect the Company's business, reputation, results of any future operations and financial conditions.
- The Company is subject to regulatory frameworks applicable to the Brazilian mining industry which could be subject to further change, as well as government approval and permitting requirements, which may result in limitations on the Company's business and activities.
- The Company's operations are subject to numerous environmental laws and regulations and expose the Company to environmental compliance risks, which may result in significant costs and have the potential to reduce the profitability of, or its ability to sustain, operations.
- Physical climate change events and the trend toward more stringent regulations aimed at reducing the effects of climate change could have an adverse effect on the Company's business and future operations.



- As the Company does not have any experience in the operation of a mine, processing plants and related infrastructure, it is more difficult to evaluate the Company's prospects, and the Company 's future success is more uncertain than if it had a more proven history of developing a mine.
- The Company's future production estimates are based on existing mine plans and other assumptions which change from time to time. No assurance can be given that such estimates will be achieved.
- The Company may experience unexpected costs and cost overruns, problems and delays during construction, development, mine start-up and operations (including for reasons outside of the Company's control), which have the potential to materially affect its ability to fully fund required expenditures and/or production or, alternatively, may require the Company to consider less attractive financing solutions.
- The Company's capital and operating cost estimates may vary from actual costs and revenues (including for reasons outside of the Company's control).
- The Company's operations are subject to the high degree of risk normally incidental to the exploration for, and the development and operation of, mineral properties.
- Insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. Losses from uninsured and underinsured losses have the potential to materially affect the Company's financial position and prospects.
- The Company is subject to risks associated with securing title, property interests and exploration and exploitation rights.
- The Company is subject to strong competition in Brazil and in the global mining industry.
- The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters, which could result in consequences material to its business and operations.
- The Company's mineral resource and mineral reserve estimates are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever qualify as a commercially mineable (or viable) deposit.
- The Company's operations and the development of its projects may be adversely affected if it is unable to maintain positive community relations.
- The Company is exposed to risks associated with doing business with counterparties, which may impact the Company 's operations and financial condition.
- Any limitation on the transfer of cash or other assets between the Company and the Company 's subsidiaries, or among such entities, could restrict the Company's ability to fund its operations efficiently or the ability of its subsidiaries to distribute up cash otherwise available for distributions.
- Pandemics could have a material adverse effect on the Company 's business, operations, financial condition and stock price.
- The current military conflict in Ukraine and the economic or other sanctions imposed may impact global markets in such a manner as to have a material adverse effect on the Company's business, operations, financial condition and stock price.
- If the Company is unable to ultimately generate sufficient revenues to become profitable and have positive cash flows, it could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business (including its ability to repay the Synergy Financing, in respect of which significantly all of the Company's consolidated assets have been secured).
- The Company is subject to liquidity risk and therefore may in the future have to include a "going concern" note in its financial statements.
- The Company may not be able to obtain sufficient financing in the future on acceptable terms, which could have a material adverse effect on the Company's business, results of operations and financial condition. In order to obtain additional financing, the Company may conduct additional (and possibly dilutive) equity offerings or debt issuances in the future.
- Western governmental actions in respect of critical minerals may affect the Company 's business.
- The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants.
- The Company has not declared or paid dividends in the past and may not declare or pay dividends in the future.
- The Company has increased costs as a result of being a public company both in Canada listed on the TSXV and in the United States listed on the Nasdaq Capital Market ("Nasdaq"), and its management is required to devote further substantial time to United States public company compliance efforts.



- If the Company does not maintain implement and maintain adequate and appropriate internal controls over financial reporting as outlined in accordance with NI 52-109 or the Rules and Regulations of the SEC, the Company will have to continue to report material weakness and continue to disclose that the Company has not maintained appropriate internal controls over financial reporting.
- As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to its shareholders.
- Failure to retain key officers, consultants and employees or to attract and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.
- The Company is subject to currency fluctuation risks.
- From time to time, the Company may become involved in litigation, which would result in diversion of management 's attention and may have a material adverse effect on its business financial condition and prospects, irrespective of the merits or outcome.
- Certain directors and officers of the Company are, or may become, associated with other natural resource companies which may give rise to conflicts of interest.
- The market price for the Company 's shares may be volatile and subject to wide fluctuations in response to numerous factors beyond its control, and the Company may be subject to securities litigation as a result.
- If securities analysts, industry analysts or activist short sellers publish research or other reports about the Company 's business, prospects or value, which questions or downgrades the value of the Company, the price of the Common Shares could decline.
- The Company will have broad discretion over the use of the net proceeds from offerings of its securities.
- There is no guarantee that the Common Shares will earn any positive return in the short term or long term.
- The Company has a major shareholder which owns 44.5% of the outstanding Common Shares and, as such, for as long as such shareholder directly or indirectly maintains a significant interest in the Company, it may be in a position to affect the Company's governance, operations and the market price of the Common Shares.
- As the Company is a Canadian corporation but many of its directors and officers are not citizens or residents of Canada or the U.S., it may be difficult or impossible for an investor to enforce judgements against the Company and its directors and officers outside of Canada and the U.S. which may be obtained in Canadian or U.S. courts or initiate court action outside Canada or the U.S. against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise. Similarly, it may be difficult for U.S. shareholders to effect service on the Company to realize on judgments obtained in the United States.
- The Company is governed by the *Canada Business Corporations Act* and by the securities laws of the province of Ontario, which in some cases have a different effect on shareholders than U.S. corporate laws and U.S. securities laws.
- The Company is subject to risks associated with its information technology systems and cyber-security.
- The Company may be a Passive Foreign Investment Company, which may result in adverse U.S. federal income tax consequences for U.S. holders of Common Shares.

Readers are cautioned that the foregoing lists of assumptions and risks is not exhaustive. The Forward Looking Information contained in this AIF is expressly qualified by these cautionary statements. All Forward Looking Information in this AIF speaks as of the date of this AIF. The Company does not undertake any obligation to update or revise any Forward Looking Information, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additional information about these assumptions, risks and uncertainties is contained in the Company's filings with securities regulators, including the Company's most recent annual and interim MD&A, which are available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

CAUTIONARY NOTE REGARDING MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Technical disclosure included in this AIF regarding the Company's properties, and in the documents incorporated herein by reference, has not been prepared in accordance with the requirements of U.S. securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and estimates are made in accordance with NI 43-101. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the CIM Definition Standards.



NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the SEC generally applicable to U.S. companies. Accordingly, information contained in this AIF is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

OTHER INFORMATION

Currency

This AIF contains references to United States dollars, Canadian dollars and Brazilian Reais. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars, referred to herein as "Cdn$". United States dollars are referred to herein as "US$". Brazilian Reais are referred to herein as "R$".

The following table sets forth the high and low, average and period-end exchange rates for one US dollar expressed in Canadian dollars and Brazilian Reais for each period indicated, based upon the daily exchange rates provided by FactSet:

	2022	2021
High	Cdn$1.39/R$5.70	Cdn$1.30/R$5.81
Low	Cdn$1.24/R$4.61	Cdn$1.20/R$4.93
Rate at end of period	Cdn$1.35/R$5.28	Cdn$1.26/R$5.57
Average rate for period	Cdn$1.30/R$5.16	Cdn$1.25/R$5.40

On June 9, 2023, the rate for Canadian dollars (as quoted by FactSet) and Brazilian Reais in terms of the United States dollar was US$1.00 = Cdn$1.3317/R$4.8777.

Third Party Information

This AIF includes market, industry and economic data and projections obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes these to be reliable, it has not independently verified the information from third party sources, or analyzed or verified the underlying reports relied upon or referred to by the third parties, or ascertained the underlying economic and other assumptions relied upon by the third parties. The Company believes that the market, industry and economic data and projections are accurate and that the estimates and assumptions are reasonable, but there can be no assurance as to their accuracy or completeness. The accuracy and completeness of the market, industry and economic data and projections in this AIF are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

Non-GAAP Measures

This AIF and the Restated Technical Report incorporated by reference herein contain certain non-GAAP measures. The non-GAAP measures do not have any standardized meaning within IFRS, and therefore may not be comparable to similar measures presented by other companies. These measures provide information that is customary in the mining industry and that is useful in evaluating the Project. This data should not be considered as a substitute for measures of performance prepared in accordance with IFRS.

Qualified Person

Mr. Wes Roberts, P.Eng., a member of the technical committee of the Company, is the "qualified person" under NI 43-101 who reviewed and approved the technical information disclosed in this AIF and the documents incorporated by reference herein.

Date of Information

Except as otherwise indicated, all information disclosed in this AIF is as of June 12, 2023.



STRUCTURE OF THE COMPANY

Name, Address and Incorporation

Sigma Lithium Corporation (the "Company" or "Sigma") is domiciled in Canada and was incorporated under the *Canada Business Corporations Act* on June 8, 2011 originally under the name Margaux Red Capital Inc. The current business of Sigma was acquired through a reverse take-over transaction on April 30, 2018 pursuant to which the Company acquired Sigma Lithium Resources Inc ("Sigma Holdings") which held (and continues to hold) the Grota do Cirilo Project, located in the state of Minas Gerais in Brazil (the "Project") through a Brazilian wholly-owned subsidiary, Sigma Mineração S.A. ("Sigma Brazil" or "SMSA"). On completion of the reverse take-over transaction, the Company implemented a share consolidation and changed its name to "Sigma Lithium Resources Corporation". On July 5, 2021, the Company changed its name to "Sigma Lithium Corporation".

The registered office of the Company is at Suite 2200, HSBC Building, 885 West Georgia St. Vancouver, BC V6C 3E8 Canada and the head office of the Company is Avenida Nove de Julho 4939, 9th Floor, Torre Europa, Itaim, Sao Paulo, Sao Paulo, 01407-200. The Company's web site is www.sigmalithium.ca.

Intercorporate Relationships

The corporate structure of the Company and its subsidiaries (each of which is wholly owned), and their relative jurisdictions of incorporation are set out in the following chart:





GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Sigma is a Canadian-incorporated lithium company, focused on constructing what is expected to be one of the largest hard rock lithium operations in the Americas, with an environmental sustainability directed strategy. Sigma's Grota do Cirilo Project in Brazil will supply the rapidly expanding lithium-ion battery supply chain for EVs with sustainable Green Lithium.

For further information on the business of the Company, please refer to "Description of the Business".

Three Year History

The following is a summary of the key developments that have generally influenced the development of the Company's business and projects over the last three fiscal years (and its current fiscal year to date).

2023 to Date

The Company is currently managing three interconnected workstreams aimed at developing the Project in a phased approach:

- Completing Phase 1 production ramp-up to nameplate capacity, which is expected to be achieved in Q3-2023, after completing Greentech Plant commissioning and achieving first Green Lithium production in April 2023.
- Completing a feasibility study and detailed engineering to FEL-3 stage precision for the potential production expansion that would source feedstock ore from the Barreiro deposit and Nezinho do Chicão deposit, which was investigated in the preliminary feasibility study included in the Restated Technical Report filed on June 12, 2023.
- Continued exploration and expansion of the Project's estimated mineral resources, with the objective of increasing the Project's expected mine life. Exploration activity is currently focused on the area south of the Murial deposit and north of the Lavra do Meio deposit, as well as several regional exploration targets which appear prospective.

Additionally, the Company's mission statement and key focus has been guided by making business decisions in a manner consistent with furthering the United Nations Sustainable Development Goals ("UN SDGs") and adhering to the highest level of ESG practices. Specifically, the Company is focused on the following three pillars: (i) sustainable development; (ii) minimizing the environmental impact of our operations; and (iii) improving the lives of those in and around the region where we operate. Further, the Company remains focused on global leadership to increase awareness of our "green battery metals" approach.

For further information on Phase 1 and Phase 2 & 3, please refer to " *Description of the Business – Current Status of the Project*". For further information on Sigma's ESG and sustainability programs, please refer to the most recent MD&A of the Company.

In the first half of 2023, activity has been focused on commissioning of the Phase 1 Greentech Plant, with the Company successfully initiating production in April 2023. On this workstream, the Company commenced commissioning of the Greentech Plant's dense medium separation circuit ahead of schedule in January 2023 and completed the commissioning of the crushing circuit commissioning on schedule in February 2023.

On June 12, 2023, the Company filed the Restated Technical Report on SEDAR and EDGAR, which includes all of the study results and resource and reserve estimates which were included in the Updated Technical Report, and which includes updated information on the licensing and regulatory approval status of the Project and the Murial drilling program. The Restated Technical Report was prepared by independent mining consultancies and the professional services firms Primero Group Ltd ("Primero"), SGS Canada Inc. ("SGS"), and GE21 Consultoria Mineral ("GE21"). Please refer to "*Description of the Business – Current Status of the Project*" and *"Summary of the Restated Technical Report"*.



On January 23, 2023, Independent Director Gary Litwack was appointed as Non-Executive Co-Chair of the Board and Rodrigo Menck was appointed as Chief Financial Officer, with Ana Cabral-Gardner remaining as Chief Executive Officer and Co-Chair of the Board, Calvyn Gardner remaining as a Director and Felipe Peres remaining as a Senior Financial Advisor of the Company.

2022

In 2022, activity was primarily focused on the construction of the Phase 1 Greentech Plant and pre-mining activities to establish operational readiness ahead of first production. Construction activity progressed throughout the year on schedule, with the Company employing a workforce of more than 1,000 by the fourth quarter of 2022 (approximately 40% comprised of Jequitinhonha Valley region community members, where the Project is located) and crushing circuit commissioning commencing as planned in December 2022.

On December 4, 2022, the Company announced the results of the Phase 2 & 3 PFS, highlighting a combined Project net present value and internal rate of return of US$15.3 billion and 1,273%, respectively, along with a maiden Phase 3 proven and probable mineral reserve estimate of 21.2 Mt grading at 1.45% Li_2O, comprised of 2.2 Mt of proven mineral reserves grading at 1.53% Li_2O and 19.0 Mt of probable mineral reserves grading at 1.44% Li $_2O$. The Company later filed the associated Updated Technical Report on SEDAR and EDGAR on January 16, 2023.The Updated Technical Report was prepared by an independent mining consultancies and the professional services firms Primero, SGS, and GE21. This approach was the result of a thorough review of the Company's strategic priorities, with the objective of potentially responding to a significant increase in demand from its potential customers and solidifying its unique market position as a future supplier of high purity 5.5% battery grade lithium concentrate ("Green Lithium"). It also aims to significantly increase both the scale of the Project and its commercial and market importance on three fronts: (i) future production; (ii) scale of mineral reserves; and (iii) scale of mineral resources, all while maintaining its battery grade green lithium products and the Company's strategic leadership in ESG within the lithium supply chain.

Additionally, on December 4, 2022, the Company announced that it had secured a US$100,000,000 pre-export financing agreement with Synergy Capital, one of Sigma's current shareholders based in the United Arab Emirates (the "Synergy Financing"). The Synergy Financing is a senior secured facility available by way of a multi-draw term loan that contemplates a 48-month term and a borrowing rate of twelve-month BSBY plus 6.95% per annum.

In November 2022, the Company actively participated with its entire ESG leadership team at COP-27 in Egypt. The team collectively participated in more than 25 events, panels, and workshops. Ana Cabral-Gardner was invited by UN-DESA to host a workshop at the SDG Pavilion at COP-27 where it presented a framework to apply UN-SDGs to mining projects globally, in order to measure sustainability and overall economic and social impact. Additionally, Ms. Cabral-Gardner made the keynote presentation on "circular economy" at COP Investments (hosted by the World Climate Fund), presenting the Company strategy to become the first "Zero Tailings" lithium producer by upcycling 100% its hazardous chemicals free" tailings from the Greentech Plant. Ms. Cabral-Gardner also participated at the "Acceleration to Net Zero Series" of McKinsey & Co. at COP-27 with leading sustainability professionals across fields.

On November 17, 2022, the Company reported that, to preserve maximum commercial optionality for sales of the Project's Green Lithium, it had terminated the heads of agreement that was previously entered into with Mitsui & Co. Ltd. ("Mitsui") on March 26, 2019 (the "Mitsui HOA").

On September 13, 2022, Dana M. Perlman was appointed as an independent Director, bringing the Board's level of independence and female / LGBTQ representation to 50%.

The Company's management team was further strengthened with the appointments of Brian Talbot as Chief Operating Officer and Reinaldo Brandão Gomes as Head of Mining Operations in August 2022; Rodrigo Roso as Chief Legal Officer and Marina Bernardini as Chief Commercial Officer in June 2022; and Jamie Flegg as Chief Development Officer and James Neal-Ellis as Vice President, Corporate Development & Investor Relations in March 2022.



On June 22, 2022, the Company announced a maiden Phase 3 mineral resource estimate of 23.3 Mt of measured and indicated resources grading at 1.49% Li_2O and 3.5 Mt of inferred resources grading at 1.48% Li_2O. The Company later filed the associated technical report on SEDAR and EDGAR on August 4, 2022.

On May 25, 2022, the Company filed a technical report associated with an updated Phase 1 feasibility study (the "Phase 1 FS"), a maiden Phase 2 proven and probable mineral reserve estimate of 21.8 Mt grading at 1.37% Li_2O, comprised of 16.9 Mt of proven mineral reserves grading at 1.38% Li_2O and 4.8 Mt of probable mineral reserves grading at 1.29% Li_2O and a Phase 2 preliminary feasibility study (the "Phase 2 PFS") on SEDAR and EDGAR.

2021

On December 23, 2021, the Company completed a non-brokered private placement (the "December 2021 Offering") of 11,634,137 Common Shares at a price of Cdn$11.75 per Common Share for aggregate gross proceeds of Cdn$136.7 million (approximately US$106 million). Given the strong investor interest, the December 2021 Offering was upsized twice, first by approximately 42% and then subsequently by an incremental 60%. As part of the December 2021 Offering, funds and accounts managed by BlackRock purchased 4,372,766 Common Shares for an aggregate subscription of approximately Cdn$51.4 million. Concurrently, BlackRock purchased 1,093,191 Common Shares at the same offering price on a secondary basis from the largest shareholder of the Company, A10 Fund, for an aggregate purchase price of approximately Cdn$12.8 million.

In December 2021, the Company began issuing letters of intent ("LOIs") for long lead items for the construction of the Phase 1 Greentech Plant as the December 2021 Offering was completed, the front-end engineering and design ("FEED") was finalized and the final capital expenditure ("CAPEX") budget with a project execution plan ("PEP") was completed. Following the successful conclusion of the first phase of FEED, Promon and Primero remained engaged by the Company and continued to focus on negotiating and securing long lead items for the construction of the Phase 1 Greentech Plant. Promon and Primero also led the detailed engineering, procurement and construction management ("EPCM") for the Phase 1 Greentech Plant construction.

On December 2, 2021, the Company filed an amended and restated technical report associated with a Phase 1 feasibility study and a Phase 2 preliminary economic analysis on SEDAR and EDGAR, which made amendments to the technical report previously filed on July 15, 2021.

On October 5, 2021, the Company announced the signing of a binding term sheet (the "LGES Term Sheet") for offtake arrangements on a "take or pay" basis (the "LGES Offtake") for the sale of Green Lithium to LG Energy Solution, Ltd ("LGES"), one of the world's largest manufacturers of advanced lithium-ion batteries for EVs. The six-year LGES Offtake for Green Lithium is to scale from 60,000 tonnes per year in 2023 to 100,000 tonnes per year from 2024 to 2027 subject to the Company and LGES executing mutually acceptable definitive documentation to implement the LGES Offtake. The Company and LGES also agreed to annually negotiate, an additional optional supply of Green Lithium, not otherwise committed in other Sigma offtake arrangements. The purchase price for the Green Lithium under the LGES Offtake will be linked to market prices for high purity lithium hydroxide during the term.

On September 13, 2021, the Company completed its dual-listing process and the Common Shares began trading in the U.S. on the Nasdaq. The Company is pleased to report that its corporate governance policies and the make up of the Board are compliant with required Nasdaq and SEC governance standards, including Nasdaq's diversity requirement for a company's board to have at least one female director and at least one additional diverse director.

On September 8, 2021, the Company announced the appointment of Ana Cabral-Gardner as Co-CEO, then joining Calvyn Gardner, who was previously CEO and also became Co-CEO as well as the new management appointment of Felipe Peres as Chief Financial Officer. The Company also announced the constitution of an ESG Board Committee resulting from the program intended to achieve net zero emissions by 2024 and the issuance of performance-based RSUs to the then Co-CEOs.

On February 12, 2021, the Company completed a non-brokered private placement (the "February 2021 Offering") of 9,545,455 Common Shares at a price of Cdn$4.40 per Common Share for aggregate gross proceeds of Cdn$42.0 million. The size of the February 2021 Offering reflected a significant upsizing due to strong institutional investor demand.



2020

On September 25, 2020, the Company announced a management appointment and updates to the Board. The Company appointed Maria Jose Salum as its Chief Sustainability Officer. The Company also announced the constitution of a Technical Board Committee with Wes Roberts and Vicente Lobo as the Co-Chairs. Ana Cabral-Gardner was appointed as Co-Chairman of the Board, joining Calvyn Gardner, who was previously Chairman and also became Co-Chairman of the Board.

On August 13, 2020, the Company completed a non-brokered private placement (the "2020 Offering") of 8,250,200 Common Shares at a price of Cdn$2.15 per Common Share for aggregate gross proceeds of US$13.3 million (approximately Cdn$17.8 million). The size of the 2020 Offering reflected an upsizing by one-third from the original intended amount announced on July 27, 2020, due to strong institutional investor demand.

DESCRIPTION OF THE BUSINESS

Overview

Sigma is a Canadian-incorporated lithium company focused on constructing, with an environmental sustainability directed strategy, which is expected to be one of the largest hard rock lithium projects in the Americas – the Grota do Cirilo Project, located in Minas Gerais in Brazil – with the goal of participating in the rapidly expanding lithium-ion battery supply chain for Evs.

In order to secure a leading position supplying environmentally sustainable lithium for the next generation of EV supply chains, the Company has adhered consistently to the highest principles and standards of ESG practices, which were established as part of its core purpose at inception in 2012. As a result, the Company has undertaken an ESG-centric management strategy, whereby its environmental and social sustainability purposes determine its strategic steps.

Sigma's Common Shares are listed and trade under the symbol *SGML* on the TSXV and Nasdaq.

Lithium Properties

The Project comprises four properties: Grota do Cirilo (the area of the Project where Phase 1 and Phase 2 & 3 are located), and the Sao Jose, Genipapo and Santa Clara properties. The Project consists of 29 mineral rights (which include mining concessions, applications for mining concessions, exploration authorizations, applications for mineral exploration authorizations) spread over 185 km^2.

The Project is located in the northeastern part of the state of Minas Gerais, in the municipalities of Araçuaí and Itinga, approximately 25 km east of the town of Araçuaí and 600 km northeast of Belo Horizonte, the state capital. The Project is approximately 500 km from the Port of Ilheus, from where samples have been shipped for product certification and testing and from where future produced concentrates are planned to be shipped.

Current Status of the Project

The Project is vertically-integrated, with the Company's mining operations supplying spodumene bearing material to its Greentech Plant. The Greentech Plant is designed to process Green Lithium, engineered to the specifications of the Company's customers in the rapidly expanding lithium-ion battery supply chain for Evs, in an environmentally friendly way through a fully automated and digital DMS technology process. The Greentech Plant was built after the completion of engineering to the level of FEL-3 stage precision by Primero and extensive testing at the Company's on-site demonstration pilot plant, which has been in operation since late 2018.

As the Company's mission statement has been guided by adhering to the highest level of ESG practices since inception in 2012, the Project is being developed in a sustainable way. Additionally, the Company is focused on social programs promoting sustainable development, inclusion (including on the Company's Board), and upskilling local people in the region where we operate. As a result, the Company has committed to the strategies outlined in Table 1 below, to advance the development of the Project in a responsible and sustainable way. Over the long term, Sigma plans to build upon its ESG commitments with the goal of dry stacking or upcycling its



tailings and achieving net zero carbon emissions by the end of 2024 through the introduction of biofuels in its trucking fleet and carbon credit "in-setting".

Table 1: Summary of Sigma's ESG-Driven Decisions & Strategies

Governance & Diversity	Sustainable Development	Greentech Plant
CEO / Co-Chairpersons: 100% / 50% female	Phase 1 built as two pits to preserve seasonal stream	Minimal water impact
Board Independence: 50%	Social programs / commitment to local hiring and training	No hazardous chemicals
Board Committees Chair Independence: 60%		Tailings 100% dry stacked
Board Diversity: 50% female / LGBTQ representation		100% green hydro power

Sigma is building the Project in a phased approach and is currently on commissioning Phase 1 of the Project since December 2022 (with construction having been completed in 2023), and with production successfully initiated in April 2023. Table 2 below highlights the results of the Phase 1 FS and Phase 2 & 3 PFS included in the Restated Technical Report. Phase 1 production of Green Lithium is anticipated to position the Company as a globally relevant Tier 1 lithium producer with Phase 2 & 3 potentially tripling production (if a production decision is made by the Company following the completion of a feasibility study). The Greentech Plant is planned to potentially have two separate production lines, one for Phase 1 and one for Phase 2 & 3, which will have similar DMS processing flowsheets and will share certain common plant infrastructure.

Table 2: Highlights of the Phase 1 FS and Phase 2 & 3 PFS Included in the Restated Technical Report

Highlights @ 5.5% Lithium Oxide Concentration	Units	Phase 1	Phase 2 & 3	Phase 1, 2 & 3
Operating Life	*(years)*	8	12	13
Run-Rate Green Lithium Production	*(tpa)*	270,000	496,000	766,000
Run-Rate Lithium Carbonate Equivalent Production	*(tpa)*	36,700	67,400	104,200
Total Cash Cost Excluding Royalties (@ Mine Gate)	*(US$/tonne)*	$ 281	$ 292	$ 289
All-In Sustaining Cost (CIF China)	*(US$/tonne)*	$ 541	$ 516	$ 523
After-Tax Net Present Value (@ 8% Discount Rate)	*(US$Bn)*	$ 5.7	$ 9.6	$ 15.3
After-Tax Internal Rate of Return	*(%)*	1,282 %	1,207 %	1,273 %
Payback Period	*(months)*	1.0	1.1	1.2

The Phase 1 of the Project will also produce low grade, high-purity, zero chemicals, approximately 1.3% lithium oxide (Li2O), hypofine by-products with material market value, which Sigma plans to sell to strength its ESG-centric approach with a pioneering "zero tailings" environmental sustainability strategy, eliminating the environmental footprint of tailings with a positive ecosystem impact, while also generates an additional revenue stream to the company .

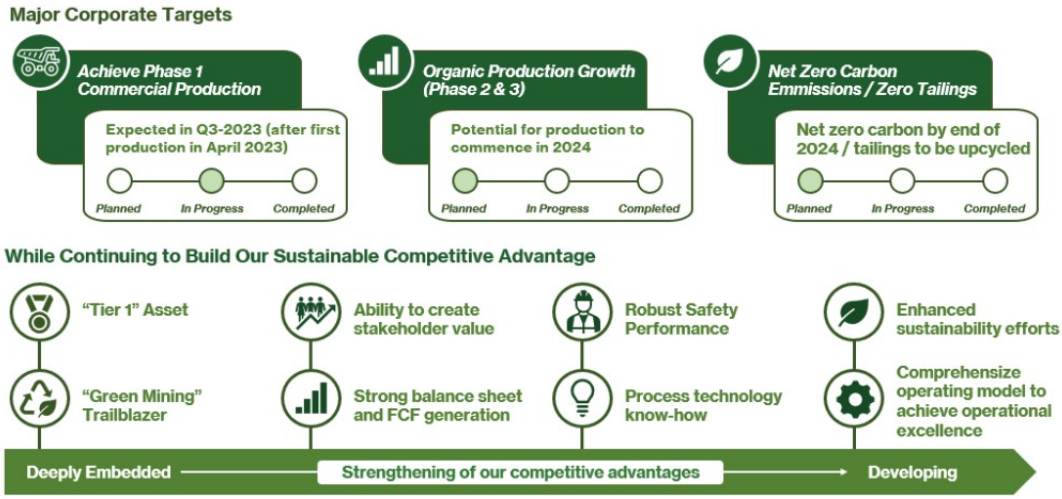
Going forward, Sigma plans to continue evaluating the Phase 2 & 3 expansion, with any formal production decision being subject to and following the completion of a feasibility study (including FEL-3 level estimates) and Phase 1 production ramp-up. Additionally, Sigma plans to continue all stages of exploration programs, focused on further increasing its mineral resource base and extending the Project's operating life.



Figure 1: General View of the Phase 1 Greentech Plant Construction



Figure 2: Sigma's Corporate Targets of Creating Value in a Sustainable Way





Phase 1 Greentech Plant Construction & Commissioning Progress

General Overview of Progress

Sigma made significant progress in the construction of the Phase 1 Greentech Plant during 2022, commencing the commissioning of its Phase 1 Greentech Plant in December 2022 and achieving initial production in April 2023. Sigma was able to achieve initial production on schedule as a result of activity continuing to accelerate in the fourth quarter of 2022, with the construction workforce increasing to more than 1,000.

As of the date of this AIF, the Company has achieved the following significant milestones:

- Completed the coarse and fines DMS circuits commissioning and initial production on schedule in April 2023;
- Completed the electromechanical assembly of the raw water supply piping and the installation of equipment, including water tanks in February 2023;
- Completed crushing circuit commissioning on schedule in February 2023; and
- Completed Phase 1 Greentech Plant detailed engineering (done concurrently with construction) in December 2022.

Going forward, the Company intends to remain focused on completing the following key workstream in 2023:

- Completing the ramp-up of production, with commercial production to nameplate capacity expected to be achieved in Q3-2023;
- Continue evaluating Phase 2 & 3; and
- Exploration of greenfield targets.

Refer to Figures 3 to 8 for a visualization of Phase 1 Greentech Plant construction progress as of the date of this AIF.

Figure 3: Crushing Circuit



Figure 4: Ore Crushing





Figure 5: Crushed Ore Bin Area

Figure 6: DMS Circuit Commissioning



Figure 7: DMS Circuit Commissioning



Figure 8: Power Substation Commissioning





Health & Safety

Health and safety remains one of Sigma's primary focuses at the construction site, and the Company is proud to report the following achievements as of the date of this AIF:

- Substantial Covid-19 suppression, with no cases reported during the fourth quarter of 2022 and only 36 cases reported during the first three quarters of 2022 (four cases reported in July 2022 during the third quarter of 2022).
    - 100% of the operational workforce vaccinated for Covid-19.
- Zero lost time due to injury since construction commenced (approximately 1,000,000 of cumulative total person hours).

Detailed Engineering & Procurement Progress

The Company completed detailed engineering of the Phase 1 Greentech Plant in December 2022. Detailed engineering, procurement and construction management ("EPCM") for the Phase 1 Greentech Plant is led by Promon Engenharia Ltda. ("Promon").



Additionally, during the second half of 2022, Sigma increased its 'site management team' with the addition of seven experienced engineers who were fully engaged with our EPCM providers (Primero, Promon and construction suppliers) to ensure the successful completion and commissioning of the Phase 1 Greentech Plant.

Detailed engineering (incremental to the FEL-3 level engineering completed for the Phase 1 FS) was completed concurrent with the construction of the Phase 1 Greentech Plant, as the Company continued to fine tune designs with Primero and Promon as it progresses towards completing construction.

Phase 1 Greentech Plant Commissioning & Commercial Production

The Company successfully achieved initial production on schedule in April 2023, with full commercial production expected to be achieved in Q3-2023. Commissioning and start-up management is led by the Company's operational team and Chief Operating Officer Brian Talbot with the support of Promon.

The Company is deploying the following strategies to ensure an efficient ramp-up to commercial production:

- Monitoring commissioning tests and analyzing their respective issued reports during commissioning;
- Identifying, registering and flagging non-conformities related to commissioning and test procedures; and
- Coordinating interfaces between contractors and expediting (with contractors) the sending of data-books available for the pre-operational phase.

Phase 1 Mining Progress

Sigma continued to advance pre-production mining activities in the fourth quarter of 2022, as the Company works towards establishing operational readiness to ensure an efficient ramp-up towards Phase 1 commercial production.

As of the date of this AIF, the Company has achieved the following significant milestones:

- Bridge over the Piaui "seasonal stream" that divides the Phase 1 north and south pits to improve transportation efficiency completed in March 2023;
- Completed the seeding of vegetation cover for the initial waste pile slopes (where non-mineralized material will be dry stacked) in February 2023;
- Phase 1 south pit pre-stripping completed in February 2023, as the Company plans to simultaneously source feedstock ore from both the north and south pits;
- First ore blast made at the Phase 1 north pit in early November, run of mine pad was finalized in Q1-23;
- Completed the construction of mine haul roads linking the Phase 1 north pit and Phase 1 south pit to the Greentech Plant and waste pile locations;
- Phase 1 north pit pre-stripping completed in October 2022, with sufficient ore exposed and accessible to enable mining to commence; and
- Hiring key mining team personnel in preparation for full-scale mining (including senior mining engineer Reinaldo Brand ão Gomes as Head of Mining Operations).



Refer to Figures 9 to 12 below for a visualization of Phase 1 mining activities and progress as of the date of this AIF. Note that the area marked in red in Figures 9 and 10 highlight exposed ore.

Going forward, the Company intends to remain focused on the following workstreams:

- Continuing to transport stockpiled ore to the run of mine pad;
- Ramping-up full-scale mining; and
- Implementing grade control systems to optimize mine and processing recovery during production ramp-up.

Sigma will employ contract mining, with Fagundes engaged as the Company's primary mining contractor.

Figure 9: Phase 1 North Pit Mining



Figure 10: Phase 1 South Pit Mining & Ore Stockpiling



Note: Red circles in Figures 9 and 10 highlight exposed ore.

Figure 11: Piaui Bridge



Figure 12: Ore Stockpiling





Phase 2 & 3 Development Progress

Throughout 2022, the Company continued to advance development work for a potential Phase 2 & 3 production expansion, announcing the results of the Phase 2 & 3 PFS in December 2022. An illustration of the potential production sequencing in the Phase 2 & 3 PFS is highlighted in Figures 13 and 14 below.

The Phase 2 & 3 PFS investigated the opportunity to fast-track Phase 3 production and to build a dual plant which could process both Phase 2 and Phase 3 ore feed simultaneously to deliver a greater production increase in 2024 (if warranted by feasibility study) versus the sole Phase 2 expansion originally envisioned in the Phase 2 preliminary feasibility study completed in May 2022. Refer to Figure 13 below for the 3D rendering of the potential Phase 2 & 3 expansion as designed by Primero.

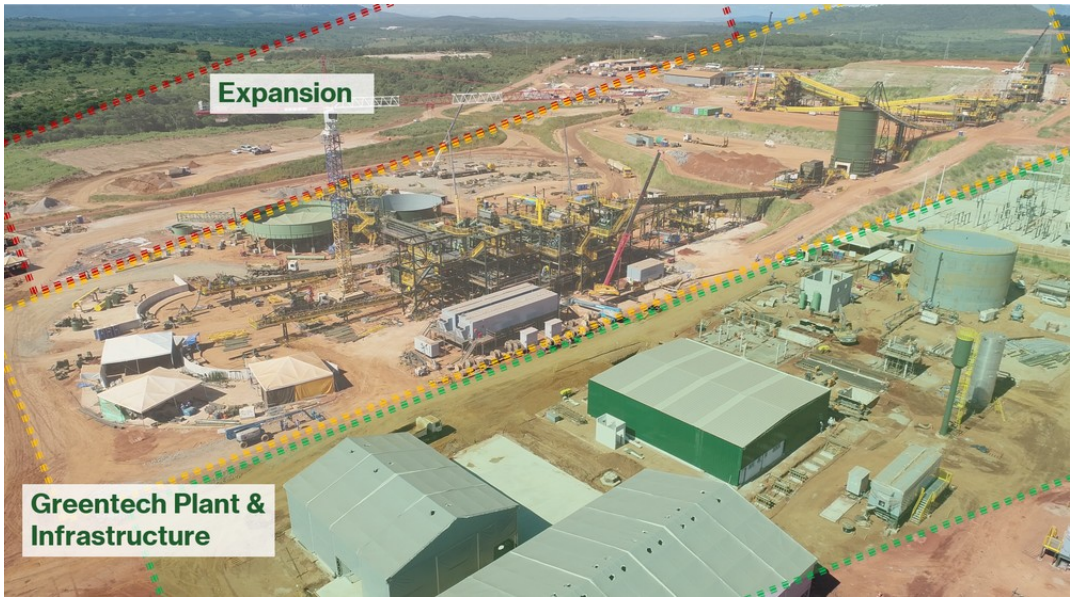
Sigma expects to complete a feasibility study for the potential Phase 2 & 3 expansion in the second quarter of 2023 ahead of making a formal production decision to proceed with Phase 2 & 3. Sigma has appointed DRA Global Limited ("DRA") to work alongside Promon on the design and potential construction of the Phase 2 & 3 expansion. DRA has been selected for its international experience in advanced mineral processing, specifically with lithium DMS plant design, and its construction management experience.

Figure 13: 3D Rendering of the Phase 1 and Phase 2 & 3 Greentech Plant Designed by Primero





Figure 14: Planned Expansion of Phase 2 & 3



Licensing Updates

Phase 1 Updates

Sigma received an operational license ("LO") for the Phase 1 north pit and Greentech Plant on March 31, 2023, and for the Phase 1 south pit on April 30, 2023, both with an unanimous vote of approval including all the non-governmental organizations involved. This follows the Company filing its request for the LO for the Phase 1 north pit and Greentech Plant on November 16, 2022 and the Phase 1 south pit on January 23, 2023. The receipt of the LO was the last licensing step required for Sigma to produce Green Lithium.

On June 29, 2022, the Grant of Right to Use Water Resources ("Outorga de Direito de Uso de Recursos Hídricos") was approved, allowing the Company to use pit seepage water for dust suppression and other mining activities.

On June 27, 2022, the Company obtained the requested extension of its current environmental licenses for construction, installation and commissioning from the environmental authority of the State of Minas Gerais, the Council of Environmental Policy in Brazil. The extension allows for the simultaneous mining of the Phase 1 north pit and south pit and also allows for the Company to increase the area utilized for the dry stacking of the tailings of the Greentech Plant.

On June 23, 2022, the State Institute of Historic and Artistic Heritage of Minas Gerais ("Instituto Estadual do Patrimônio Histórico e Artístico de Minas Gerais" or "IEPHA") approved the Preliminary Cultural Impact Study, which assesses the possibility of impacts of the project on protected cultural assets.

On April 26, 2022, the State Environmental Policy Council ("COPAM"), through its Biodiversity Protection Chamber ("CPB"), approved the environmental compensation proposal presented by Sigma for the vegetation suppression to be carried out. According to



the proposal, Sigma will compensate for twice the area to be suppressed, through the land regularization of the Mata Escura Biological Reserve, an integral protection conservation unit located in the same hydrographic basin as the Project.

In January 2022, SUPPRI (the "Priority Projects Superintendence of Minas Gerais") issued the final request for complementary information ("Complementary Information Request"). In March 2022, the Company fully responded ("Complementary Information Reply") to the Complementary Information Request. The Complementary Information Reply included the submission to SUPPRI of the following environmental studies: Plano de Tráfego (updated traffic plan); Mapa Desvio Estrada Municipal (map and plan for deviation of municipal road); Relatório Campanhas de Monitoramento (monitoring campaigns report); Relação de Comunidades (itemization and description of each community affected); Programa de Monitoramento das Águas Superficiais (surface water monitoring program); Programa de Monitoramento das Águas Subterrâneas (underground water monitoring program); Informações Não Contempladas no PCA (additional information non-contemplated at PCA); Caracterização Hidrológica do Córrego Taquaral (hydrogeology study of Taquaral seasonal stream); Prospecção Espeleológica (report of any existing caves in the area); Plano de Reaproveitamento do Rejeito (tailings recycling plan); Drenagem Pilhas de Disposição de Rejeito/Estéril (drainage plan for tailings piles); (Implicações Inventário Vegetaçao (vegetation inventory); Programa de Resgate de Espécies da Flora Ameaçadas e Endêmicas (program for rescue of eventual endangered species of vegetation); Licença de Pesca Científica (license for scientific fishing); and Pontos de Monitoramento da Herpetofauna (monitoring points of reptile animals of the region).

Phase 2 Updates

On August 17, 2022, the Company filed at SUPPRI the environmental studies, including, among others, the environmental impact study and environmental mitigation plan (the "Phase 2 EIA/RIMA") for a preliminary and installation license ("LP/LI") for Phase 2 and its piles. Once the EIA/RIMA is approved by the environmental authorities, the Company will be authorized to commence the construction and installation of Phase 2, if a formal production decision to proceed with Phase 2 & 3 is made. Operation permits from environmental authorities will also be required.

The Company conducted detailed environmental impact studies for the fauna and the flora in the area of Phase 2 where the pit and waste piles will be located. These studies started in the dry season of the second quarter of 2021 and continued throughout the wet season during the third and fourth quarters of 2021.

The design proposed by the Company in the environmental impact study and environmental mitigation plan for the area directly impacted by the Project (the "Project Impacted Area") has followed the Company's ESG-centric approach to minimize distances by combining the minimization of greenhouse gas emissions of diesel in mining trucks with a minimization of semi-arid bush and vegetation suppression. Therefore, the Company contemplated the location of its processing tailings dry stacking piles in the vicinity of the Greentech Plant.

Exploration Progress

During 2022, the Company made significant exploration progress, with activities focused on Phase 2 and Phase 3.

As of the date of this AIF, the Company has achieved the following significant milestones:

- Announced a maiden Phase 3 mineral resource estimate in June 2022, which was later updated and announced in December 2022 as 26.7 Mt of measured and indicated mineral resources grading at 1.49% Li_2O, comprised of 2.4 Mt of measured mineral resources grading at 1.56% Li_2O and 24.3 Mt of indicated mineral resources grading at 1.48% Li_2O;
- Announced a maiden Phase 3 mineral reserve estimate of 21.2 Mt grading at 1.45% Li_2O of proven and probable mineral reserves, comprised of 2.2 Mt of proven mineral reserves grading at 1.53% Li_2O and 19.0 Mt of probable mineral reserves grading at 1.44% Li_2O in December 2022; and
- Increased the Project's consolidated mineral reserve and mineral resource estimates to 54.8 Mt grading at 1.44% Li_2O of proven and probable mineral reserves, comprised of 27.4 Mt of proven mineral reserves grading at 1.44% Li_2O and 27.3 Mt of probable



mineral reserves grading at 1.43% Li_2O, 77.0 Mt grading at 1.43% Li_2O of measured and indicated mineral resources, comprised of 37.1 Mt of measured mineral resources grading at 1.43% Li_2O and 39.9 Mt of indicated mineral resources grading at 1.43% Li_2O, and 8.6 Mt grading at 1.43% Li_2O of inferred mineral resources at a 0.5% Li_2O cut-off.

- The current exploration program focus is targeted to complete an initial Phase 4 mineral resource estimate. Phase 4 is located in close proximity to Phase 2 and Phase 3 and would be mined as an additional open pit, if warranted and economically viable based on a feasibility study.

Note: All mineral resource estimates referenced in this AIF are inclusive of mineral reserve estimates.

The Company plans to drill approximately 17,000 meters in 2023, with the goal of further increasing the Project's estimated mineral resources. The Company expects that any additional mineral resource growth achieved will be utilized as feedstock material to extend the Project's operating life, if warranted after completing and analyzing a preliminary economic assessment, pre-feasibility study and feasibility study**.**

Royalties

The Brazilian government levies a royalty on mineral production: Compensação Financeira pela Exploração de Recursos Minerais ("CFEM"). Lithium production is subject to a 2% CFEM royalty, payable on the gross income from sales. The Project is also subject to two third-party royalties:

- an net smelter return royalty ("NSR Royalty") of 1% over the gross revenues of the Company from sales of minerals extracted from the Project less all taxes and costs incurred in the process of extraction, production, processing, treatment, transportation and commercialization of the products sold. The NSR Royalty can be "put by the owner" and "called by the Company" for US$3.8 million, once the Company reaches commercial production of 40,000 tonnes of Green Lithium; and
- an NSR Royalty that provides to the holder (currently LRC LP I) a royalty of 1% over the gross revenues of the Company from sales of minerals extracted from the Project, less taxes, returns and sale commissions.

Surface Rights and Other Permitting

Certain surface rights in the Phase 1 area, the current primary focus of the Company's activity, are held by Arqueana Empreendimentos e Participações S.A. ("Arqueana") and Miazga Participações S.A. ("Miazga"), two companies owned by the CEO of the Company Ana Cabral and Director Calvyn Gardner. The Company has entered into right-of-way agreements with these companies to support its exploration and development activities within the Grota do Cirilo property, as well as with third-party surface owners in the Project area.

The Company has a mining easement (Servidão Mineral) with a total of 413.3 hectares and aims to cover the areas of waste and tailings piles, Greentech Plant, all access roads (internal), electrical substation, installation of fueling station and support structures. The Servidão Mineral was published in the Official Gazette of the Federal Government. It contemplates the mining and processing activities of Phase 1 (ANM Process No. 824.692/1971).

The Company also obtained a key approval for the Phase 2 plan with the Agência Nacional de Mineração (the "ANM") approving its economic feasibility study ("Plano Econômico de Avaliação" – PAE). This approval advanced the Phase 2 permitting process to the mining concession request stage ("Requerimento de Concessão de Lavra").

The Company holds approved economic mining plans (Plano de Aproveitamento Econômico or PAE) over the Xuxa, Barreiro, Lavra do Meio, Murial, and Maxixe deposits within the Grota do Cirilo property.



Specialized Skills and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistics planning and implementation of exploration programs as well as regulatory, finance and accounting. To date, the Company has been able to locate and retain such professionals from Australia, Brazil, Canada, Russia, South Africa and the UK, and believes it will be able to continue to do so. The Company relies upon its management, employees and various consultants for such expertise.

Mineral Price and Economic Cycles

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Lithium markets are affected by demands for lithium batteries and global economic conditions. Fluctuations in supply and demand in various regions throughout the world are common.

Economic Dependence

The Company's business is dependent on the exploration, development and operation of lithium properties and the EV market. The Company does not expect to be dependent on any sole contract to sell the major part of the Company's products or services or to purchase the major part of the Company's requirements for goods, services or raw materials.

Bankruptcy and Similar Procedures

There are no bankruptcies, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. The Company has not commenced any bankruptcy, receivership or similar proceedings during the Company's history.

Reorganizations

There have been no corporate reorganizations of the Company within the three most recently completed financial years.

Foreign Operations

The Project exposes the Company to various degrees of political, economic and other risks and uncertainties. See "Emerging Market Disclosure" and "Risk Factors" below.

Employees

As at December 31, 2022, the Company had 165 employees and 31 part time and/or consultants working at various locations. Additionally, the Company has a construction workforce of more than 1,000 (approximately 40% comprised of Jequitinhonha Valley region community members where the Project is located).

Environmental Protection

The current and future operations of the Company, including exploration and development activities, are subject to extensive laws and regulations governing environmental protection, employee health and safety, exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of environment, reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations can increase the costs of, and potentially delay planning, designing, drilling and developing the Company's mineral properties, including the Project.



Social and Environmental Policies

The Company aims to minimize the impact of its operations on both local communities and the environment. The Company is committed to developing the Project in a responsible and sustainable manner. The Company takes its responsibilities seriously to protect the environment, to conduct business based on high ethical standards (including a commitment to not engaging in business with any persons or entities subject to multinational sanction) and to make a positive difference in the communities in which it operates.

Life Cycle Analysis and Net Zero Strategy

The Company has engaged Minviro Ltd. for the preparation of an independent ISO 14000 compliant life cycle assessment ("LCA"). The Company has engaged BeZero Carbon Ltd for the assessment of the Company's internal carbon offsetting projects ("in-setting projects") and advice on a portfolio of carbon additional in-setting projects and initiatives which the Company may undertake in order to deliver its plans to make a robust net zero declaration by 2024.

The objectives of both workstreams are to understand the greenhouse gas emissions associated with the positive activities of carbon sequestering undertaken by the Company, link the results to the overall carbon footprint of existing and planned operations, create an in-setting and offsetting plan for residual emissions and provide an evidence-based assessment for the Company's net zero targets. The Company will take responsibility for all of its expected scope 1, 2, and 3 emissions, as is the expectation in today's international carbon accounting environment for maximizing the robustness and defensibility of the Company's strategy. Net zero targets will be undertaken in two phases: (i) net zero during 2023: incorporating scope 3 emissions from mine to port of shipment in Brazil; and (ii) deliver its plans to make a robust net zero declaration by 2024: incorporating scope 3 emissions at port of delivery.

The study and the audit are contemplating its production route of Green Lithium with spodumene mining and lithium purification and concentration production in Brazil. The final ISO 14000 audit report is ongoing and will include: (i) a cradle to grave life cycle inventory and impact assessment to generate impact data for climate change, water consumption, land use, waste management and certain impact categories selected by the Company; and (ii) a complete contribution analysis outlining the major inputs contributing to the impact categories.

The Company expects to publish results from the LCA in 2023, including its carbon insetting and off-setting strategies. The Company plans to adapt to the most up to date norms in the industry, as this is an important pillar of the Company's plans to develop and maintain a net zero strategy, while the expectations and norms for offsetting and emissions reporting continue to evolve.

SUMMARY OF THE RESTATED TECHNICAL REPORT

Set out below is an extract from the Restated Technical Report dated June 12, 2023, with an effective date of October 31, 2022, prepared by Homero Delboni Jr, B.E., M.Eng.Sc., Ph.D., Marc-Antoine Laporte, P. Geo, Jarrett Quinn, P.Eng., Porfirio Cabaleiro Rodriguez, Meng., and Noel O'Brien, B.E., MBA (the "TR Qualified Persons"). Reference should be made to the full text of the Restated Technical Report, which is the current technical report on the Project, is available on the Company's website at www.sigmalithium.ca or at the Company's profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov and is incorporated by reference into this AIF, for the detailed disclosure in respect of the Project. **All statements in the summary below are as of the effective date of the Restated Technical Report.**

Property Description and Location

The Project is located in the Northeastern Minas Gerais State, in the municipalities of Araçuaí and Itinga, approximately 25 km east of the town of Araçuaí and 600 km northeast of Belo Horizonte.

The Project is comprised of four properties owned by SMSA and is divided into the Northern Complex (the Grota do Cirilo, Genipapo and Santa Clara properties) and the Southern Complex (the São José property).



The Project consists of 29 mineral rights, which include mining concessions, applications for mining concessions, exploration permits and applications for mineral explorations authorizations, spread over 185 km^2, and includes nine past producing lithium mines and 11 first-priority exploration targets. Granted mining concessions are in good standing with the Brazilian authorities.

Certain surface rights in the Phase 1 area, the current primary focus of activity, are held by two companies, Arqueana and Miazga. SMSA has entered into two right-of-way agreements with these companies to support Sigma's exploration and development activities within the Grota do Cirilo property, as well as with third-party surface owners in the Project area.

SMSA has a mining easement (Servidão Mineral) with a total of 413.3 hectares and aims to cover the areas of waste and tailings piles, production plant, all access roads (internal), electrical substation, installation of fueling station and support structures. The Servidão Mineral was published in the Official Gazette of the Federal Government. It contemplates the mining and processing activities of the Xuxa deposit and processing plant (ANM Process No. 824.692/1971).

The Brazilian Government levies a Compensação Financeira pela Exploração de Recursos Minerais (CFEM) royalty on mineral production. Lithium production is subject to a 2.0% CFEM royalty, payable on the gross income from sales. The Project is subject to two third-party net smelter return (NSR) royalties of 1% each. However, Sigma intends to exercise its option to repurchase one of the 1.0% NSRs for US$3.8 million in its first year of commercial production at the Project.

To the extent known to the TR Qualified Persons, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the Project that have not been discussed in the Restated Technical Report.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Project is easily accessible from federal paved road BR-367, which runs through the northern part of the Project. Within the Project area, accessibility is provided by municipal roads. A municipal airport services the town of Araçuaí for private flights. The closest major domestic airports are located at the municipality of Vitória da Conquista, 273 km east of the Project and at the municipality of Montes Claros, 329 km west of the Project.

The Eastern Brazil region is characterized by a dry, semi-arid and hot climate. It is expected that future mining operations could be conducted year-round. Exploration activities are year-round but can be interrupted by short-term rainfall events.

Mining operations have been previously conducted in the Project area. Existing infrastructure includes power supply and substation, an extensive office block equipped with internet and telephones, accommodation for 40 persons on site, dining hall and kitchen, workshop, on-site laboratory and sample storage building, warehouse and a large store, a fuel storage facility with pumping equipment, and a water pumping facility from the Jequitinhonha River with its reservoir. The main 138 kV transmission line from the Irape hydro power station runs through the northern part of the Project area. The towns of Araçuaí and Itinga can supply certain services. Other services may be sourced from Belo Horizonte or São Paulo.

The topography consists of gently rolling hills with less than 100 m difference in elevation. The Project area typically hosts thorn scrub and savannah. Much of the area has been cleared for agriculture. The primary source of water for this project is the Jequitinhonha River.

History

Exploration and mining activities prior to Sigma's project interest were conducted by Companhia Estanìfera do Brazil (CEBRAS), Arqueana Minérios e Metais (Arqueana), Tanex Resources plc (Tanex; a subsidiary of Sons of Gwalia Ltd (Sons of Gwalia)), and RI-X Mineração S.A. (RI-X). CEBRAS produced a tin/tantalite concentrate from open pit mines from 1957 to the 1980s. Arqueana operated small open pit mines from the 1980s to the 2000s, exploiting pegmatite and alluvial gravel material for tin and tantalite. Tanex Resources obtained a project interest from Arqueana, and undertook channel sampling, air-track, and reverse circulation (RC) drilling. The Project was subsequently returned to Arqueana. In 2012, RI-X obtained a controlling interest in Arqueana, and formed a new subsidiary company to Arqueana called Araçuaí Mineração whose name was later changed to SMSA. SMSA completed mapping, data compilation, a ground magnetic survey, channel sampling, and HQ core drilling. A heavy mineral separation (HMS) pilot plant was built during



2014–2015. Lithium-specific mining activities were conducted over at least five deposits in the Northern Complex, and four deposits in the Southern Complex.

In 2017 Sigma purchased a dense media separation (DMS) unit to produce a 6% Li_2O spodumene concentrate. Sigma has completed ground reconnaissance, satellite image interpretation, geological mapping, channel and chip sampling, trenching, core drilling, Mineral Resource and Mineral Reserve estimation, and a feasibility study. Sigma initially focused on a geological assessment of available field data to prioritize the 200 known pegmatites that occur on the various properties for future evaluation. A ranking table that highlighted pegmatite volume, mineralogy and Li_2O and Ta_2O_5 grade was established. Within the more prospective areas, Sigma concentrated its activities on detailed geological and mineralogical mapping of historically mined pegmatites, in particular, on the larger pegmatites.

Geological Setting and Mineralization

The pegmatites in the Project area are classified as lithium–cesium–tantalum or LCT types. The Project area lies in the Eastern Brazilian Pegmatite Province (EBP) that encompasses a very large region of about 150,000 km^2, stretching from the state of Bahia to Rio de Janeiro state.

The pegmatite swarm is associated with the Neoproterozoic Araçuaí orogeny and has been divided into two main types: anatectic (directly formed from the partial melting of the country rock) or residual pegmatite (fluid rich silicate melts resulting from the fractional crystallization of a parent magma). The pegmatites in the Project area are interpreted to be residual pegmatites and are further classified as LCT types.

Pegmatite bodies are typically hosted in a grey biotite–quartz schist and form bodies that are generally concordant with the schist foliation but can also cross-cut foliation. The dikes are sub-horizontal to shallow-dipping sheeted tabular bodies, typically ranging in thickness from a few metres up to 40 m or more, and display a discontinuous, thin, fine-grained chilled margin. Typical pegmatite mineralogy consists of microcline, quartz, spodumene, albite and muscovite. Spodumene typically comprises about 28–30% of the dike, microcline and albite around 30–35%, and white micas about 5–7%. Locally, feldspar and spodumenes crystals can reach as much as 10–20 cm in length. Tantalite, columbite and cassiterite can occur in association with albite and quartz. The primary lithium-bearing minerals are spodumene and petalite. Spodumene can theoretically contain as much as 3.73% Li, equivalent to 8.03% Li_2O, whereas petalite, can contain as much as 2.09% lithium, equivalent to 4.50% Li_2O.

Features of the pegmatites where mineral resources have been estimated include:

- **Phase 1:** foliation concordant, strikes northwest–southeast, dips to the southeast at 40º to 45º, and is not zoned. The strike length is 1,700 m, averages 12–13 m in thickness and has been drill tested to 259 m in depth. Phase 1 remains open to the west, east, and at depth.
- **Phase 2:** foliation discordant, strikes northeast–southwest, dips to the southeast at 30º to 35º, and is slightly zoned with a distinct spodumene zone as well as an albite zone. The pegmatite is about 600 m long (strike), 30–35 m wide, and 800 m along the dip direction. Barreiro remains open to the northeast and at depth.
- **Phase 3:** The pegmatite body strikes nearly north-south (020º) and dips at 40-75º to the southeast. The dike is about 1,600 m long, 200 m down-dip and 20-30 m thick. It remains open to the north, south and at depth. The NDC pegmatite is a high-grade mix of spodumene and petalite with a variable ratio depending on the thickness of the zone.
- **Murial:** foliation discordant, strikes north–south, and has a variable westerly dip, ranging from 25º to 75º. The strike length is about 750 m, with a thickness of 15–20 m, and the down-dip dimension is 200 m. The pegmatite is zoned with a spodumene-rich intermediate zone and a central zone that contains both spodumene and petalite. The southern section of the pegmatite has lower lithium tenors than the norther portion of the dike. Murial remains open to the north, south, and at depth.



- **Lavra do Meio:** foliation concordant, strikes north–south, dips 75º–80º to the east. The strike length is 300 m with an average thickness of 12–15 m and a down-dip distance of 250 m. The pegmatite is zoned and contains both spodumene and petalite and remains open at depth.

Exploration

The development of the Project started in the second quarter of 2012, focusing on a geological assessment of available field data to prioritize the 200 known pegmatites that occur on the various properties for future evaluation. A ranking table that highlighted pegmatite volume, mineralogy and Li_2O and Ta_2O_5 grade was established.

Within the more prospective areas, Sigma concentrated its activities on detailed geological and mineralogical mapping of historically mined pegmatites, and in particular, on the larger pegmatites, Phase 1 and Phase 2. These dikes were channel sampled and subsequently assessed for their lithium, tantalum and cassiterite potential. This work was followed by bulk sampling, drilling and metallurgical test work. In the southern complex area, Sigma geologists have visited sites of historical workings, and undertaken reconnaissance mapping and sampling activities. The Lavra Grande, Samambaia, Ananias, Lavra do Ramom and Lavra Antiga pegmatites were mined for spodumene and heavy minerals, and in some cases gem-quality crystals were targeted. These pegmatites are considered to warrant additional work.

Drilling

Drilling completed by SMSA across the Project area consists of 458 core holes totalling 82,455 m. To date, this drilling has concentrated on the Grota do Cirilo pegmatites. Drilling was completed using HQ core size (63.5 mm core diameter) in order to recover enough material for metallurgical testing. Drill spacing is variable by pegmatite, but typically was at 50 m with wider spacing at the edges of the drill pattern. Drill orientations were tailored as practicable to the strike and dip of the individual pegmatites. The drill hole intercepts range in thickness from approximately 85–95% of true width to near true width of the mineralization.

All core was photographed. Drill hole collars were picked up in the field using a Real Time Kinematic (RTK) global positioning system (GPS) instrument with an average accuracy of 0.01 cm. All drill holes were down-hole surveyed by Sigma personnel using the Reflex EZ-Track and Reflex Gyro instruments. Calibrations of tools were completed every year since 2017.

Sampling intervals were determined by the geologist, marked and tagged based on lithology and mineralization observations. The typical sampling length was 1 m but varied according to lithological contacts between the mineralized pegmatite and the host rock. In general, 1-2 m host rock samples were collected from each side that contacts the pegmatite.

SMSA conducted HQ drilling programs in 2014, 2017, 2018, 2020, 2021 and 2022 on selected pegmatite targets. The drill programs have used industry-standard protocols that include core logging, core photography, core recovery measurements, and collar and downhole survey measurements. There are no drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results in any of the drill campaigns. Drill results from Grota do Cirilo property support the Mineral Resource and Mineral Reserve (MRMR) estimates for the Phase 1 FS and the Phase 2 & 3 PFS update.

Sample Preparation, Analyses and Security

Sampling intervals were determined by the geologist, marked and tagged based on lithology and mineralization observations. The typical sampling length was 1 m but varied according to lithological contacts between the mineralized pegmatite and the host rock. In general, 1 m host rock samples were collected from each side that contacts the pegmatite.

All samples collected by SMSA during the 2014–2022 exploration programs were sent to the SGS Geosol laboratory (SGS Geosol) located in the city of Belo Horizonte, Brazil. A portion of the 2017–2018 and 2020-2022 sample pulps were prepared by ALS Brazil Ltda. In Vespasiano, Brazil (ALS Vespasiano) and shipped to ALS Canada Inc. Chemex Laboratory (ALS Chemex) in North Vancouver, BC, Canada for cross check validation. A portion of the 2014 samples were resampled by the QP and sent for validation to the SGS Lakefield Laboratory (SGS Lakefield) in Lakefield Canada. All laboratories, including ALS Chemex, ALS Vespasiano, SGS Lakefield



and SGS Geosol are ISO/IEC 17025 accredited. The SGS Geosol laboratory is ISO 14001 and 17025 accredited by the Standards Council. All laboratories used for the technical report are independent from SMSA and Sigma and provide services to SMSA pursuant to arm's length service contracts.

Sample preparation conducted at SGS Geosol consisted of drying, crushing to 75% passing 3 mm using jaw crushers, and pulverizing to 95% passing 150 mesh (106 µm) using a ring and puck mill or a single component ring mill. In 2017, SGS Geosol performed 55-element analysis using sodium peroxide fusion followed by both inductively coupled plasma optical emission spectrometry (ICP-OES) and inductively coupled plasma mass spectrometry (ICP-MS) finish (SGS code ICM90A). This method uses 10 g of the pulp material and returns different detection limits for each element and includes a 10 ppm lower limit detection for Li and a 10,000 ppm upper limit detection for Li. In 2018, SGS Geosol used a 31-element analytical package using sodium peroxide fusion followed by both Inductively Coupled Plasma Atomic Emission Spectrometry (ICP-AES) and ICP-MS finish (SGS code ICP90A). The 2020-2022 samples were assayed by SGS Geosol with a 31-element analytical package using sodium peroxide fusion followed by both Inductively Coupled Plasma Optical Emission Spectrometry (ICP-OES) and ICP-MS finish (SGS code ICP90A) For Li, the lower limit of detection is 10 ppm, and the upper limit of detection is 15,000 ppm (1.5% Li).

Sample preparation at ALS Vespasiano comprised drying, crushing to 70% passing 2 mm using jaw crushers, and pulverizing to 85% passing 200 mesh (75 µm) using a ring and puck mill or a single component ring mill. Lithium and boron were determined by sodium peroxide fusion followed by ICP-AES analysis (ALS Chemex method ME-ICP82b).

The 2017 witness samples collected on the 2014 drill core were analyzed at SGS Lakefield using sodium peroxide fusion followed by both ICP-OES and ICP-MS finish (SGS code ICM90A).

In addition to the laboratory quality assurance quality control (QA/QC) routinely implemented by SGS Geosol and ALS Chemex using pulp duplicate analysis, SMSA developed an internal QA/QC protocol for the Xuxa drilling, which consisted of the insertion of analytical standard reference materials (standards), blanks and core duplicates on a systematic basis with the samples shipped to the analytical laboratories. In 2017 and 2021, Sigma also sent pulps from selected mineralized intersections to ALS Chemex for reanalysis. No pulp reanalysis was performed by Sigma in 2013 and 2014. A total of 729 pulp samples from the 2017, 2018, 2020 and 2021 Phase 1, Phase 2, Murial and Lavra do Meio drilling programs were sent to ALS Vespasiano for third-party verification.

SMSA inserted standards in sample batches during the 2014, 2017–2018 and 2020-2022 sampling programs. The 2017–2018 campaign used seven certified standards from African Mineral Standards (AMIS), an international supplier of certified reference materials while the 2020-2022 campaign used four certified AMIS standards. A total of 88 standards were inserted during the 2017 campaign and 315 were inserted during the 2018 campaign, with a further 73 standards submitted in the 2021 campaign and 210 samples submitted in 2021-2022. Results were considered acceptable, and no material accuracy issues were noted.

During the 2017–2018 and 2020-2022 campaigns SMSA included insertion of analytical blanks in the sample series as part of their internal QA/QC protocol. The blank samples, which are made of fine silica powder provided by AMIS, are inserted an average of one for every 20 samples by the SMSA geologist and subsequently sent to SGS Geosol. The same procedure was used by SMSA for the 2014 drilling campaign. A total of 939 analytical blanks were analysed during the 2014, 2017–2018 and 2020-2022 exploration programs. Results were considered acceptable, and no material contamination issues were noted.

SMSA inserted coarse duplicates every 20th sample in the sample series as part of their internal QA/QC protocol. The sample duplicates correspond to a quarter HQ core from the sample left behind for reference, or a representative channel sample from the secondary channel cut parallel to the main channel. Assay results were considered acceptable between the two sample sets.

Bulk densities of the lithologies were measured by SGS Geosol by pycnometer measurement. Measurements were by lithology with special attention to the lithium bearing pegmatite. Separate measurements were made for the Phase 1, Phase 2, Murial, Lavra do Meio and Phase 3 deposits.

A total of 219 measurements were made on Phase 1 core from 2017–2021. Of the 219 measurements, 26 were made on albite-altered pegmatite, 69 on schist, and 121 on lithium-bearing pegmatite. For Phase 2, a total of 471 measurements were made on core from the



2018 and 2021 drill programs. Of the 471 measurements, 94 were made on albite-altered pegmatite, 206 on schist, and 164 on lithium-bearing pegmatite. For Murial, a total of 134 measurements were made by the same method on core from the 2018 drill program. Of the 134 measurements, 32 were made on the albite-altered pegmatite, 58 on the schist and 44 on the lithium bearing pegmatite. For Lavra do Meio, a total of 51 measurement were made by the same method on core from the 2018 drill program. Of the 51 measurements, nine were made on the albite altered pegmatite, 22 on the schist and 20 on the lithium bearing pegmatite. For Phase 3, a total of 292 lithium-bearing samples had density measurements calculated, comprising 196 spodumene samples and 96 petalite samples.

In 2017, SGS validated the exploration processes and core sampling procedures used by SMSA as part of an independent verification program. The QP concluded that the drill core handling, logging and sampling protocols are at conventional industry standard and conform to generally accept best practices. The chain of custody was followed by SMSA employees, and the sample security procedure showed no flaws. The QP considers that the sample quality is good and that the samples are generally representative.

As additional QAQC, SMSA sent 664 samples from the 2017-2018 Grota do Cirillo drilling campaign to ALS Chemex for analysis using the protocol ME-ICP82b with sodium peroxide fusion. Preparation was done by ALS Vespasiano and the samples were subsequently shipped to Vancouver. The average Li concentration for the original was 6,411.4 ppm Li while the duplicate average was 6,475.9 ppm Li. This indicates a slight bias of the ALS Chemex duplicates which is well within the accepted margin of error.

Sigma sent 65 samples from the 2021 Phase 2 drilling campaign to ALS Chemex for check sample analysis using the ALS Chemex protocol ME-ICP82b with sodium peroxide fusion.

The average lithium concentration for the original samples was 6,518.0 ppm Li and the duplicates averaged 6,559.7 ppm Li, with an average difference of 41.7 ppm or 0.6%. The correlation coefficient R^2 of 0.9854 suggests a strong correlation and a high similarity between the two sets of samples.

Sigma sent 304 samples from the 2021-2022 Phase 3 drilling campaign to ALS Chemex for check sample analysis using the ALS Chemex protocol ME-ICP82b with sodium peroxide fusion.

The average lithium grade for the original samples was 1.38% Li_2O and the duplicates averaged 1.39% Li_2O. The correlation coefficient R^2 of 0.98 suggests a strong correlation and a high similarity between the two sets of samples.

A total of 216 coarse duplicates and 216 pulp duplicates from Phase 3 were submitted for analysis from the 2021 and 2022 drill programs. For the coarse duplicates, the average of the original samples was 1.44% Li_2O, while the duplicates averaged 1.42% Li_2O, while the original pulp samples averaged 1.43% Li_2O, with the pulp duplicates also averaging 1.43% Li_2O.

Overall, the QP is confident that the system is appropriate for the collection of data suitable for a Mineral Resource estimate and can support Mineral Reserve estimates and mine planning.

Data Verification

Visits to the Project site were conducted by Marc-Antoine Laporte, P.Geo., M.Sc. from September 11 to September 15, 2017, from July 11 to July 17, 2018, from September 18 to 23, 2018, from October 18 to 21, 2021 and from May 30 to June 1, 2022. These visits enabled the TR QP to become familiar with the exploration methods used by SMSA, the field conditions, the position of the drill hole collars, the core storage and logging facilities and the different exploration targets.

The database for the Project was transmitted to SGS by Sigma as comma separated values (csv) files and regularly updated by Sigma geologists. The database contains data for: collar locations; downhole surveys; lithologies and lithium assays. Upon importation of the data into the SGS proprietary modelling and mineral resources estimation software (Genesis©), SGS conducted a second phase of data validation where any discrepancies were identified and removed from the database, after consultation and verification with Sigma geologists. Finally, SGS conducted random checks on approximately 5% of the assay certificates, to validate the assay values entered in the database.



Witness sampling was undertaken in 2017 on previously sampled mineralized intervals, with the remaining half core cut to quarter core, and the samples submitted to the SGS Lakefield lab for analysis. A total of nine mineralized intervals were sampled to compare the average grade for the two different laboratories. The average for the original samples is 1.61 % Li_2O while the average for the control samples is 1.59 % Li_2O. The average grade difference is 0.02% which makes a relative difference of 1.28% between the original and the control samples.

Following the data verification process and QA/QC review, the TR QP is of the opinion that the sample preparation, analysis and QA/QC protocol used by SMSA for the Project follow generally accepted industry standards and that the Project data is of a sufficient quality.

Mineral Processing and Metallurgical Testing

Phase 1

Drill core samples from the Phase 1 deposit were processed at the SGS Lakefield facility in 2018 and 2022, samples from the Phase 2 deposit were tested between November 2020 and May 2021, and samples from the Phase 3 deposit in 2022. Work conducted on the Phase 1 deposit samples included comminution, heavy liquid separation (HLS), REFLUX™ classifier, dense media separation (DMS) and magnetic separation. The Phase 2 deposit test work program included sample characterization, grindability testing, HLS and DMS metallurgical test work. The Phase 3 deposit test work program included sample characterization, mineralogical analyses, HLS, DMS, and magnetic separation.

Drill core samples were selected and combined into six variability (Var) samples for a test work program comprising of mineralogical analyses, grindability, HLS, REFLUX™ classifier, DMS, and magnetic separation testing. Flowsheets for lithium beneficiation were developed in conjunction with the test work. The goal was to produce spodumene concentrate grading a minimum 6% Li_2O and maximum 1% Fe_2O_3 while maximizing lithium recovery.

Four HLS tests, at four crush sizes (15.9 mm, 12.5 mm, 9.5 mm, and 6.3 mm) were carried out on each of the six variability samples to evaluate the recovery. The 9.5 mm crush size was selected as the optimum crush size for DMS test work, as it resulted in the highest lithium recovery with minimal fines generation.

The DMS variability samples were each crushed to -9.5 mm and screened into four size fractions: coarse (-9.5 mm/+6.3 mm), fines (-6.3 mm/+1.7 mm), ultrafines (-1.7 mm/+0.5 mm) and hypofines (-0.5 mm). The coarse, fines and ultrafines fractions of each variability sample were processed separately for lithium beneficiation. The REFLUX™ classifier (RC) test work was carried out with a RC-100 unit for mica rejection from the fines and ultrafines fractions only. This test work was conducted at FLSmidth's Minerals Testing and Research Center in Utah, USA.

The coarse, fines and ultrafines RC underflow streams of each variability sample were processed separately through DMS. The DMS concentrate from each fraction underwent dry magnetic separation at 10,000 gauss.

The DMS test work flowsheet for the coarse and fines fractions included two passes through the DMS; the first at a lower specific gravity (SG) cut-point (~2.65) to reject silicate gangue and the second pass at a higher SG cut-point (ca. ~2.90) to generate spodumene concentrate. The coarse DMS middlings were re-crushed to -3.3 mm and a two stage HLS test was conducted. The ultrafines DMS test work flowsheet included both a single pass and a double pass DMS circuit at a high SG cut-point (~2.90) to generate spodumene concentrate.

The DMS test results demonstrated the ability to produce spodumene concentrate with >6% Li_2O in most of the tests. Based on the test work results, a lithium recovery of 60.4% was selected for plant design.

Phase 2

Four variability and one composite sample were tested for Phase 2, with the goal of the program to provide preliminary process information on the metallurgical performance of mineralized material from the Phase 2 deposit. The test work program was developed



based on the flowsheet developed for the Phase 1 deposit. The aim of the test work program was to produce chemical grade spodumene concentrate (>6% Li_2O) with low iron content (<1% Fe_2O_3), while maximizing lithium recovery.

Two sets of HLS tests were undertaken. The first set was conducted using the composite to test optimal crush size (i.e., top size of 15.9 mm, 12.5 mm, 10.0 mm, and 6.3 mm). HLS tests were then performed on each variability sample at the optimum crush size. The fine fraction (i.e., -0.5 mm) was screened out from each sub-sample and the oversize fraction was submitted for HLS testing. A crush size of -10 mm was determined to be optimal and variability HLS testing was undertaken at this crush size. Interpolated stage recoveries (6% Li_2O concentrate) for the four variability samples ranged from 56.0% to 77.3%.

In all four variability samples, HLS tests produced >6% Li_2O spodumene concentrate with low iron content (<1.0% Fe_2O_3).

Pilot-scale DMS test work was operated on the composite sample. Dry magnetic separation was undertaken on the DMS feed. DMS test work results showed combined spodumene concentrate grade of 6.11% Li_2O and stage recovery of 59.5% for a global recovery of 50.9%.

Phase 3

Three variability samples and one composite sample were tested for Phase 3, with the goal of the program to provide process information on the metallurgical performance of mineralized material from the Phase 3 deposit. The test work program was developed based on the flowsheet developed for the Phase 2 deposit. The aim of the test work program was to produce chemical grade spodumene concentrate (>5.5% Li_2O) with low iron content (<1% Fe_2O_3), while maximizing lithium recovery.

HLS tests were undertaken across four different crush sizes (i.e., top size of 15.9 mm, 12.5 mm, 9.5 mm, and 6.3 mm) to determine the optimum crush size, for each ore (high grade, medium grade and low grade). The fine fraction (i.e., -0.5 mm) was screened out from each sub-sample and the oversize fraction was submitted for HLS testing. A crush size of -9.5mm was determined to be optimal and variability HLS testing was undertaken at this crush size. Interpolated stage recoveries (5.5% Li_2O concentrate) for the three variability samples ranged from 58.7% to 61.4%, and the master composite a nominal 57.8%, for the 9.5mm crushed process step 1.54% Li_2O head grade.

Pilot-scale DMS test work was operated on the composite sample. Dry magnetic separation was undertaken on the DMS feed. DMS test work results showed combined spodumene concentrate grade with petalite 5.50% Li_2O and stage recovery of 58.7% for a global recovery of 50.6%.

Mineral Resource Estimates

Mineral Resources for the Project were estimated using a computerised resource block model. Three-dimensional wireframe solids of the mineralisation were defined using drill hole Li_2O analytical data.

Data were composited to 1 m composite lengths, based on the north–south width of the block size defined for the resource block model. Compositing starts at the schist-pegmatite contact. No capping was applied on the analytical composite data. The Phase 1, Murial, Lavra do Meio and Phase 3 models used a 5 m x 3 m x 5 m block size and the Phase 2 model used a 5 m x 5 m x 5 m block. Average densities were applied to blocks, which varied by pegmatite, from 2.65 t/m^3 at Lavra do Meio to 2.71 t/m^3 at Phase 2.

Variography was undertaken for Phase 1, Phase 2, Lavra do Meio and Phase 3, and the projection and Z-axis rescaling were done according to the mineralization orientation.

The grade interpolation for the Phase 1, Phase 2, Lavra do Meio, and Phase 3 resource block models were completed using ordinary kriging (OK). The Murial model was estimated using an inverse distance weighting to the second power (ID2) methodology. The



interpolation process was conducted using three successive passes with more inclusive search conditions from the first pass to the next until most blocks were interpolated, as follows:

Pass 1:

- **Phase 1:** search ellipsoid distance of 75 m (long axis) by 75 m (intermediate axis) and 25 m (short axis) with an orientation of 130° azimuth and -50° dip to the southeast; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Phase 2:** search ellipsoid distance of 55 m (long axis) by 55 m (intermediate axis) and 25 m (short axis) with an orientation of 155° azimuth and -35° dip to the southeast; a minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Phase 3:** search ellipsoid distance of 75 m (long axis) by 75 m (intermediate axis) and 25 m (short axis) with an orientation of 18° azimuth and -50° dip to the east; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Murial:** 75 m (long axis) by 75 m (intermediate axis) and 35 m (short axis) with an orientation of 95 ° azimuth and -80° dip to the west; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Lavra do Meio:** 50 m (long axis) by 50 m (intermediate axis) and 25 m (short axis) with an orientation of 280 ° azimuth and -75° dip to the east; minimum of five composites, a maximum of 15 composites and a minimum of three drill holes.

Pass 2:

- **Phase 1:** twice the search distance of the first pass; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Phase 2:** twice the search distance of the first pass; a minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Phase 3:** twice the search distance of the first pass; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Murial:** twice the search distance of the first pass; minimum of seven composites, a maximum of 15 composites and a minimum of three drill holes.
- **Lavra do Meio:** twice the search distance of the first pass; minimum of five composites, a maximum of 15 composites and a minimum of three drill holes.

Pass 3:

- **Phase 1:** 300 m (long axis) by 300 m (intermediate axis) by 100 m (short axis) with a minimum of seven composites, a maximum of 25 composites and a minimum of three drill holes.
- **Phase 2:** 250 m (long axis) by 250 m (intermediate axis) by 100 m (short axis) with a minimum of seven composites, a maximum of 25 composites and no minimum number of drill holes.
- **Phase 3:** 300 m (long axis) by 300 m (intermediate axis) by 100 m (short axis) with a minimum of seven composites, a maximum of 25 composites and a minimum of three drill holes.
- **Murial:** 200 m (long axis) by 200 m (intermediate axis) by 100 m (short axis) with a minimum of seven composites, a maximum of 20 composites and no minimum number of drill holes.
- **Lavra do Meio:** 125 m (long axis) by 125 m (intermediate axis) by 75 m (short axis) with a minimum of five composites, a maximum of 15 composites and no minimum composites required per drill hole.

The estimates and models were validated by statistically comparing block model grades to the assay and composite grades, and by comparing block values to the composite values located inside the interpolated blocks. The estimates were considered reasonable.

Mineral Resources are classified into Measured, Indicated and Inferred categories. The Mineral Resource classification is based on the density of analytical information, the grade variability and spatial continuity of mineralization. The Mineral Resources were classified



in two successive stages: automated classification, followed by manual editing of final classification results. Classifications were based on the following:

Measured Mineral Resources

- **Phase 1:** the search ellipsoid used was 50 m (strike) by 50 m (dip) by 25 m with a minimum of seven composites in at least three different drill holes.
- **Phase 2, Murial, and Lavra do Meio:** the search ellipsoid was 55 m (strike) by 55 m (dip) by 35 m with a minimum of five composites in at least three different drill holes.
- **Phase 3:** the search ellipsoid used was 75 m (strike) by 75 m (dip) by 25 m with a minimum of seven composites in at least three different drill holes.

Indicated Mineral Resources

- In all deposits, the search ellipsoid was twice the size of the Measured category ellipsoid using the same composites selection criteria.

Inferred Mineral Resources

- In all deposits, all remaining blocks.

Conceptual economic parameters were used to assess the reasonable prospects of eventual economic extraction. A series of economic parameters were estimated to represent the production cost and economic prospectivity of an open pit mining operation in Brazil and came either from SGS Canada or SMSA. These parameters are believed to be sufficient to include all block models in future open pit mine planning, due mostly to the relatively low mining costs in Brazil.

The Mineral Resource estimates for the Project are reported in Table 1-1 to Table 1-5 using a 0.5% Li_2O cut-off. The Mineral Resource estimates are constrained by the topography and are based on the conceptual economic parameters. The Phase 1, Murial and Lavra do Meio estimates have an effective date of January 10, 2019, the Phase 2 estimate has an effective date of February 10, 2022, and the Phase 3 estimate has an effective date of October 31, 2022. The TR QP for the estimates is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.

Table 1-1 – Phase 3 Mineral Resource Estimate

CUT-OFF GRADE LI_2O (%)	CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI_2O (%)	CONTAINED LCE (KT)
0.5	Measured	2.4	1.56	93
0.5	Indicated	24.3	1.48	889
0.5	**Measured + Indicated**	**26.7**	**1.49**	**984**

Notes to accompany Table 1-1 Phase 3 Mineral Resource Estimate:

1. Mineral Resources have an effective date of October 31, 2022 and have been classified using the 2014 CIM Definition Standards. The Qualified Person for the estimate is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.
2. All Resources are presented undiluted and in situ, constrained by continuous 3D wireframe models, and are considered to have reasonable prospects for eventual economic extraction.
3. Mineral Resources are reported assuming open pit mining methods, and the following assumptions: lithium concentrate (6% Li_2O) price of US$1,500/t, mining costs of US$2.2/t for mineralization and waste, crushing and processing costs of US$10/t, general and administrative (G&A) costs of US$4/t, concentrate recovery of 60%, 2% royalty payment, pit slope angles of 52-55º, and an overall cut-off grade of 0.5% Li_2O.
4. Tonnages and grades have been rounded in accordance with reporting guidelines. Totals may not sum due to rounding.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to a Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.



6. The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.
7. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Table 1-2 – Phase 1 Mineral Resource Estimate

CUT-OFF GRADE LI_2O (%)	CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI_2O (%)	CONTAINED LCE (KT)
0.5	Measured	10.2	1.59	401
0.5	Indicated	7.2	1.49	266
0.5	**Measured + Indicated**	**17.4**	**1.55**	**667**
0.5	Inferred	3.8	1.58	149

Notes to accompany Table 1-2 Phase 1 Mineral Resource Estimate:

1. Mineral Resources have an effective date of January 10, 2019 and have been classified using the 2014 CIM Definition Standards. The Qualified Person for the estimate is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.
2. Mineral Resources are reported assuming open pit mining methods, and the following assumptions: lithium concentrate (6% Li2O) price of US$1,000/t, mining costs of US$2/t for mineralization and waste, US$1.2/t for overburden, crushing and processing costs of US$12/t, general and administrative (G&A) costs of US$4/t, concentrate recovery of 85%, 2% royalty payment, pit slope angles of 55º, and an overall cut-off grade of 0.5% Li2O.
3. Tonnages and grades have been rounded in accordance with reporting guidelines. Totals may not sum due to rounding.
4. Mineral Resources are reported inclusive of those Mineral Resources converted to Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 1-3 – Phase 2 Mineral Resource Estimate

CUT-OFF GRADE LI_2O (%)	CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI_2O (%)	CONTAINED LCE (KT)
0.5	Measured	18.7	1.41	654
0.5	Indicated	6.3	1.30	204
0.5	**Measured + Indicated**	**25.1**	**1.38**	**857**
0.5	Inferred	3.8	1.39	132

Notes to accompany Table 1-3 Phase 2 Mineral Resource Estimate:

1. Mineral Resources have an effective date of February 11, 2022 and have been classified using the 2014 CIM Definition Standards. The Qualified Person for the estimate is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.
2. All Resources are presented undiluted and in situ, constrained by continuous 3D wireframe models, and are considered to have reasonable prospects for eventual economic extraction.
3. Mineral Resources are reported assuming open pit mining methods, and the following assumptions: lithium concentrate (6% Li_2O) price of US$1,500/t, mining costs of US$2.2/t for mineralization and waste, crushing and processing costs of US$10/t, general and administrative (G&A) costs of US$4/t, concentrate recovery of 60.7%, 2% royalty payment, pit slope angles of 52-55º, and an overall cut-off grade of 0.5% Li2O.
4. Tonnages and grades have been rounded in accordance with reporting guidelines. Totals may not sum due to rounding.
5. Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to a Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
6. The results from the pit optimization are used solely for the purpose of testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Property. The results are used as a guide to assist in the preparation of a Mineral Resource statement and to select an appropriate resource reporting cut-off grade.
7. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Table 1-4 – Murial Mineral Resource Estimate

CUT-OFF GRADE LI_2O (%)	CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI_2O (%)	CONTAINED LCE (KT)
0.5	Measured	4.2	1.17	121
0.5	Indicated	1.4	1.04	36
0.5	**Measured + Indicated**	**5.6**	**1.14**	**157**



0.5	Inferred	0.7	1.06	18

Notes to accompany Table 1-4 Murial Mineral Resource Estimate:

1. Mineral Resources have an effective date of January 10, 2019 and have been classified using the 2014 CIM Definition Standards. The Qualified Person for the estimate is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.
2. Mineral Resources are reported assuming open pit mining methods, and the following assumptions: lithium concentrate (6% Li_2O) price of US$1,000/t, mining costs of US$2/t for mineralization and waste, US$1.2/t for overburden, crushing and processing costs of US$12/t, general and administrative (G&A) costs of US$4/t, concentrate recovery of 85%, 2% royalty payment, pit slope angles of 55º, and an overall cut-off grade of 0.5% Li_2O.
3. Tonnages and grades have been rounded in accordance with reporting guidelines. Totals may not sum due to rounding.
4. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 1-5 – Lavra do Meio Mineral Resource Estimate

CUT-OFF GRADE LI_2O (%)	CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI_2O (%)	CONTAINED LCE (KT)
0.5	Measured	1.6	1.16	45
0.5	Indicated	0.6	**0.93**	15
0.5	**Measured + Indicated**	**2.3**	**1.09**	**60**
0.5	Inferred	0.3	0.87	6

Notes to accompany Table 1-5 Lavra do Meio Mineral Resource Estimate:

1. Mineral Resources have an effective date of January 10, 2019 and have been classified using the 2014 CIM Definition Standards. The Qualified Person for the estimate is Mr. Marc-Antoine Laporte, P.Geo., an SGS employee.
2. Mineral Resources are reported assuming open pit mining methods, and the following assumptions: lithium concentrate (6% Li_2O) price of US$1,000/t, mining costs of US$2/t for mineralization and waste, US$1.2/t for overburden, crushing and processing costs of US$12/t, general and administrative (G&A) costs of US$4/t, concentrate recovery of 85%, 2% royalty payment, pit slope angles of 55º, and an overall cut-off grade of 0.5% Li_2O.
3. Tonnages and grades have been rounded in accordance with reporting guidelines. Totals may not sum due to rounding.
4. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Factors that can affect Grota do Cirilo Mineral Resource estimates include but are not limited to:

- Changes to the modelling method or approach.
- Changes to geotechnical assumptions, and in particular, the pit slope angles.
- Metallurgical recovery assumption that are based on preliminary test results.
- Changes to any of the social, political, economic, permitting, and environmental assumptions considered when evaluating reasonable prospects for eventual economic extraction.
- Mineral Resource estimates can also be affected by the market value of lithium and lithium compounds.

Mineral Reserve Estimates

Phase 1

Phase 1 mineral reserve estimates have an effective date of 26 th of June 2021 and have been converted from Measured and Indicated Mineral Resources. The key parameters upon which the 26th of June 2021 Mineral Reserve estimates were defined are summarized in Table 1-6.

Table 1-6 – Parameters Used in Phase 1 Pit Optimization

ITEM			UNIT	VALUE
Revenue	Sales Price		US$/t conc.*	$ 1,500
	Ore	Density	g/cm³	fixed in model
		Grade	% Li_2O	fixed in model



	Mining	Mine Recovering	%	fixed in model
		Dilution		fixed in model
	Block Model Dimensions	Block Dimensions	Unit	value
		X x Y x Z	m	5 x 3 x 5
	General Angle	Soil	º	34
		Saprolite		37.5
		Fresh Rock		Sector 1 – 72º Sector 2 – 50º
	Processing	Metallurgical Recovery**	%	60.7
		Mass Recovery***	%	Calculated in block
		Concentrated Grade	% Li_2O	6.0
		Cut-off	% Li_2O	0.5
Costs		Mining	US$/t mined	$ 2.20
		Processing	US$/t ore	$ 10.70
		G&A (Adjusted for OPEX)		$4.00
		Sale (2% cost of sale)	US$/t product	$14.66
		Royalties (CFEM 2)%		$14.66

Notes: * conc. = concentrate, ** based on DMS Tests, *** Including 15% fines losses – FOB Mine.

Proven and Probable Mineral Reserves are as presented in Table 1-7.

Table 1-7 – Phase 1 Mineral Reserves

5 X 3 X 5 (M) BLOCK DIMENSIONS
97% MINE RECOVERY, 3.75% DILUTION
(EFFECTIVE DATE: 6/26/2021)

Category	Tonnage (mt)	Average Grade Li2O (%)	Contained LCE (kT)
Proven	8.3	1.55	320
Probable	3.5	1.54	132
Proven + Probable	**11.8**	**1.55**	**452**

Notes to accompany Mineral Reserves table:

1. Mineral Reserves were estimated using Geovia Whittle 4.3 software and following the economic parameters listed below:
2. Sale price for Lithium concentrate at 6% Li2O = US$1,500/t concentrate FOB Mine
3. Exchange rate US$1.00 = R$5.00.
4. Mining costs: US$2.20/t mined.
5. Processing costs: US$10.7/t ore milled.
6. G&A: US$4.00/t ROM (run of mine).
7. Mineral Reserves are the economic portion of the Measured and Indicated Mineral Resources.
8. 97% Mining Recovery and 3.75% Mining Dilution



9. Final slope angle: 34° to 72° based on Geotechnical Document presented in Section 16.
10. Inferred Mineral Resources with the Final Operational Pit is 0.68 Mt grading at 1.52% Li2O. The Inferred Mineral Resources are not included in the Mineral Reserves.
11. Strip Ratio = 16.6 t/t (waste+Inferred mineral resources)/mineral reserves.
12. The Qualified Person for the estimate is Porfírio Cabaleiro Rodriguez, BSc. (Meng), FAIG, an employee of GE21.

Phase 2

The Phase 2 Mineral Reserve estimates have an effective date of February 24 th, 2022 and have been converted from Measured and Indicated Mineral Resources. The key parameters upon which the February 24th, 2022 Mineral Reserve estimates were defined are summarized in Table 1-8.

Table 1-8 – Parameters Used in Phase 2 Pit Optimization

Item			**Unit**	**Value**
Revenue	Sales Price		US$/t conc.*	$1,500
	Ore	Density	g/cm³	Block model
		Grade	% Li_2O	Block model
	Mining	Mine Recovering	%	Block model
		Dilution		Block model
	Block Model Dimensions	Block Dimensions	Unit	value
		X x Y x Z	m	5 x 5 x 5
	General Angle	Overburden	º	Sector 1 – 35º Sector 2 – 37º
		Fresh Rock		Sector 1 – 55º Sector 2 – 52º
	Processing	Metallurgical Recovery**	%	60.0
		Mass Recovery***	%	Calculated in block
		Concentrated Grade	% Li_2O	6.0
		Cut-off	% Li_2O	0.5
Costs		Mining	US$/t mined	$2.19 (Ore)/$1.88 (Waste)
		Processing	US$/t ore	$10.70
		G&A (Adjusted for OPEX)		$4.00
		Sale (2% cost of sale)	US$/t product	$14.66
		Royalties (CFEM 2%)		$14.66

Notes: * conc. = concentrate, ** based on DMS Tests, *** Including 15% fines losses – FOB Mine.



Proven and Probable Mineral Reserves are as presented in Table 1-9.

Table 1-9 – Phase 2 Mineral Reserves

5 X 5 X 5 (M) BLOCK DIMENSIONS
97% MINE RECOVERY, 3.00% DILUTION
(EFFECTIVE DATE: 2/24/2022)

CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI2O (%)	CONTAINED LCE (KT)
Proven	16.9	1.38	577
Probable	4.8	1.29	153
Proven + Probable	**21.8**	**1.36**	**730**

Notes to accompany Mineral Reserves table:

1. Mineral Reserves were estimated using Geovia Whittle 4.3 software and following the economic parameters listed below:
2. Sale price for Lithium concentrate at 6% Li2O = US$1,500/t concentrate FOB Mine.
3. Exchange rate US$1.00 = R$5.00.
4. Mining costs: US$2.19/t mined.
5. Processing costs: US$10.7/t ore milled.
6. G&A: US$4.00/t ROM (run of mine).
7. Mineral Reserves are the economic portion of the Measured and Indicated Mineral Resources.
8. 97% Mine Recovery and 3% Mine Dilution
9. Final slope angle: 35° to 55° based on Geotechnical Document presented in Section 16.
10. Inferred Mineral Resources with the Final Operational Pit is 0.59 Mt grading at 1.32% Li2O. The Inferred Mineral Resources are not included in the Mineral Reserves.
11. Strip Ratio = 12.5 t/t (waste+Inferred mineral resource)/mineral reserve.
12. The Qualified Person for the estimate is Porfírio Cabaleiro Rodriguez, BSc. (Meng), FAIG, an employee of GE21.

Phase 3

Phase 3 Mineral Reserve estimates have an effective date of 31 st, October 2022 and have been converted from Measured and Indicated Mineral Resources, as prepared by SGS Geological Services (SGS Canada). The key parameters upon which the Mineral Reserve estimates were defined are summarized in Table 1-10.



Table 1-10 – Parameters Used in Phase 3 Pit Optimization

Item			Unit	Value
Revenue	Financial Parameters	Sales Price	US$/t conc	$3,500
		Discount rate	%	10
	ROM	Density	g/cm³	model
		Grades	% Li_2O	model
	Mining	Mining Recovery	%	model
		Dilution		model
	Block Model	Block dimensions	Unit	Value
		X	m	5
		Y		3
		Z		5
	Overall Slope Angle	Overburden	º	35
		Fresh Rock		52
	Processing	Metallurgical Recovery DMS**	%	60.7
		Mass Recovery	%	Calculated for each block
		Concentrate Grade	% Li_2O	6
		Cut-off Grade (fixed by program)	% Li_2O	0.5
Costs		Mining	US$/t mined	2.43
		Processing	US$/t ROM	10.7
		G&A		4
		Sales (2% sales cost)	US$/t product	14.66
		Royalties (CFEM 2%)		14.66

Notes: * conc. = concentrate, ** based on DMS Tests, *** Including 15% fines losses – FOB Mine.

Proven and Probable Mineral Reserves are as presented in Table 1-11.



Table 1-11 – Phase 3 Mineral Reserves

5 X 3 X 5 (M) BLOCK DIMENSIONS
94% MINE RECOVERY, 3.00% DILUTION
(EFFECTIVE DATE: 10/30/2022)

CATEGORY	TONNAGE (MT)	AVERAGE GRADE LI2O (%)	CONTAINED LCE (KT)
Proven	2.2	1.53	82
Probable	19.0	1.44	677
Proven + Probable	**21.2**	**1.45**	**759**

Notes to accompany Mineral Reserves table:

1. Mineral Reserves were estimated using Geovia Whittle 4.3 software and following the economic parameters listed below:
2. Sale price for Lithium concentrate at 6% Li2O = US$3,500/t concentrate FOB Mine.
3. Mining costs: US$2.43/t mined.
4. Processing costs: US$10.7/t ore milled.
5. G&A: US$4.00/t ROM (run of mine).
6. Exchange rate US$1.00 = R$5.30.
7. Mineral Reserves are the economic portion of the Measured and Indicated Mineral Resources.
8. 94% Mine Recovery and 3% Mine Dilution
9. Final slope angle: 35° to 52° based on Geotechnical Study conducted by Itaaçu.
10. Strip Ratio = 16.01 t/t (waste)/mineral reserve.
11. The Competent Person for the estimate is Porfírio Cabaleiro Rodriguez, BSc. (Meng), FAIG, an employee of GE21.

Mining Methods

Sigma has undertaken a program of resource drilling for the Phase 1, Phase 2 and Phase 3 deposits. Most drill holes have been geotechnically logged for structural data. The geotechnical data logged from these holes has been analyzed to provide estimates of slope stability, using industry standard empirical techniques.

Phase 1

The mine layout and operation are based on the following criteria:

- Two independent open pits areas: Pit 1 in the north (Xuxa Pit #1) and Pit 2 in the south (Xuxa Pit #2);
- Single access from both pits to the mine infrastructure pad and the processing plant;
- Low height ore benches to reduce mine dilution and maximize mine recovery;
- Pit-wall pre-splitting to reduce mine dilution; and
- Elevated inter-ramp angles for the waste to reduce strip ratio.

The basis for the scheduling includes:

- Six months of pre-stripping to expose and access ore;
- Pit 1 and Pit 2 will be mined in concurrently from Year 1 to Year 8 to reduce the drop-down rate and to facilitate a 1.5 Mtpa production rate;
- The planned open pit mine life is about eight years; and
- The mining fleet is based on road trucks operated by a mining contractor.



Phase 2

The mine layout and operation are based on the following criteria:

- A single open pit on the Phase 2 pegmatite;
- Low height mineralized material benches to reduce mine dilution and maximize mine recovery;
- Pit wall pre-splitting to reduce mine dilution; and
- Elevated inter-ramp angles for the waste to reduce strip ratio.

The basis for the scheduling includes:

- Pit wall pre-stripping the pit to liberate mineralized material;
- Pit cut-backs in years 4 and 6 to expand and deepen pit;
- Mining at a rate of 1.8 Mtpa;
- The planned open pit mine life is 12 years; and
- The mining fleet is based on road trucks operated by a mining contractor.

Phase 3

The mine layout and operation are based on the following criteria:

- Two independent open pits areas: Pit 1 in the north and Pit 2 in the south;
- Low height mineralized material benches to reduce mine dilution and maximize mine recovery;
- Pit wall pre-splitting of the mineralized material to reduce mine dilution; and
- Elevated inter-ramp angles for the waste to reduce strip ratio.

The basis for the scheduling includes:

- Mining at a rate of 1.8 Mtpa;
- The planned open pit mine life is 12 years; and
- The mining fleet is based on road trucks operated by a mine contractor.

Recovery Methods

The processing plant was designed to produce a target 6.0% Li_2O spodumene concentrate from an ore grade of 1.46% Li_2O (diluted).

A second DMS concentrator plant would be constructed to process Phase 2 ore. This plant would produce a minimum 6.0% Li_2O spodumene concentrate from an ore grade of 1.39% Li_2O (diluted).

With the integration and proposed new development of Phase 3, the wholistic mining strategy and operational strategy will be designed around a combined Phase 2 & 3 process facility.

Compared to Phase 1 and Phase 2 ores, the Phase 3 ore does not respond as well due to different lithium deportment and mineralogy, so when processed the target concentrate grade drops to a nominal 5.5% contained lithium concentrate as spodumene and petalite from an ore grade of 1.44% Li_2O (diluted).

Processing Plant Description

The throughput capacity for the Phase 1 processing plant is based on 1.7 Mtpa (dry) of ore fed to the crushing circuit, while the proposed expansion for the Phase 2 & 3 plant is based on a nominal capacity of 3.9 Mtpa.



The processing plants are designed based on a proven DMS circuit and includes conventional three-stage crushing and screen circuit, up-flow classification for mica removal, two-stage coarse DMS circuit, two-stage fines DMS circuit, two-stage ultrafines circuit, as well as magnetic separation on the fines and ultrafines DMS concentrate final product streams.

When Phase 3 ore is treated through the extension of the processing plant, a third DMS circuit is proposed, to recover additional lithium units as petalite from the spodumene DMS float stream. The sinks from this circuit reports to the tailings, while the floats (petalite) report to the spodumene stockpile.

Front-End Engineering Design (FEED) was completed for the processing plant. The Phase 1 design data is based on feasibility-level metallurgical test work conducted at SGS Canada Inc. in Lakefield, Ontario. The mass balance, process design criteria and process flow diagrams were developed based on these test work data.

Design of the combined Phase 2 & 3 concentrator is based on PFS-level test work conducted by SGS Canada Inc. in Lakefield, Ontario.

Design Criteria and Utilities Requirements

The utilities consumption requirements for each plant are approximately 6.7 MW for the process plant and 1.5 MW for non-process infrastructure at the process plant.

The Phase 1 raw water consumption for process water is nominal a 35 m^3/hr (make-up raw water requirement).

The process water will be recycled within the plant using a thickener, where all fines slurry streams will be directed and recovered. This water will be pumped to the process water tank and recycled to the circuits.

Consumables will include reagents and operational consumables for the crushing circuit and the DMS plant.

Project Infrastructure

The Phase 1 project infrastructure has been constructed on earthworks pads for the mineral processing plant, the mine operation support units, the open pits of the mines and the areas of waste rock and tailings disposal.

If developed, the Phase 2 & 3 project will utilise the same infrastructure developed for Phase 1.

Buildings, Roads, Fuel Storage, Power Supply and Water Supply

Access to the processing plant will be by municipal roads linking to the federal road BR367. The current municipal road will be suitable for truck traffic. Sigma constructed a new section of the municipal road to bypass the plant, duly authorized by the municipality of Itinga.

The plant and mine services areas will have administrative buildings such as offices, changeroom, cafeteria, concierge, clinic, fire emergency services and operation support facilities such as workshops and warehouses.

Fuel will be stored and dispensed from a fuel facility located at the mine services area.

Power will be supplied from the existing power grid line. Two main sub-stations (CEMIG and plant) will be installed to supply power to the plant, the mine services area and associated infrastructure.

Raw water will be supplied from the Jequitinhonha River, treated as necessary and reticulated within the plant for process, potable and firewater needs.



Waste Rock and Tailings Disposal and Stockpiles

At Phase 1, waste rock will be stored in five waste piles in the vicinity of the Phase 1 pits. Geotechnical studies determined an optimal bench height of 20 m, with a face angle of 38°. The access ramps will be 12 m wide, with a maximum gradient of 10%.

Table 1-12 shows the capacities of the Phase 1 waste piles.

Table 1-12 – Phase 1 Waste Pile Storage

Designed Pile	Volume (Mm^3)	Area (ha)
Pile 1	16.2	35.9
Pile 2	15.1	34.1
Pile 3	1.8	8.7
Pile 4	35.9	55.8
Pile 5	2.4	8.3
TOTAL	**71.4**	**142.8**

The Phase 2 waste will be stored in a single waste pile close to the Phase 2 pit. The waste pile parameters are the same as the Phase 1 parameters – a 20 m bench height, 38° face angle, 12 m access ramp and a maximum gradient of 10%.

Table 1-13 shows the capacity of the Phase 2 waste pile.

Table 1-13 – Phase 2 Waste Pile Storage

Waste Pile	
Volume (Mm^3)	110.9
Area (ha)	122.7
Maximum height (m)	220

The Phase 3 waste will be stored in a single waste stockpile adjacent to the Phase 3 pit. The waste pile parameters are the same as those for Phase 1 and Phase 2, namely a 20 m bench height, 38° face angle, 12 m access ramp and a maximum gradient of 10%.

Table 1-14 shows the capacity of the Phase 3 waste pile.

Table 1-14 – Phase 3 Waste Pile Storage

Waste Pile	
Volume (Mm^3)	162.5
Area (ha)	158.8
Maximum height (m)	225

The tailings stockpile will be fed by a radial stacker from the process plant. The tailings will then be loaded into mine trucks by front end loaders and transported to a tailings pile for storage.

Control Systems and Communication

A process control system (PCS) including a main plant supervisory control and data acquisition (SCADA) system will be installed for monitoring and control purposes.

The telecommunications network will consist of the telecommunications network, access control system and radio frequency identification (RFID).



Market Studies and Contracts

The key information contained in the market study regarding lithium demand, supply and price forecasts are summarized from Benchmark Mineral Intelligence (2022).[1]

Demand and Consumption

Lithium's demand growth profile increased dramatically in 2022, driven by structural changes in the automotive industry with manufactures increasingly transitioning towards EVs. Benchmark Mineral Intelligence estimates that 2022 will end in a deficit position with total base-case battery demand expected to end the year at 591 GWh, translating to 475 kt of LCE demand, up from 348kt LCE in 2022. Total lithium demand in 2022 is expected to be 613 kt of LCE vs 482 kt in 2021.

Benchmark Mineral Intelligence estimates that the supply-demand balance will tighten further going forward, with 2023 forecasted to have a base case demand from battery end-use of 630 kt LCE, a 33% increase from 2022. This deficit position is expected to continue to increase, reaching a net deficit position of 159 kt LCE by 2030 and 2,580 kt LCE by 2040.

Benchmark Mineral Intelligence estimates global EV penetration will reach 12.4% in 2022, up from 8.0% in 2021, as global EV sales continue to accelerate, particularly from Europe and China. This figure is expected to increase to 21% by 2025 and reach 74% by 2040.

Supply

Benchmark Mineral Intelligence expects lithium supply to increase over the 634 kt LCE of total supply estimated in 2022, given the robust commodity price outlook for lithium.

In the longer term, Benchmark Mineral Intelligence forecasts that the total lithium supply will reach 2.1 Mt LCE by 2030 and 3.0Mt LCE by 2040. Benchmark Mineral Intelligence's supply forecast includes expansions from existing mines as well as new entrants developing pre-production projects.

Price Forecast

Tight market supply combined with rapidly improving demand for lithium chemicals is expected to put continued strong upward pressure on prices. Benchmark Mineral Intelligence's base case forecast expects prices to continue to rise through 2023 as demand outstrips supply with real lithium hydroxide and spodumene 6% prices hitting US$55,900/t and US$5,100/t in 2023, respectively. Benchmark Mineral Intelligence then expects prices to stabilize at higher levels in 2024 and begin to decline to more stable levels in a balanced supply-demand market in 2025.

Operational Contracts

In June, 2022, Sigma entered into a Letter of Intent with Fagundes Construção e Mineração S.A. ("Fagundes") to provide mining services to Sigma for its pre-stripping phase, as well as its operational phase, including the supply of all equipment for such works. In August 2022, Sigma entered into a Letter of Intent with IBQ Indústrias Químicas S.A. ("Enaex") for the supply of explosives and the handling of such explosives for Sigma's mining works. Sigma is currently negotiating the definitive agreements with Fagundes and Enaex, who shall be the ultimate service providers and suppliers for all mining activities of Sigma.

Sigma has no other contracts in place in support of operations, but is in negotiations with respect to a number of contracts pertaining to road transport, port handling and power.

Any future contracts are likely to be negotiated and renewed on an annual or bi-annual basis. Contract terms are expected to be typical of similar contracts in Minas Gerais State.

[1] Lithium Forecast | Q3 2022. Sources include: rho motion.



Construction Contracts

Sigma has signed an agreement for the EPCM of the Production Plant and associated infrastructure with engineering firm Promon. The detail engineering is progressing according to priority and both companies started issuing construction drawings according to the schedule baseline. Procurement services according to the Procurement Plan defined in the FEED. Construction Management includes general scheduling, managing all items, generating weekly dash boards, preparing presentations with critical points, preventive and corrective actions in order to reach the project deadlines.

In April 2022, Sigma signed an agreement for the civil construction of the Phase 1 Greentech Plant with engineering firm Tucumann Engenharia e Empreendimentos Ltda. The scope of work includes all civil construction works and services for the implementation of the Project, including the supply of materials, commissioning, provision of documentation, topographic survey services, excavations, shallow foundations, concrete structures, buildings, paving, streets, urbanization and landscaping and rainwater drainage and spare parts.

In March 2022, Sigma signed an agreement for the construction of a substation and the displacement of an existing transmission line with Tecnova Engenharia Ltda. The scope of work includes all civil construction, electromechanical and electrical assembly works and services for the implementation of the including, the civil project, the electrical project, the electromechanical project, the supply and installation of materials, structures and equipment, as well as commissioning, supply of documentation as built of the civil, electromechanical and electrical works, considering all the technical information informed by CEMIG.

In July 2022, Sigma signed an agreement for the construction of a laboratory with SGS Geosol. The scope of work includes all work for the management of the assembly of the Sigma's internal laboratory and implementation, including the electrical project, the electromechanical project (including, but not limited to, the drawings, layouts, technical specifications, bills of materials, calculation memorials and documents), hydraulic design, supply and installation of materials, structures and equipment, as well as commissioning, start-up, supply of "as built" documentation of the projects, electromechanical, hydraulic and electrical, and all other services necessary for the execution of the scope of work.

In July 2022, Sigma signed an agreement for the electromechanical assembly of the Phase 1 Greentech Plant with PAREX Engenharia S.A. The scope of work includes all assembly of the Phase 1 Greentech Plant, and the supply of materials for such scope of works.

For more information in respect of additional contracts entered into after the date of the Restated Technical Report, see "General Development of the Business – Three Year History – Corporate".

Environmental Studies, Permitting and Social or Community Impact

Conselho Estadual de Politica Ambiental ("COPAM") granted an Operation ("LO") to SMSA for commercial production and sale in April 2023.

On August 17, 2022, Sigma applied for the permitting of the environmental license for the Phase 2 mine and waste piles. The environmental license for the subsequent phases will solely contemplate the license of the deposits and of its waste piles.

SMSA holds approved economic mining plans ("Plano de Aproveitamento Econômico" or "PAE") over the Phase 1, Phase 2, Lavra do Meio, Murial, Maxixe and Phase 3 deposits within the Project. The PAE for Phase 1 was updated and approved in August 2018, while the PAE for Phase 2 was updated and approved in July 2022.

Reclamation plans (referred to as degraded area plans or PRADs) have been developed and implemented for certain past-producing areas within the Grota do Cirilo property. The successful recovery of these areas is managed by SMSA personnel and external consultants in conjunction with the governing regulatory agencies.



Sigma has held regular meetings and consultation sessions with local stakeholders regularly over the last five years. The further development of SMSA mining activities in the Jequitinhonha Valley is viewed by both communities as an important regional economic driver.

Applicable Legal Requirements for Project Environmental Permitting

CONAMA Resolution N° 237 (1997) defines environmental licensing as an administrative procedure by which the competent environmental agency permits the locating, installation, expansion and operation of enterprises and activities that use environmental resources in a manner considered to be effectively or potentially polluting.

The licensing process in Minas Gerais has been developed in accordance with COPAM Regulatory Deliberation N° 217, dated December 6, 2017, and establishes classification criteria based on scale and polluting potential, as well as the locational criteria used to define the modalities of environmental licensing of ventures and activities that use environmental resources in the state of Minas Gerais.

In compliance with CONAMA Resolution 09/90, the environmental licensing of mining projects is always subject to an Environmental Impact Assessment ("EIS"), followed by an Environmental Impact Report ("EIR"), which supports the technical and environmental feasibility stage of the project and the granting of a Preliminary Licence (LP) and/or a concurrent Preliminary and Installation License (LP + LI).

Phase 1 Project Environmental Permitting Status

SMSA has a definitive water license for the uptake of 150 m^3/hr of water from the Jequitinhonha River approved by the Agencia Nacional das Águas ("ANA") in February 2019. The water usage licence is valid for 10 years, which is expected to be sufficient for the life-of-mine (LOM) requirements for mining and product processing for Phase 1.

The LP + LI for the first phase of the project, consisting of the Xuxa Pit #1, waste piles #1 and #2 and the construction of the processing plant was submitted on December 20, 2018 followed by the EIS, the EIR and the other mandatory documents. The EIS and Plano de Controle Ambiental – PCA dated December 2018 were prepared by NEO Soluções Ambientais and ATTO GEO Geologia e Engenharia. The LP + LI for Xuxa Pit #1, Piles #1 and #2 and the processing plant was obtained on June 3, 2019.

A second EIS covering Xuxa Pit #2 and waste piles #3, #4 and #5 was formally approved in July 2022. On November 16, 2022, SMSA filed its request for the permitting of the operational licence (LO) for Xuxa Pit #1 and areas and processing plant, which was obtained in March 2023; and, on January 23, 2023, SMSA filed its request for the permitting of Xuxa Pit #2 areas, which was obtained in April 2023.

On August 17, 2022, Sigma applied for the environmental licences for the Phase 2 mine and waste piles.



Authorizations

SMSA is the owner of the following mining rights:

Table 1-15 – Mineral Rights Description

ID	Number	Year	Type	Expiry Date	Area (ha)	Associated Property
1	802.401	1972	Mining concession (*)	Life of mine	1,796.5	Genipapo
2	802.400	1972	Mining concession (*)	Life of mine	969.13	Genipapo
3	4.134	1953	Mining concession (*)	Life of mine	494.69	Grota do Cirilo
4	831.891	2017	Exploration Permit	17/07/2023 (**)	10.57	Genipapo
5	830.039	1981	Mining Application	Life of mine	715.24	Grota do Cirilo
6	824.692	1971	Mining concession	Life of mine	756.21	Grota do Cirilo
7	810.345	1968	Mining concession (*)	Life of mine	125.54	Grota do Cirilo
8	9.135	1967	Mining concession (*)	Life of mine	312	Grota do Cirilo
9	5.804	1953	Mining concession (*)	Life of mine	9.33	Grota do Cirilo
10	804.541	1971	Mining Application	Life of mine	44.89	Grota do Cirilo
11	824.695	1971	Mining concession (*)	Life of mine	1,069.2	Grota do Cirilo
12	805.799	1970	Mining concession (*)	Life of mine	8.29	Grota do Cirilo
13	801.312	1972	Mining concession (*)	Life of mine	2,505.22	Grota do Cirilo
14	831.975	2017	Exploration Permit	19/03/2023 (**)	4.03	Grota do Cirilo
15	2.998	1953	Mining concession (*)	Life of mine	327.84	Santa Clara
16	801.870	1978	Mining concession	Life of mine	544.9	Santa Clara
17	801.316	1972	Mining concession (*)	Life of mine	3,727.9	Santa Clara
18	801.315	1972	Mining concession (*)	Life of mine	991.71	Santa Clara
19	813.413	1973	Mining concession (*)	Life of mine	379.31	Santa Clara
20	832.889	2013	Extension Exploration Permit	02/12/2022 (**)	810.23	São José
21	806.856	1972	Mining concession (*)	Life of mine	1,920.4	São José
22	808.869	1971	Mining concession (*)	Life of mine	29	São José
23	804.088	1975	Mining concession	Life of mine	29.22	São José
24	801.875	1978	Mining concession	Life of mine	281.51	São José
25	830.580	1979	Exploration Permit	N/A***	686.89	São José
26	832.244	2021	Exploration Permit	04/02/2025	1.53	Grota do Cirilo
27	832.245	2021	Exploration Requirement	N/A***	0.25	Grota do Cirilo
28	832.246	2021	Exploration Permit	04/02/2025	2.16	Grota do Cirilo
29	830.081	2022	Exploration Permit	18/04/2025	1.16	Grota do Cirilo

* Mining rights covered by the Mining Group 931.021/83.
**Deadline for submission to the ANM of the final research report
*** The Final Research Report was submitted in due time and is pending analysis. There is no provision for an administrative decision.

Furthermore, Sigma holds approved economic mining plans (“Plano de Aproveitamento Econômico” or “PAE”) over the Phase 1, Phase 2, Lavra do Meio, Murial, Maxixe and Phase 3 deposits within the Grota do Cirilo property. The PAE for Phase 1 was updated and approved in August 2018, while the PAE for Phase 2 was updated and approved in July 2022.

With the granted LP + LI for Phase 1, the Company must now install the project within five years, comply with the environmental conditions established in the LP + LI certificate. Sigma has also applied for the Operational License for Phase 1, which is a condition for Sigma to begin operational activities.



Land Access

Sigma entered into right-of-way agreements with Miazga, a related party to the Company, and third-party surface rights owners of the Project, to carry out mining activities on its properties. These farms include Legal Reserves (LR) which are preserved and registered in the National Rural Environmental Registration System (NRERS), in accordance with Law Nº 12.651, dated May 25, 2012.

SMSA has a mining easement (Servidão Mineral) with a total of 413.3 hectares and aims to cover the areas of waste and tailings piles, production plant, all access roads (internal), electrical substation, installation of fueling station and support structures. The Servidão Mineral was published in the Official Gazette of the Federal Government. It contemplates the mining and processing activities of the Xuxa deposit (ANM Process No. 824.692/1971).

Social License Considerations

Sigma understands and accepts the importance of proactive community relations as an overriding principle in its day-to-day operations as well as future development planning. The Company therefore structures its community relations activities to consider the concerns of the local people and endeavors to communicate and demonstrate its commitment in terms that can be best appreciated and understood to maintain the social license to operate.

The Jequitinhonha valley is considered one of the poorest regions in Minas Gerais which is plighted by poverty and is in the lowest quartile the Human Development Index (HDI). Sigma is one of the largest investors and operators in the area and the project will be transformational to the local communities. The largest direct economic benefit is that Sigma is subject to a 2% CFEM which is divided between the Federal Government, State Government and Local Government. Secondly a portion of the taxes on local procurement of goods and services is shared with the Local Government. These incomes from the royalty and tax are an important source of funding for local Government and Sigma is the largest direct contributor in the region. Sigma will be by far the largest employer in the region with an estimated 500 direct jobs being created with three to four times this number being indirect.

Farming in the area is small-scale subsistence type as the area is semi-arid. Studies identified that there is minimal impact on the neighbouring farms of Grota do Cirilo properties. Sigma and contractor workforce will live in the cities of Araçuaí and Itinga and strict environmental management plans are in place to minimize the environmental footprint of the project. An example is 90% of the process water is re-circulated and there is zero run-off water from the site except during the wet season, when excess water from the pond will be discharged in an overflow channel. The process uses dry stacking technology, and no slimes dam will be built. Regular environmental monitoring will be conducted, and results will be shared with the local communities.

Sigma has targeted and continues to consult and engage with numerous stakeholders in support of project development of the Project and has hosted visits from representatives of government departments and local academic institutions to enhance stakeholder relations.

Rehabilitation, Closure Planning and Post-Closure Monitoring

The closure plan for the Grota do Cirilo property encompasses the following: dismantling of building and infrastructure, removal of heavy mobile and surface equipment, restoration by reconstituting vegetal cover of the soil and the establishment of the native vegetation, grading and capping with vegetation suppression layer and revegetation of the waste rock and overburden stockpiles, removal of suppressed vegetation along with slope cover and surface drainage for water management, fencing of site, environmental liability assessment studies where there may have been spillages and soil and water contamination and safe disposal, revegetation of the open pit berm areas and fencing around the open pits.

In the post-closure phase, a socioenvironmental and geotechnical monitoring program will be carried out, to support ecosystem restoration or preparation for the proposed future use.

The monitoring program will collect soil and diversity of species on an annual basis, continuing for a five-year period after mine closure.



Phase 2 Environmental Work to Date

On August 17, 2022, the Company filed at SUPPRI (the Priority Projects Superintendence of Minas Gerais) the environmental studies, including, among others, the EIS and EIR (Barreiro EIS/EIR) for the permitting of the LP+LI for the Phase 2 deposit and its waste piles. Once the EIS/EIR is approved by the environmental authorities, SMSA will be authorized to commence the construction and installation of the Phase 2 deposit. Operation permits from environmental authorities will also be required.

Phase 3 Environmental Work to Date

The EIS and EIR for the Phase 3 deposit, jointly with other mandatory documents, will be submitted to – SUPPRI for the permitting of the LP+LI.

The environmental licensing process began in December 2022 and will be formalized with the presentation of such technical studies for the production of 1,700,000 t/year for open pit mining and 182.2 ha for waste piles.

Capital and Operating Costs

Capital Cost Estimate

The capital cost estimate ("CAPEX") was developed to provide substantiated costs for the FEED study of Phase 1 and the PFS-level study of Phase 2 & 3 processing plant and to provide Sigma with an overall risk and opportunity profile to enable a Phase 1 production decision and to advance off-take agreements and project financing.

The total CAPEX for Phase 1 including the Estimated Vat Tax Incentive is US$130.6 M.

The total Capex for Phase 2 & 3 is US$154.9 M (this is including the Owner's cost, working capital, contingency and excluding the Sustaining Capital).

The CAPEX estimate has an accuracy of ±25% and is summarized in Table 1-16 (Phase 1) and Table 1-17 (Phase 2 & 3).

Table 1-16 – Phase 1 Capital Cost Estimate Summary

AREA	TOTALS (USD)		
	DIRECTS + INDIRECTS	CONTINGENCY	TOTAL
001 MINE	7,856,938	605,014	8,461,952
002 PLANT	64,841,255	4,992,777	69,834,032
002.003 AUTOMATION/DIGITALIZATION	3,852,981	296,680	4,149,661
003 ENVIRONMENTAL	14,418,492	1,121,428	15,539,921
004 EPCM & ENGINEERING SERVICES	17,867,543	1,375,801	19,243,344
005 SUBSTATION & UTILITY POWER SUPPLY	6,888,863	530,442	7,419,305
TOTAL CONSTRUCTION CAPITAL COST	**111,873,091**	**8,625,462**	**120,498,553**
006 OWNERS PROJECT COSTS	8,901,677	890,168	9,791,844
007.001 WORKING CAPITAL AND SPARES	6,137,293	—	6,137,293
TOTAL CONSTRUCTION CAPITAL COST (EX VAT TAX INCENTIVE)	**126,912,061**	**9,515,630**	**136,427,691**
009 ESTIMATED VAT TAX INCENTIVE	(5,859,000)	—	(5,859,000)
TOTAL CONSTRUCTION CAPITAL COST	**121,053,061**	**9,515,630**	**130,568,691**
008 SUSTAINING AND DEFERRED CAPITAL	3,200,000	246,400	3,446,400



Table 1-17 – Phase 2 & 3 Capital Cost Estimate Summary

AREA	TOTALS (USD)		
MEGA PLANT	DIRECTS + INDIRECTS	CONTINGENCY	TOTAL (Excluding recoverables)
000 MEGA (Excluding Sustaining Capital)	**144,429,471**	**10,473,002**	**154,902,473**
000 MEGA (Including Sustaining Capital)	**157,499,471**	**11,479,392**	**168,978,863**
001 MINE	2,096,208	161,408	2,257,616
002 PLANT	89,536,397	6,718,807	96,255,204
003 ENVIRONMENTAL	15,252,504	1,174,443	16,426,946
004 EPCM & ENGINEERING SERVICES	21,672,011	1,668,745	23,340,755
005 SUBSTATION & UTILITY POWER SUPPLY	663,829	51,115	714,943
006 OWNERS PROJECT COSTS	9,071,230	698,485	9,769,715
007 WORKING CAPITAL & SPARES	6,137,293	0	6,137,293
008 SUSTAINING & DEFERRED CAPITAL	13,070,000	1,006,390	14,076,390

Note: the Phase 2 & 3 substation costs are included in the Phase 1 CAPEX.

Operating Costs Estimate

The processing plant operating cost estimate includes the operation of a three-stage crushing and screening circuit and DMS circuits (two stages for coarse, fine and ultra fines material classes).

The processing operating costs ("OPEX") includes operating and maintenance labour, power, fuel and indirect charges associated with the processing plant. Based on these cost assumptions, inclusions and exclusions, it is estimated that the variable OPEX for the Phase 1 concentrator will be $5.3/t of ore feed and US$7.5M of fixed OPEX. The estimated variable OPEX for the Phase 2 & 3 concentrator is $4.8/t of ore feed and US$6.7M of fixed OPEX.

Operating cost estimates are summarized in Table 1-18 (Phase 1) and Table 1-19 (Phase 2 & 3).

Table 1-18 – Phase 1 Operating Cost Estimate Summary

DESCRIPTION	OPEX (US$)
Mining (US$/t material mined)	$ 2.1
Process (US$/t ore feed)	$ 10.4
G&A (US$/t ore feed)	$ 5.3
Shipping (US$/t SC)	$ 120

Table 1-19 – Phase 2 & 3 Operating Cost Estimate Summary

DESCRIPTION	OPEX (US$)
Phase 2 Mining (US$/t material mined)	$ 2.68
Phase 3 Mining (US$/t material mined)	$ 1.98
Phase 2 & 3 Process (US$/t ore feed)	$ 7.1
Phase 2 & 3 G&A (US$/t ore feed)	$ 2.7
Shipping (US$/t SC)	$ 120



Economic Analysis

Economic Assumptions

Three levels of economic analyses were undertaken for the Project, contemplating the mining of the Mineral Reserves of: (i) Phase 1; (ii) Phase 2 & 3; and (iii) both Phase 1 and Phase 2 & 3 (Phase 1, 2 & 3).

The Phase 1, 2 & 3 analysis has been selected as the best growth and integrated plan for the Grota Do Cirilo Project.

The economic analyses contemplate the production of spodumene concentrate ("SC") at grades of 5.5% Li_2O, in line with the current lithium market conditions.

The base case scenario after-tax net present value ("NPV") results are detailed in Table 1-20 below. The discount rate assumed for the after-tax NPVs is 8%.

A sensitivity analysis reveals that the Project's viability will not be significantly vulnerable to variations in capital expenditures, within the margins of error associated with the DFS and study estimates for Phase 1 and Phase 2 & 3, respectively. In contrast, the Project's economic returns remain most sensitive to changes in spodumene prices, feedstock grades and recovery rates.

Table 1-20 – Base Case After-Tax NPVs

MODELLED CASE	UNIT	@ 5.5% SC
Phase 1	*US$M*	$ 5,699
Phase 2 & 3	*US$M*	$ 9,587
Phase 1, 2 & 3	***US$M***	**$ 15,289**

Phase 1, Phase 2 & 3 and Phase 1, 2 & 3 were evaluated on a pre- and after-tax basis. It must be noted that there are many potential complex factors that affect the taxation of a mining project. The taxes, depletion, and depreciation calculations in the economic analyses are simplified and only intended to give a general indication of the potential tax implications at the project level.

Sudene is a government agency tasked with stimulating economic development in specific geographies of Brazil. The project is to be installed in a Sudene-covered geographic area, where a tax incentive granted to the project indicates a 75% reduction of income tax for 10 years, after achieving at least 20% of its production capacity. The considered Brazilian income tax rate is assumed to be 15.25%, which represents the Sudene tax benefit applied to the Brazilian maximum corporate tax of 34% on taxable income (25% income tax plus 9% social contribution). For Phase 2 & 3, the Sudene tax incentive is expected to be renewed after the 10^{th} anniversary of achieving at least 20% of their production capacities.

The Project is expected to be exempt from all importation taxes for products which have no similar item produced in Brazil (Ex-Tarifário). Assembled equipment where some but not all individual components are produced in Brazil can be considered exempt from import taxes under these terms.

The Project royalties will include:

- A 2.0% CFEM royalty on gross spodumene revenue, paid to the Brazilian Government. The CFEM royalty amount is split between the Federal Government of Brazil (12%), State Government of Minas Gerais (23%), and Municipal Government of Araçuaí (65%).
- A 1.0% NSR royalty with permissible deductions from gross spodumene revenue including the CFEM royalty, any commercial discounts, transportation costs and taxes paid.
- A 1.0% NSR royalty with permissible deductions including all of the costs associated with production; however, this royalty has a buyback provision for US$3.8 million which is assumed to be exercised upon achieving commercial production in the Phase 1, Phase 2 & 3 and Phase 1, 2 & 3 analyses.



Phase 1 FS Economic Analysis

The Phase 1 economic analysis is based on an eight-year operation sourcing feedstock ore from the Phase 1 deposit's Mineral Reserve of 11.8 Mt grading at 1.55% Li_2O. Phase 1 is expected to generate run-rate production of 270 ktpa of lithium concentrate, delivering US$990 million of annual free cash flow, at a 5.5% SC grade.

The base case scenario results are detailed in Table 1-21 below.

Table 1-21 – Phase 1 Base Case Scenario Results

ITEM	UNIT	@ 5.5% SC
After-Tax NPV @ 8%	*US$M*	$ 5,699
After-Tax IRR	*%*	1,282 %
After-Tax Payback Period	*Years*	0.1

The key technical assumptions used in the base case are highlighted below in Table 1-22.

Table 1-22 – Key Phase 1 Technical Assumptions

ITEM	UNIT	@ 5.5% SC
Total Ore Processed (ROM)	*Mt*	11.8
Annual ROM Ore Processed	*Mt*	1.5
Run-Rate SC Production	*ktpa*	270
Run-Rate LCE Production (Note 1)	*ktpa*	37
Strip Ratio	*Ratio*	16.4: 1
Average Li_2O Grade	*%*	1.55 %
Spodumene Recovery Rate	*%*	65.0 %
Spodumene Concentrate Grade	*% Li2O*	5.5 %
Operating Life	*Years*	8
Total Cash Cost Ex. Royalties (@ Mine Gate)	*US$/t SC*	$ 288
Total Cash Cost Incl. Royalties (@ Mine Gate)	*US$/t SC*	$ 419
Transportation Costs (CIF China)	*US$/t SC*	$ 120
Total Cash Cost (CIF China)	*US$/t SC*	$ 539
AISC (CIF China)	*US$/t SC*	$ 541
Mining Costs	*US$/t Material Mined*	$ 2.06
Processing Costs	*US$/t ROM*	$ 10.38
G&A Costs	*US$/t ROM*	$ 5.29

Note: tonnage based on direct conversion to LCE excluding conversion rate.

The total gross revenue derived from the sale of spodumene concentrate is estimated at US$10.6 billion, an average revenue of US$4,909/t 5.5% SC with total operating costs (including royalty payments and commercial discounts) of US$1.3 billion at an average cost of US$581/t 5.5% SC. The resulting after-tax earnings margin (gross revenue less realization, operating costs and taxes) was estimated at US$7.9 billion.

A sensitivity analysis for Phase 1 was carried out with the base case as the midpoint. An interval of ±20% versus base case values was considered with increments of 10%.

Phase 1 after-tax NPV is not significantly vulnerable to changes in BRL to US$ exchange rate, CAPEX, OPEX, or discount rate considered. In contrast, Phase 1 after-tax NPV is more sensitive to variation in spodumene price, lithium grade, and spodumene recovery rates.



Phase 1 after-tax IRR is not significantly vulnerable to changes in OPEX. In contrast, Phase 1 after-tax IRR is more sensitive to variation in spodumene price, lithium grade, spodumene recovery rates, BRL to US$ exchange rate and CAPEX. Note that the Phase 1 after-tax IRR is independent of the discount rate considered.

Phase 2 & 3 PFS Economic Analysis

The Phase 2 & 3 PFS economic analysis is based on a twelve-year operation sourcing feedstock ore from the Phase 2 deposit's Mineral Reserve of 21.8 Mt grading at 1.37% Li_2O and the Phase 3 deposit's Mineral Reserve of 21.2 Mt grading at 1.45% Li_2O. Phase 2 & 3 is expected to generate run-rate production of 496 ktpa of lithium concentrate, delivering US$1,179 M of annual free cash flow, at a 5.5% SC grade.

The base case scenario results are detailed in Table 1-23 below.

Table 1-23 – Phase 2 & 3 Base Case Scenario Results

ITEM	UNIT	@ 5.5% SC
After-Tax NPV @ 8%	*US$M*	$ 9,587
After-Tax IRR	*%*	1,207 %
After-Tax Payback Period	*Years*	0.1

The key technical assumptions used in the base case are highlighted below in Table 1-24.

Table 1-24 – Key Phase 2 & 3 Technical Assumptions

ITEM	UNIT	@ 5.5% SC
Total Ore Processed (ROM)	*Mt*	42.9
Annual ROM Ore Processed	*Mt*	3.3
Run-Rate SC Production	*ktpa*	496
Run-Rate LCE Production (Note 1)	*ktpa*	67
Phase 2 Strip Ratio	*Ratio*	12.5: 1
Phase 3 Strip Ratio	*Ratio*	16.0: 1
Phase 2 Average Li2O Grade	*%*	1.36 %
Phase 3 Average Li2O Grade	*%*	1.45 %
Phase 2 Spodumene Recovery Rate	*%*	57.9 %
Phase 3 Spodumene Recovery Rate	*%*	50.6 %
Spodumene Concentrate Grade	*% Li2O*	5.5 %
Operating Life	*years*	12
Total Cash Cost ex. Royalties (@ Mine Gate)	*US$/t SC*	$ 292
Total Cash Cost incl. Royalties (@ Mine Gate)	*US$/t SC*	$ 394
Transportation Costs (CIF China)	*US$/t SC*	$ 120
Total Cash Cost (CIF China)	*US$/t SC*	$ 514
AISC (CIF China)	*US$/t SC*	$ 516
Mining Costs	*US$/t Material Mined*	$ 2.25
Processing Costs	*US$/t ROM*	$ 7.06
G&A Costs	*US$/t ROM*	$ 2.68

Note: tonnage based on direct conversion to LCE excluding conversion rate.

The total gross revenue derived from the sale of spodumene concentrate is estimated at US$21.5 billion, an average revenue of US$3,610/t 5.5% SC with total operating costs (including royalty payments and commercial discounts) of US$3.4 billion at an average



cost of US$569/t 5.5% SC. The resulting after-tax earnings margin (gross revenue less realization, operating costs and taxes) was estimated at US$15.3 billion.

A sensitivity analysis for Phase 2 & 3 was carried out with the base case as described above as the midpoint. An interval of ±20% versus base case values was considered with increments of 10%.

Phase 2 & 3 after-tax NPV is not significantly vulnerable to changes in BRL to US$ exchange rate, CAPEX, OPEX, or discount rate considered. In contrast, Phase 2 & 3 after-tax NPV is more sensitive to variation in spodumene price, lithium grade, and spodumene recovery rates.

Phase 2 & 3 after-tax IRR is not significantly vulnerable to changes in OPEX. In contrast, Phase 2 & 3 after-tax IRR is more sensitive to variation in spodumene price, lithium grade, spodumene recovery rates, BRL to US$ exchange rate and Capex. Note that the Phase 2 & 3 after-tax IRR is independent of the discount rate considered.

Phase 1, 2 & 3 Economic Analysis

The Phase 1, 2 & 3 economic analysis is based on a thirteen-year operation sourcing feedstock ore from the Phase 1 deposit's Mineral Reserve of 11.8 Mt grading at 1.55% Li_2O, Phase 2 deposit's Mineral Reserve of 21.8 Mt grading at 1.37% Li_2O and the Phase 3 deposit's Mineral Reserve of 21.2 Mt grading at 1.45% Li_2O. Phase 1, 2 & 3 is expected to generate run-rate production of up to 766 ktpa of lithium concentrate, delivering US$1,788 million of annual free cash flow, at a 5.5% SC grade.

The base case scenario results are detailed in Table 1-25 below.

Table 1-25 – Phase 1, 2 & 3 Base Case Scenario Results

ITEM	*UNIT*	@ 5.5% SC
After-Tax NPV @ 8%	*US$M*	$ 15,289
After-Tax IRR	*%*	1,273 %
After-Tax Payback Period	*Years*	0.1

The key technical assumptions used in the base case are highlighted below in Table 1-26.



Table 1-26 – Key Phase 1, 2 & 3 Technical Assumptions

ITEM	UNIT	@ 5.5% SC
Total Ore Processed (ROM)	*Mt*	54.7
Annual ROM Ore Processed	*Mt*	4.2
Run-Rate SC Production	*ktpa*	766
Run-Rate LCE Production (Note 1)	*ktpa*	104
Phase 1 Strip Ratio	*ratio*	16.4: 1
Phase 2 Strip Ratio	*ratio*	12.5: 1
Phase 3 Strip Ratio	*ratio*	16.0: 1
Phase 1 Average Li_2O Grade	*%*	1.55 %
Phase 2 Average Li_2O Grade	*%*	1.36 %
Phase 3 Average Li_2O Grade	*%*	1.45 %
Phase 1 Spodumene Recovery Rate	*%*	65.0 %
Phase 2 Spodumene Recovery Rate	*%*	57.9 %
Phase 3 Spodumene Recovery Rate	*%*	50.6 %
Spodumene Concentrate Grade	*% Li2O*	5.5 %
Operating Life	*Years*	13
Total Cash Cost ex. Royalties (@ Mine Gate)	*US$/t SC*	$ 289
Total Cash Cost incl. Royalties (@ Mine Gate)	*US$/t SC*	$ 401
Transportation Costs (CIF China)	*US$/t SC*	$ 120
Total Cash Cost (CIF China)	*US$/t SC*	$ 521
AISC (CIF China)	*US$/t SC*	$ 523
Mining Costs	*US$/t Material Mined*	$ 2.20
Processing Costs	*US$/t ROM*	$ 7.78
G&A Costs	*US$/t ROM*	$ 3.24

Note: tonnage based on direct conversion to LCE excluding conversion rate.

The total gross revenue derived from the sale of spodumene concentrate is estimated at US$32.1 billion, an average revenue of US$3,956/t 5.5% SC with total operating costs (including royalty payments and commercial discounts) of US$4.6 billion at an average cost of US$572/t 5.5% SC. The resulting after-tax earnings margin (gross revenue less realization, operating costs and taxes) was estimated at US$23.3 billion.

A sensitivity analysis for Phase 1, 2 & 3 was carried out with the base case as described above as the midpoint. An interval of ±20% versus base case values was considered with increments of 10%.

Phase 1, 2 & 3 after-tax NPV is not significantly vulnerable to changes in BRL to US$ exchange rate, CAPEX, OPEX, or discount rate considered. In contrast, Phase 1, 2 & 3 after-tax NPV is more sensitive to variation in spodumene price, lithium grade, and spodumene recovery rates.

Phase 1, 2 & 3 after-tax IRR is not significantly vulnerable to changes in OPEX. In contrast, Phase 1, 2 & 3 after-tax IRR is more sensitive to variation in spodumene price, lithium grade, spodumene recovery rates, BRL to US$ exchange rate and Capex. Note that the Phase 1, 2 & 3 after-tax IRR is independent of the discount rate considered.

Phase 2 & 3 after-tax IRR is not significantly vulnerable to changes in OPEX. In contrast, Phase 2 & 3 after-tax IRR is more sensitive to variation in spodumene price, lithium grade, spodumene recovery rates, BRL to US$ exchange rate and Capex. Note that the Phase 2 & 3 after-tax IRR is independent of the discount rate considered.



Interpretation and Conclusions

Mineral Resources are reported for five pegmatite bodies, Phase 1, Phase 2, Murial, Lavra do Meio and Phase 3. Mineral Reserves are reported for the Phase 1, Phase 2 and Phase 3 deposits.

Risk Assessment

Risk assessment sessions were conducted individually and collectively by all parties.

Most aspects of the project are well defined. The risks are grouped by licensing, cost (CAPEX and OPEX), schedule, operations, markets, and social/environmental categories. One of the most significant risks identified for the Project is related to lithium markets.

The following risks are highlighted for the project:

- Lithium market sale price and demand (commercial trends);
- Delay in obtaining the license for Phase 2 Pit;
- Fluctuations in the exchange rate and inflation;
- Labour strikes at the Port and at site (construction and operation);
- Tax exemptions and import not confirmed;
- Increased demands from the local community once in operation;
- More fines generated from mining and crushing: potential negative impact on recovery;
- The production rate and size of the pit may impose challenges for operations; and
- Waste generation: the continuous geotechnical monitoring system to be implemented during mining operation can indicate local changes to geotechnical parameters, and potential increase of waste.

Opportunities

The following opportunities are identified for the Grota do Cirilo Project:

- Recovery of Li_2O from hypofines with a flotation circuit;
- Sales of hypofines as DSO;
- Recovery of Li_2O from petalite;
- Sale of plant rejects to the ceramics industry;
- Potential upgrading of some or all of the Inferred Mineral Resources to higher-confidence categories and eventually conversion to Mineral Reserves;
- Potential for future underground mining at both Phase 1 and Phase 2 projects; and
- Exchange rate may work in the Project's favour.

Recommendations

The following summarizes the recommendations from this report.

Engineering

Based on the results of the Phase 2 & 3 PFS, the TR QPs recommend::

- The Company proceed to completing a feasibility study (FS) in respect of the Phase 3 deposit. Estimated cost US$ 1,000,000; and
- Complete studies relating to mine and waste heap geotechnics and hydrogeology considering geotechnical borehole completion, borehole geotechnical logging and a bore hole televiewer program.



Geology and Resources

The TR QPs recommend that additional exploration drilling be conducted across the Phase 1, Phase 2, Phase 3 and Murial deposits to update existing and potentially increase mineral resources. The overall cost for the drill program is estimated to be US$12.4 M**.**

Recovery and Infrastructure

The following are the recommendations form the TR QPs for recovery and infrastructure:

- Undertake a petalite recovery study on Phase 2 ore; and
- Review the infrastructure requirements for Phase 2 & 3.

Economic Analysis

The TR QPs recommend undertaking a Front-End Engineering Design (FEED) on Phase 2 & 3.

Competitive Conditions and Anticipated Trends

Lithium Prices

	UNIT	4Q22	3Q22	2Q22	1Q22	4Q21	4Q22 VS. 4Q21	FY22	FY21	FY22 VS. FY21
Lithium Carbonate	*US$/kg*	$ 79.8	$ 73.3	$ 74.3	$ 57.6	$ 31.1	157 %	$ 71.2	$ 20.4	249 %
Lithium Hydroxide	*US$/kg*	83.2	76.0	78.6	54.1	30.2	175 %	72.9	20.7	252 %
SC6	*US$/t*	7,979	6,800	6,038	3,786	2,292	248 %	6,085	1,453	319 %
Lithium Hydroxide to SC6 Ratio	%	9.6 %	8.9 %	7.7 %	7.0 %	7.6 %	2.0 %	8.3 %	7.0 %	1.3 %

Source: Fastmarkets. Note: "Lithium Carbonate" refers to Lithium Carbonate spot prices CIF China, Japan & Korea, $/kg; "Lithium Hydroxide" refers to Lithium Hydroxide monohydrate spot prices CIF China, Japan & Korea, $/kg; and "SC6" refers to Spodumene min 6% Li_2O, Asia $/t.

In 2022, the Fastmarkets 6.0% Li_2O spodumene concentrate price averaged US$6,085/t, up 319% compared to 2021. Spodumene concentrate prices increased throughout the year, increasing from US$3,786/t in the first quarter of 2022 to US$7,979/t in the fourth quarter of 2022.

The primary driver of this rapid price appreciation was the significant demand growth caused by structural changes in the automotive industry, with manufacturers increasingly transitioning towards focusing on producing EVs, which outpaced supply growth in 2022.

Emerging Market Disclosure

The Project is located in Brazil, an emerging market, and the Company's interest in the Project is held indirectly through Sigma Brazil, a Brazilian corporation. Operating in an emerging market exposes the Company to risks and uncertainties that do not exist, or are significantly less likely to occur, in jurisdictions such as the United States or Canada. In order to manage and mitigate these risks, the Company has designed a system of corporate governance for itself and its subsidiaries that include internal controls over financial reporting and disclosure controls. These systems are coordinated by the Company's senior management and overseen by the Board in order to monitor the Company's operating subsidiaries. See "Risk Factors" below.



Board and Management Experience and Oversight

Key members of the Company's management team have experience running business operations in emerging markets, including Brazil. Ana Cabral-Gardner, Co-Chair and the Chief Executive Officer of the Company, is a Brazilian national and has substantial business operating experience in Brazil. Brian Talbot, Chief Operating Officer, is an Australian national and has held senior management positions in lithium production companies. Vicente Lobo, Co-Chair of the Company's Technical Committee, is a Brazilian national and has held executive roles at major Brazilian natural resources companies and has served as the Secretary of Geology, Mining and Mineral Transformation at Brazil's Ministry of Mines and Energy. Maria José Salum, Chief Sustainability Officer, is a Brazilian national and a prominent environmental & social responsibility professional who has held a number of roles such as Director of Sustainable Development in Mining at the Ministry of Mines and Energy and Senior Representative for the Ministry at the National Council for the Environment (CONAMA).

The Board, through its corporate governance practices, regularly receives management and technical updates, risk assessments and progress reports in connection with the Company's operations in Brazil. Through these updates, assessments and reports, the Board gains familiarity with the operations, laws and risks associated with operations in Brazil. Several members of the Board (a) are familiar with the laws, business culture and standard practices of Brazil; (b) have Portuguese language proficiency; (c) are experienced in working in Brazil and in dealing with Brazilian government authorities; and (d) have experience and knowledge of the local banking systems and treasury requirements of Brazil.

Communication

The Company maintains open communication with its operations in Brazil through management team members who are fluent in Portuguese and are proficient in English, removing language barriers between management and the Board. The primary language used in Board meetings is English and material documents relating to the Company's operations that are provided to the Board are in English. Material documents relating to the Company's material operations in Brazil are either in English or, where in Portuguese, are translated into or summarized in English. With the exception of two board members, all others are fluent in Portuguese.

Controls Relating to Corporate Structure Risk

The Company has implemented a system of corporate governance, internal controls over financial reporting and disclosure controls and procedures that apply to the Company and its subsidiaries. These systems are overseen by the Board and implemented by the Company's senior management. The relevant features of these systems include:

- The Company's Control Over Subsidiaries. The Company's corporate structure has been designed to ensure that the Company has direct oversight over the operations of its subsidiaries, including that senior management of its subsidiaries includes individuals that are senior management of the Company (and members of the Board), and such individuals are also the directors of the subsidiaries. In addition, such individuals review and approve programs, budgets and other key decisions. The Company reviews its subsidiaries' financial reporting as part of preparing its consolidated financial reporting. The Company has adopted a simple structure for its Brazilian business operations, with the Company wholly-owning Sigma Holdings, and Sigma Holdings in turn wholly-owning Sigma Brazil.
- Signing Officers for Foreign Subsidiary Bank Accounts. The establishment of any new banking relationships and/or new bank accounts requires approval from the Company. Monetary authorization limits are established by the Company and put in place with the respective banking institutions. Signatories and authorization limits for bank accounts are reviewed and revised as necessary, with changes being communicated to the appropriate banking institutions. Each payment requires approvals from two authorized signatories.
- Strategic Direction. The Board is responsible for the overall stewardship of the Company and, as such, supervises the management of the business and affairs of the Company. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are material to the Company, including those of its subsidiaries.



- Internal Control Over Financial Reporting. The Company prepares its consolidated financial statements, on a quarterly and annual basis, using IFRS. The Company implements internal controls over the preparation of its financial statements and other financial disclosures (including its MD&A) to provide reasonable assurance that its financial reporting is reliable, that the quarterly and annual financial statements are being prepared in accordance with IFRS and that other financial disclosures (including its MD&A) are being prepared in accordance with relevant securities legislation. These systems of internal control over financial reporting require that any payments are reviewed and approved by two board members, including the CEO, and are designed to ensure that, among other things, the Company has access to material information about its subsidiaries.
- Disclosure Controls and Procedures. The Company has a disclosure policy that establishes the protocol for the preparation, review and dissemination of information about the Company. This policy provides for multiple points of contact in the review of important disclosure matters, which includes input from key members of management located in Brazil.
- CEO and CFO Certifications. In order for the Company 's Chief Executive Officer and Chief Financial Officer to be in a position to attest to the matters addressed in the quarterly and annual certifications required by Canadian securities laws and for the Company's management to be in a position to furnish the report on the Company 's internal control over financial reporting required by the U.S. Sarbanes-Oxley Act (as defined below), the Company has developed internal procedures and responsibilities throughout the organization for its regular periodic and special situation reporting in order to provide assurances that information that may constitute material information will reach the appropriate individuals who review public documents, and that statements relating to the Company and its subsidiaries containing material information is prepared with input from the responsible officers and employees and is available for review by the Chief Executive Officer and Chief Financial Officer in a timely manner. In previous reporting periods, management of the Company has reported material weaknesses in the Company's internal controls. Please refer to the Company 's annual MD&A for the year ended December 31, 2022 and "Risk Factors" for a more detailed discussion on this matter.

Intercompany Fund Transfers

Differences in banking systems and controls between Canada and Brazil are addressed by having stringent controls over cash kept in the jurisdiction, especially with respect to access to cash, cash disbursements, appropriate authorization levels, performing and reviewing bank reconciliations on at least a monthly basis and the segregation of duties. In executing certain normal course monetary transactions, funds are transferred between the Company and its subsidiaries by way of wire transfer. These transactions would typically include the payment of applicable fees for services; reimbursement of costs incurred by the Company on behalf of the subsidiaries; advances in the form of intercompany loans or equity contributions to subsidiaries; repayment of interest and/or principal on intercompany loans; and the return of capital or payment of dividends from subsidiaries. Capital structure and funding arrangements are established between the Company and the subsidiaries, and intercompany loan agreements are established with defined terms and conditions. Where regulatory conditions exist in the form of exchange controls, all necessary approvals are obtained in advance of the proposed transactions.

Managing Cultural Differences

Differences in cultures and practices between Canada and Brazil are addressed by employing competent staff in Canada and Brazil who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in working in that jurisdiction and in dealing with the relevant government authorities and have experience and knowledge of the local banking systems and treasury requirements.

Records Management of the Company's Subsidiaries

The original minute books and corporate records of each of the Company's subsidiaries are kept at the Sigma Brazil office. Company management and the Board have complete access to these records.

RISK FACTORS

Risk Factors

The Company is subject to numerous risk factors at any given time (many of which are beyond its control) which could materially adversely impact upon its business, financial condition, results of operations, cash flows, ability to obtain financing and prospects and,



as a result, the trading price of the Common Shares. The following are risk factors that the Company's management believes are most important. The below described risks are not an exhaustive description of all risks. See also "Cautionary Note Regarding Forward Looking Information" above.

Risks Related to Resource Development

There can be no assurance that market prices for lithium will remain at current levels or that such prices will improve.

Lithium is not a traded commodity like base and precious metals. Sales agreements are negotiated on an individual and private basis with end-users or intermediaries. In addition, there are a limited number of producers of lithium compounds, and it is possible that these existing producers will try to prevent newcomers from entering the chain of supply by increasing their production capacity and lowering sales prices. Other factors, such as supply and demand of lithium-based end-products (such as lithium hydroxide), pricing characteristics of alternative sources of energy, industrial disruption and actual lithium market sale prices, could have an adverse impact on the market price of lithium and as such render the Project uneconomic. There can be no assurance that such prices will remain at current levels or that such prices will improve.

The market for EVs and other large format batteries currently has limited market share and no assurances can be given for the rate at which this market will develop, if at all, which could affect the success of the Company and its ability to develop lithium operations.

The success of the Company and its ability to develop lithium operations is largely dependent on the adoption of lithium-ion batteries for EV and other large format batteries. The market for EV and other large format batteries currently has limited market share and no assurance can be given that it will develop further (or at what rate this market will develop, if at all). To the extent that such markets do not develop in the manner or according to the timeline contemplated by the Company, the long-term growth in the market for lithium products will be adversely affected, which would inhibit the potential for development of the Project and its potential commercial viability.

Changes in technology or other developments could result in preferences for substitute products.

Lithium and its derivatives are preferred raw materials for certain industrial applications, such as rechargeable batteries and liquid crystal displays (LCDs). Many materials and technologies are being researched and developed with the goal of making batteries lighter, more efficient, faster charging and less expensive. Some of these technologies could be successful and could adversely affect demand for lithium batteries in personal electronics, electric and hybrid vehicles and other applications. The Company cannot predict which new technologies may ultimately prove to be commercially viable and on what time horizon. In addition, alternatives to such products may become more economically attractive as global commodity prices shift. Any of these events could adversely affect demand for and market prices of lithium, thereby resulting in a material adverse effect on the economic feasibility of extracting any mineralization the Company discovers and reducing or eliminating any reserves it identifies.

New production of lithium hydroxide or lithium carbonate from current or new competitors in the lithium markets could adversely affect prices.

In recent years, new and existing competitors have increased the supply of lithium hydroxide and lithium carbonate, which has affected its price. Further production increases could negatively affect prices. There is limited information on the status of new lithium hydroxide production capacity expansion projects being developed by current and potential competitors and, as such, the Company cannot make accurate projections regarding the capacities of possible new entrants into the market and the dates on which they could become operational. If these potential projects are completed in the short term, they could adversely affect market lithium prices, thereby resulting in a material adverse effect on the economic feasibility of extracting any mineralization the Company discovers and reducing or eliminating any reserves it identifies.



The Project is at commissioning stage and the Company's ability to succeed in progressing through commissioning to commercial operations will depend on a number of factors, some of which are outside its control.

The Project is at commissioning stage and will require a substantial increase in skilled personnel and operational support as the Project transitions to an operating stage. The Company's ability to succeed in progressing towards commercial operations will depend on a number of factors, including management's ability to manage this transition, the availability of working capital, and the ability to recruit and train additional qualified personnel (and, where appropriate, to engage third party contractors with qualified personnel).

The Company's financial condition, operations and results of any future operations are subject to political, economic, social, regulatory and geographic risks of doing business in Brazil.

Investments in emerging markets like Brazil generally pose a greater degree of risk than investments in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments and exposes the Company to heightened risks related to prevailing and changing political and socioeconomic conditions. Changes in mining, investment or other applicable policies or shifts in political attitude in Brazil may adversely affect the Company's operations or profitability and may affect the Company's ability to fund its ongoing expenditures. Regardless of the economic viability of the Company's properties, such political changes, which are beyond the Company's control, could have a substantive impact and prevent or restrict (or adversely impact the financial results of) mining of some or all of any deposits on the Project.

The Brazilian economy has been characterized by frequent, and occasionally material, intervention by the Brazilian federal government, which has often modified monetary, credit and other policies intending to influence Brazil's economy. The Brazilian government's actions to control inflation and effect other policy changes have involved wage and price controls, changes in existing, or the implementation of new, taxes and fluctuations of base interest rates. Actions taken by the Brazilian federal government concerning the economy may have important effects on Brazilian companies or companies with Brazilian assets and on market conditions and the competitiveness of Brazilian products abroad. In addition, actions taken by the Brazilian state and local governments with respect to labor and other laws affecting operations may have an effect on the Company.

The Company's financial condition and results of any future operations may also be materially adversely affected by any of the following, and the Brazilian federal government's actions, or failure to act, in response to them:

- currency depreciations and other exchange rate movements;
- monetary policies
- inflation rate fluctuations
- economic, political and social instability
- environmental regulation
- energy shortages or changes in energy prices
- interest rates
- disasters at third party mineral projects
- corruption or political scandal
- exchange rate controls and restrictions on remittances abroad
- liquidity of the domestic capital and lending markets
- tax policy, including international tax treaties
- other political, diplomatic, social and economic policies or developments in or affecting Brazil

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the market value of securities issued by Brazilian companies or companies with Brazilian assets.

The Brazilian government has frequently implemented changes to tax laws, tax treaties and other regulations, including modifications to tax rates. Any such changes, as well as changes in the interpretation of such tax laws and regulations, may result in increases to the



Company's overall tax burden, which would negatively affect its profitability. Furthermore, the outcome of the 2022 presidential election in Brazil may lead to a change in regulation that could negatively affect the Project or the Company. However, the Company notes that it does not believe that there is any intention to change the current policies and regulations in this sense.

Political instability or changes in government policy (which may be arbitrary) may result in changes to laws affecting the ownership of assets, mining activities, taxation, rates of exchange, environmental regulations and labour relations. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that a future government may adopt substantially different policies cannot be ruled out.

Brazil's long-term foreign and local currency debt is rated sub-investment grade. Brazil's ratings or outlooks may be downgraded further or placed on watch by the various rating agencies in the future. Downgrades of Brazil's sovereign credit ratings could limit access to funding and/or raise the cost of funding for the Company. Downgrades of Brazil's sovereign credit ratings could also heighten investors' perception of the risk of having operations in Brazil.

These and other future developments in the Brazilian economy and governmental policies may materially adversely affect the Company.

Inflation in Brazil, along with Brazilian governmental measures to combat inflation, may have a significant negative effect on the Brazilian economy and, as a result, on the Company's financial condition and results of operations.

In the past, high levels of inflation have adversely affected the economies and financial markets of Brazil, and the ability of its government to create conditions that stimulate or maintain economic growth. Moreover, the governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation in Brazil and have created general economic uncertainty. As part of these measures, the Brazilian government has at times maintained a restrictive monetary policy and high interest-rates that have limited the availability of credit and economic growth. Brazil may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in Brazil and lead to further government intervention in the economy, including interest rate increases, restrictions on tariff adjustments to offset inflation, intervention in foreign exchange markets and actions to adjust or fix currency values, which may trigger or exacerbate increases in inflation, and consequently, have an adverse impact on the Company. In an inflationary environment, the value of uncollected accounts receivable, as well as unpaid accounts payable, declines rapidly. If Brazil experiences high levels of inflation in the future and price controls are imposed, this could adversely affect the Company's results of operations or financial conditions.

Violations of anti-corruption, anti-bribery, anti-money laundering and economic sanctions laws and regulations could materially adversely affect the Company's business, reputation, results of any future operations and financial condition.

Brazilian markets have historically experienced heightened volatility due to the uncertainties generated by corruption and bribery allegations and investigations of certain senior politicians, including congressmen and officers and directors of some of the major state-owned and private companies in Brazil. In addition, certain media posts and reports of corruption, or allegations of corruption, in Brazil may have an adverse effect on the public perception and reputation of Brazilian companies and may adversely affect the trading price of the Common Shares. The Company's value and share price could also be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Company in illegal activities.

The Company is subject to anti-corruption, anti-bribery and anti-money laundering laws and regulations in various jurisdictions, including Canada, U.S. and Brazil. In addition, it is subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities. There can be no assurances that the internal policies of the Company will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by its employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of its policies and procedures. Any violations of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on the Company's business, reputation, results of any future operations and financial condition.



The Company has not purchased any "political risk" insurance coverage and currently has no plans to do so.

Corruption and fraud in Brazil relating to ownership of real estate could materially adversely affect the Company's business, reputation, results of any future operations and financial condition.

Under Brazilian law, real property ownership is normally transferred by means of a transfer deed and subsequently registered at the appropriate real estate registry office under the corresponding real property record. There are uncertainties, corruption and fraud relating to title ownership of real estate in Brazil, mostly in rural areas. In certain cases, a real estate registry office may register deeds with errors, including duplicate and/or fraudulent entries, and, therefore, deed challenges frequently occur, leading to judicial actions. Property disputes over title ownership are frequent in Brazil, and, as a result, there is a risk that errors, fraud or challenges could adversely affect the Company's ability to operate, although ownership of mining rights are separate from ownership of land.

The Company is subject to regulatory frameworks applicable to the Brazilian mining industry which could be subject to further change, as well as government approval and permitting requirements, which may result in limitations on the Company's business and activities.

Government approvals and permits are required in connection with the Company's activities. Any instances where such approvals are required and have not been obtained, the Company may be restricted or prohibited from proceeding with planned exploration, development or operational activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing development or operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or a more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs, reductions in the levels of production at producing properties or require abandonment or delays in the development of the Project.

In Brazil, the ANM regulates the conduct of exploration, development and mining operations. The ANM requires: (i) certain fee payments for exploration authorizations (known as the Annual Fee per Hectare), (ii) certain royalty payments to be made to the federal government for the mining concessions (known as Financial Compensation for the Exploitation of Mineral Resources - "CFEM") and (ii) royalty payments to be made to the landowner if the surface rights are not held by the holder of the mineral rights. There is also a monthly inspection fee related to the transfer and commercialization of certain minerals in some Brazilian states. Royalties, taxes and fees related to the exploration authorizations and mining concessions may change or increase substantially in the future.

In Brazil, failure to demonstrate the existence of technical and economically viable mineral deposits covered by an exploration authorization for a period of at least one year may lead to the authorization being required to be returned to the federal government. The federal government may then grant the exploration authorization to other parties that may conduct other mineral prospecting activities at said area. In addition, mining concessions and exploration authorizations may not be granted due to changes in laws and regulations governing mineral rights. Accordingly, retrocession requirements, loss of mineral rights, or the inability to renew concessions, authorizations, permits and licenses may materially adversely affect the Company.

Tailings dam failures involving other mining companies in Brazil, and the resultant loss of life and damage, have resulted in (and could in the future result in further) increased requirements, delays in licensing and other material consequences to all mining companies, even if the circumstances of the Project or the Company's development and operational methodologies are significantly different then such other companies and projects.

The regulatory framework applicable to the Brazilian mining industry could be subject to further change, which may result in limitations on the Company's business and activities, including in connection with some existing mineral rights, and an increase in expenses, particularly mining royalties, taxes and fees.



The Company's operations are also subject to Brazilian regulations pertaining to the use and development of mineral properties and the acquisition or use of rural properties by foreign investors or Brazilian companies under foreign control, and various other Brazilian regulatory frameworks.

The Company's operations are subject to numerous environmental laws and regulations and expose the Company to environmental compliance risks, which may result in significant costs and have the potential to reduce the profitability of operations.

All phases of operations are subject to numerous environmental laws and regulations in Brazil on the federal, state and municipal levels, including laws and regulations relating to specially protected areas, air emissions, wastewater discharge and the use, manufacture, handling, transportation, storage, disposal, remediation of waste and hazardous substances. Environmental hazards may exist which are unknown to the Company at present which may have been caused by previous owners or operators of the Project. In the event of an accident or exposure to hazardous materials, environmental damages may occur and trigger the obligation to remediate the environmental conditions, which may result in significant costs. The victim of such damages or whoever the law so authorizes (such as public attorneys' office, foundations, state agencies, state-owned companies and associations engaged in environmental protection) is not compelled to sue all polluting agents in the same proceeding, but rather the aggrieved party may choose to sue only one of the polluting agents to redress damages.

Environmental liability may be litigated in civil, administrative and criminal courts, with the application of administrative, civil and criminal sanctions, in addition to the obligation to redress the damages caused. The lack of a conviction or a finding of liability in one proceeding does not necessarily preclude the finding of liability in other proceedings. Accordingly, in respect of environmental compliance matters, there could be unexpected interruptions to operations, fines, or penalties as well as third-party claims for property damage or personal injury or remedial or other costs, which may have a material adverse effect on the Company's operations. Municipal, state and federal governments may revise and impose stricter environmental regulations in the future. There can be no assurance that environmental regulation will not adversely affect development or operations, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Physical climate change events and the trend toward more stringent regulations aimed at reducing the effects of climate change could have an adverse effect on the Company's business and future operations.

Climate change is increasingly perceived as a broad societal and community concern. Stakeholders may increase demands for emissions reductions and call upon mining companies to better manage their consumption of climate-relevant resources. Physical climate change events, and the trend toward more stringent regulations aimed at reducing the effects of climate change, could impact the Company's decisions to pursue future opportunities, or maintain existing operations, which could have an adverse effect on its business and future operations. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations and profitability.

As the Company does not have any experience in the operation of a mine, processing plants and related infrastructure, it is more difficult to evaluate the Company's prospects, and the Company's future success is more uncertain than if it had a more proven history of developing a mine.

The Company does not have any experience in the operation of a mine, processing plants and related infrastructure, as it has not previously been involved in the development of a mining project. Although certain of its officers, directors and consultants have such experience, the Company itself does not have any experience in taking a mining project to production. As a result, it is more difficult to evaluate the Company's prospects, and the Company's future success is more uncertain than if it had a more proven history of developing a mine.



The Company's future production estimates are based on existing mine plans and other assumptions which change from time to time. No assurance can be given that such estimates will be achieved.

The Company has prepared estimates and projections of future production for the Project. Any such information is forward-looking and no assurance can be given that such estimates will be achieved. These estimates are based on existing mine plans and other assumptions which change from time to time. The Company's actual production may vary from estimates for a variety of reasons, including: actual mineralized material mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; revisions to mine plans; unusual or unexpected deposit formations; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods, and seismic activity; and unexpected labour shortages, strikes, local community opposition or blockades. The economic analysis for the Project is based in part on achieving at least the contemplated minimum operating and production levels.

The Company may experience unexpected costs and cost overruns, problems and delays during construction, development, mine start-up and operations for reasons outside of the Company's control, which have the potential to materially affect its ability to fully fund required expenditures and/or production, or, alternatively, may require the Company to consider less attractive financing solutions.

It is common in new mining operations to experience unexpected costs and cost overruns, problems and delays during construction, development and mine start-up. A number of factors could cause such delays or cost overruns, including (among others) permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and challenges in obtaining financing. Even if commercial production is achieved, equipment and facilities may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. Any delay, or cost overrun, may adversely impact the Company's ability to fully fund required expenditures, or alternatively, may require the Company to consider less attractive financing solutions. Accordingly, the Company's activities may not result in profitable mining operations at its mineral properties, including the Project.

The Company's capital and operating cost estimates may vary from actual costs and revenues for reasons outside of the Company's control.

Capital costs, operating costs, production and economic returns and other estimates may differ significantly from those anticipated by current estimates, and there can be no assurance that the actual capital, operating and other costs will not be higher than currently anticipated. Actual costs and revenues may vary from estimates for a variety of reasons, including (among others): lack of availability of resources or necessary equipment; unexpected construction or operating problems; lower realized lithium prices; revisions to construction plans; risks and hazards associated with mineral production; natural phenomena; floods; unexpected labour shortages or strikes; general inflationary pressures; and interest and currency exchange rates.

The Company's operations are subject to the high degree of risk normally incidental to the exploration for, and the development and operation of, mineral properties.

The Company's operations are subject to all of the risks normally incidental to the exploration for, and the development and operation of, mineral properties. Mineral exploration and exploitation involves a high degree of risk. Operations can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, work interruptions, fires, power outages, shutdowns due to equipment breakdown or failure, unexpected maintenance and replacement expenditures, human error, labour disputes, flooding, explosions, releases of hazardous materials, tailings impoundment failures, cave-ins, landslides, earthquakes and the inability to obtain or properly maintain adequate machinery, equipment or labour. The Company expects to rely on third-party owned infrastructure in order to develop and operate its projects, such as power, utility and transportation infrastructure. Any failure of this infrastructure without adequate replacement or alternatives may have a material impact on the Company.



Insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. Losses from uninsured and underinsured losses have the potential to materially affect the Company's financial position and prospects.

In the course of exploration, development and production of mineral properties, certain risks (in particular, risks related to operational and environmental incidents) may occur. Insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. The Company may also elect not to obtain insurance for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company. The Company maintains liability insurance in accordance with industry standards, however, the nature of these types of risks is such that liabilities could exceed policy limits and the Company could incur significant costs that could have a material adverse effect on its business, results of operations and financial condition. Losses from uninsured and underinsured liabilities have the potential to materially affect the Company's financial position and prospects.

The Company is subject to risks associated with securing title, property interests and exploration and exploitation rights.

There can be no assurance the Company's property mineral tenure interests, or that such title interests will ultimately be secured. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. The Company's property interests may also be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

The Company cannot guarantee that title to its properties will not be challenged. A successful challenge to the precise area and location of the Company's mineral claims could result in the Company being unable to develop its mineral properties or being unable to enforce its rights with respect to its mineral properties.

While the Company has the surface rights (**"Servidão Mineral"**) for Phase 1, as described above, there can be no assurance that the Company will obtain such rights for Phase 2 & 3 or thereafter.

The Company is subject to strong competition in Brazil and in the global mining industry.

The mining industry is competitive in all of its phases and requires significant capital, as well as technical and operational resources. Competition is also intense for mining equipment, supplies and qualified service providers, particularly in Brazil where mining personnel are in high demand and short supply. If qualified expertise cannot be sourced and at cost effective rates within Brazil, the Company may need to procure those services outside of Brazil, which could result in additional delays and higher costs to obtain work permits. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over the Company. The Company faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities. As a result of this competition, the Company may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms it considers acceptable.

The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters, which could result in consequences material to its business and operations.

The mineral exploration, development and production business carries inherent risk of liability related to worker and surrounding population health and safety, including the risk of government-imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability. Compliance with health and safety laws (and any future changes) and the requirements of licenses, permits and other approvals remain material to the Company's business, and will continue to remain material at all stages of the development and operation of the Project. The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters. Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, potentially result in fines, penalties or other prosecutions, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and



its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health and safety laws, licenses, permits or other approvals could have a significant impact on development or operations and result in additional material expenditures. As a consequence, no assurances can be given that additional workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

The Company's mineral resource and mineral reserve estimates are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever qualify as a commercially mineable (or viable) deposit.

The Company's Mineral Resource and Mineral Reserve estimates are estimates only. No assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever be mined or processed profitably. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results and such differences could be material. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, on analyses of drilling results and statistical inferences that may ultimately prove to be inaccurate. These estimated mineral resources and mineral reserves should not be interpreted as assurances of certain commercial viability or of the profitability of any future operations. Investors are cautioned not to place undue reliance on these estimates.

Mineral Resources are not Mineral Reserves and have a greater degree of uncertainty as to their feasibility and prospects for economic extraction. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources that are in the Inferred category are even more risky. An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to any other category of Mineral Resource. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. However, the estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The Company has not yet made a production decision in respect of the potential Phase 2 & 3 expansion. The Company expects that it will assess the results of a feasibility study before making a production decision in respect of the Phase 2 & 3 expansion.

The Company's operations and the development of the Project may be adversely affected if it is unable to maintain positive community relations.

The Company's relationships with host communities are critical to ensure the success of its existing operations and the construction and development of new operations. There is an increasing level of public concern relating to the perceived effects of mining activities on the environment and on host communities due to events that happened with other companies in the recent past. The evolving expectations related to human rights, indigenous rights, and environmental protection may result in opposition to the Company's current and future operations or further development of the Project. Such opposition may be directed through legal or administrative proceedings or expressed in public opposition such as protests, roadblocks or other forms of expression against the Company's activities, and may have a negative impact on the Company's reputation and operations.

Opposition by any of the aforementioned groups to the Company's operations may require modification of, or preclude the operation or development of, the Company's projects or may require the Company to enter into agreements with such groups or local governments with respect to the Company's projects, in some cases causing increased cost and considerable delays to the advancement of the Company's projects. Further, publicity adverse to the Company, its operations or extractive industries generally could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. There can be no assurance that its efforts to operate in a socially responsible manner will mitigate this potential risk.

The Project may also be impacted by relations with various community stakeholders, and the Company's ability to develop related mining assets may still be affected by unforeseen outcomes from such community relations.



The Company is exposed to risks associated with doing business with counterparties, which may impact the Company's operations and financial condition.

The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash and short-term investments; (ii) companies that are expected to have payables to the Company; (iii) third party contractors engaged for the development of the Project; (iv) the Company's insurance providers; (v) the Company's lenders; and (vi) offtakers. The risks associated with doing business with several counterparties, including any defaults or other breaches of any agreements entered into by the Company with such counterparties, may impact the Company's operations and financial condition.

Any limitation on the transfer of cash or other assets between the Company and the Company's subsidiaries, or among such entities, could restrict the Company's ability to fund its operations efficiently or to the ability of its subsidiaries to distribute up cash otherwise available for distributions.

The Company conducts operations through subsidiaries, including a foreign subsidiary located in Brazil. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

The Company is subject to risks associated with its reliance on consultants and others for mineral exploration and exploitation expertise.

The Company has relied on, and is expected to continue to rely on, consultants and others for mineral exploration and exploitation expertise. If the work conducted by those consultants is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

Risks Related to the Company's Business and Securities

Pandemics could have a material adverse effect on the Company's business, operations, financial condition and stock price.

The Company faces risks related to pandemics and epidemics, including but not limited to in respect of COVID-19, which could significantly disrupt the Company's operations and may materially and adversely affect its business, operations, and financial condition. The full extent to which any pandemics may impact the Company's business, including its operations and the market for its securities, will depend on numerous highly uncertain factors that the Company may not be able to accurately predict or assess, including, but not limited to, the duration and severity of any pandemics, the availability of approved vaccines and remedial medications, the timing for completion of related distribution programs around the globe, and the governmental, business and individual actions taken in response to any pandemics.

The current military conflict in Ukraine and the economic or other sanctions imposed may impact global markets in such a manner as to have a material adverse effect on the Company's business, operations, financial condition and stock price.

The military conflict in Ukraine could lead to heightened volatility in the global markets, increased inflation, and turbulence in commodities markets. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States and certain allies) have imposed economic sanctions and export control measures, and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, it is uncertain as to how such events and any related economic sanctions could impact the global economy and commodities markets. Any negative developments in respect thereof could have a material adverse effect on the Company's business, operations or financial condition.



If the Company is unable to ultimately generate sufficient revenues to become profitable and have positive cash flows, it could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business.

The Company has a history of operating losses and it can be expected to generate continued operating losses and negative cash flows in the future while the Company carries out its current business plan to further develop and expand its business. The Company has made significant up-front investments in order to rapidly develop and expand its business. The Company is currently incurring expenditures related to its operations that have generated negative operating cash flows from operations. The successful development and commercialization of these operations will depend on a number of significant financial, logistical, technical, marketing, legal, regulatory, competitive, economic and other factors, the outcome of which cannot be predicted. There is no guarantee that such operations will become profitable or produce positive cash flow or that the Company will be successful in generating significant revenues in the future or at all. The Company's inability to ultimately generate sufficient revenues to become profitable and have positive cash flows could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business.

The Company is subject to liquidity risk and therefore may have to include a "going concern" note in its financial statements.

The Company's ability to continue as a going concern is dependent upon the ability to ultimately generate future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company has reported net losses and comprehensive losses for the year ended December 31, 2022. The Company's business does not currently operate on a self-sustaining basis and until it is successfully able to fund its expenditures from its revenues, its ability to continue as a going concern is dependent on raising additional funds. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its mineral properties. There is no guarantee that the Company will ever be profitable.

The Company may not be able to obtain sufficient financing in the future on acceptable terms, which could have a material adverse effect on the Company's business, results of operations and financial condition. In order to obtain additional financing, the Company may conduct additional (and possibly dilutive) equity offerings or debt issuances in the future.

There is no assurance that the Company will be able to obtain sufficient financing in the future on terms acceptable to meet the Company's capital requirements. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions as well as the business performance of the Company. Failure to obtain additional financing on a timely basis may cause the Company to postpone, abandon, reduce or terminate its operations and could have a material adverse effect on the Company's business, results of operations and financial condition. A likely source of future financing is the sale of additional Common Shares, which would mean that each existing shareholder would own a smaller percentage of the Common Shares then outstanding. In addition, the Company may issue or grant convertible securities (such as RSUs, warrants or stock options) in the future pursuant to which additional Common Shares may be issued. The exercise of such securities would result in dilution of equity ownership to the Company's existing shareholders.

The Company has entered into the Synergy Financing and may rely on future debt financing and assume debt obligations that require it to make substantial interest and principal payments and which may be secured against the Company's assets, including the Project. Failure to meet debt obligations as they become due may result in loss of the Project. The Company may also sell additional royalties on the Project, which would mean that the Company's share of returns from the Project would decrease.

Western governmental actions in respect of critical minerals may affect the Company's business.

As a result of increased concerns around global supply chains, the lithium industry has become subject to increasing political involvement. This reflects the critical role of lithium as an input in the development of batteries for the burgeoning transition to electric vehicles in the automotive industry, combined with worldwide supply constraints for lithium production and geopolitical tensions between Western countries such as the United States and Canada on the one hand and China on the other, arising from the dominant role of China in the production of inputs for the battery industry. The resulting political involvement appears to be evolving into a form



of industrial policy by several governments, including those of Canada and the U.S., in which they employ steps to encourage the development of domestic supply such as tax incentives and low-interest loans to domestic and other Western actors, as well as undertake steps to discourage the involvement of actors from certain non-Western countries, including the expansion of legal oversight and an expansion of the scope of discretionary authority under laws and regulations to impose restrictions on ownership, influence and investment. These factors are of particular relevance to the Company in Canada with its incorporation under the CBCA and stock exchange listing on the TSXV, and in the U.S. through its stock exchange listing on the NASDAQ. The Company is also connected to Canada and the U.S. by way of its board composition. This evolving industrial policy is resulting in benefits to the Company as a result of its connection to Canada and the U.S., including the prospect of tax incentives. However, the Company may also have to manage the more restrictive aspects of this increased government involvement, including the New ICA Policy, which may result in limitations on the extent to which the Company will be able to undertake business operations with certain non-Western parties and limitations on ownership and influence of certain non-Western parties in its business. Most recently, the Government of Canada has made certain divestiture orders relating foreign investments, both within and outside of Canada, by State owned enterprises in Canadian lithium companies. The Company had and intends to continue to fully comply with legislation and policies in all jurisdictions where it operates. At this time, the Company does not believe that any of these steps will result in a substantive adverse change to its business or operations, but does expect that over time they may potentially constrain its ability to undertake business opportunities with actors from certain non-Western countries.

The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants.

The Company's ability to make scheduled payments on or refinance its debt obligations, including the Synergy Financing, depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond the Company's control, including the market prices of lithium. The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants. If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, or there is a contravention of its debt covenants, the Company could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow it to meet its scheduled debt service obligations. The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect its financial position and results of operations and its ability to satisfy its obligations.

A substantial portion of the Company's assets (including the Company's interests over the Grota do Cirilo Project) are subject to security granted under the Synergy Financing. Unremedied failure of Sigma Brazil to comply with its obligations under the Synergy Financing could lead to the foreclosure and loss of such assets.

The Company has not declared or paid dividends in the past and may not declare or pay dividends in the future.

The Company has not paid dividends since incorporation and presently has no ability to generate earnings as its mineral properties are in the exploration and development stage. If the Project is successfully developed, the Company anticipates that it will retain future earnings and other cash resources for the future operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends is solely at the discretion of the Board, which will take into account many factors, including the Company's operating results, financial condition and anticipated cash needs. The Company may never pay dividends.



The Company will incur increased costs as a result of being a public company both in Canada listed on the TSXV and in the United States listed on the Nasdaq, and its management will be required to devote substantial further time to United States public company compliance efforts.

As a public company in the United States, the Company incurs additional legal, accounting, Nasdaq, reporting and other expenses. The additional demands associated with being a U.S. public company may disrupt regular operations of the Company's business by diverting the attention of some of its senior management team away from revenue-producing activities to additional management and administrative oversight, adversely affecting the Company's ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing its business. Any of these effects could harm the Company's business, results of operations and financial condition.

If the Company's efforts to comply with new United States laws, regulations and standards differ from the activities intended by regulatory or governing bodies, such regulatory bodies or third parties may initiate legal proceedings against the Company and its business may be adversely affected. As a public company in the United States, it is more expensive for the Company to obtain director and officer liability insurance, and it will be required to accept reduced coverage or incur substantially higher costs to continue its coverage. These factors could also make it more difficult for the Company to attract and retain qualified directors.

In addition to the Canadian securities laws requirements to which the Company has already been subject, U.S. Sarbanes-Oxley Act 2002, as amended (the "U.S. Sarbanes-Oxley Act") requires that the Company maintain effective disclosure controls and procedures and internal control over financial reporting. Pursuant to Section 404 of the U.S. Sarbanes-Oxley Act ("Section 404"), the Company is required to furnish a report by its management on its internal control over financial reporting ("ICFR"), which, must be accompanied by an attestation report on ICFR issued by the Company's independent registered public accounting firm. In previous reporting periods, Management of the Company has reported material weaknesses in the Company's internal controls. Further, as noted in the Company's annual MD&A for the year ended December 31, 2022, material weaknesses in its internal control over financial reporting were determined to exist at December 31, 2022. The Company's management, including its chief executive officer and chief financial officer, concluded that the Company's internal control over financial reporting was not effective as of December 31, 2022 due to the presence of these material weaknesses. Although the Company is actively taking steps to remediate these weaknesses, there remains a risk that these material weaknesses create a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Please refer to the Company's annual MD&A for the year ended December 31, 2022 for a more detailed discussion on this matter.

In the event that the Company is not able to remediate the material weaknesses or is otherwise not able to demonstrate compliance with the Sarbanes-Oxley Act, that its internal control over financial reporting is perceived as inadequate, or that it is unable to produce timely or accurate financial statements, the Company could be subjected to litigation or investigations requiring Management resources and payment of legal and other expenses and investors may lose confidence in the Company's operating results and the price of its Common Shares may decline. In addition, if the Company is unable to continue to meet these requirements, it may not be able to remain listed on the Nasdaq.

If the Company does not implement and maintain adequate and appropriate internal controls over financial reporting as outlined in accordance with NI 52-109 or the Rules and Regulations of the SEC, the Company will have to continue to report a material weakness and disclose that the Company has not maintained appropriate internal controls over financial reporting.

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Management of the Company has identified material weaknesses in Company's internal controls over the last 4 reporting periods. Although the Company is actively taking steps to remediate these weaknesses, there remains a risk that these material weaknesses create a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Please refer to the Company's annual MD&A for the year ended December 31, 2022 for a more detailed discussion on this matter.



As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to its shareholders.

The Company is a "foreign private issuer" as such term is defined in Rule 405 under the U.S. Securities Act of 1933, as amended, and is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare its disclosure documents filed under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") in accordance with Canadian disclosure requirements. Under the Exchange Act, the Company is subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, the Company will not file the same reports that a U.S. domestic issuer would file with the SEC, although it will be required to file or furnish to the SEC the continuous disclosure documents that it is required to file in Canada under Canadian securities laws. In addition, the Company's officers, directors, and principal shareholders are exempt from the reporting and "short swing" profit recovery provisions of Section 16 of the Exchange Act. Therefore, the Company's shareholders may not know on as timely a basis when its officers, directors and principal shareholders purchase or sell shares, as the reporting deadlines under the corresponding Canadian insider reporting requirements are longer.

As a foreign private issuer, the Company is exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. The Company is also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While the Company expects to comply with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should not expect to receive in every case the same information at the same time as such information is provided by U.S. domestic companies.

In addition, as a foreign private issuer, the Company has the option to follow certain Canadian corporate governance practices, except to the extent that such laws would be contrary to U.S. securities laws, and provided that the Company discloses the requirements the Company is not following and describe the Canadian practices it follows instead. As a result, the Company's shareholders may not have the same protections afforded to shareholders of U.S. domestic companies that are subject to all U.S. corporate governance requirements. If the Company ceases to qualify as a foreign private issuer, it will be subject to the same reporting requirements and corporate governance requirements as a U.S. domestic issuer which may increase its costs of being a public company in the United States.

Failure to retain key officers, consultants and employees or to attract, and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Failure to retain key individuals or to attract, and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

The Company is subject to currency fluctuation risks.

Business is transacted by the Company primarily in Brazilian, U.S. and Canadian currencies. The majority of the Project's operating costs are denominated in the Brazilian currency. Certain costs associated with imported equipment and international supplies and consultants and sales prices for product are denominated in U.S. dollars. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Company has not hedged its exposure to any exchange rate fluctuations applicable to its business and is therefore exposed to currency fluctuation risks.

Currently, the Brazilian Real is permitted to float against the US Dollar and allows the purchase and sale of foreign currency and the international transfer of Reais There can be no assurance that the Brazilian Central Bank or the Brazilian government will continue to permit the Real to float freely and not intervene in the exchange rate market through the return of a currency band system or otherwise.



From time to time, the Company may become involved in litigation, which may have a material adverse effect on its business, financial condition, and prospects.

Due to the nature of the Company's business and status as a publicly traded entity, it may be subject to a variety of regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Litigation may be costly and time-consuming and can divert the attention of management and key personnel from business operations. If the Company is unsuccessful in its defense of claims or unable to settle claims in a manner satisfactory to it, it may be faced with significant monetary damages or injunctive relief against it that could have a material adverse effect on its business and financial condition. To the extent the Company is involved in any active litigation, the outcome of such matters may not be currently determinable nor is it possible to accurately predict the outcome or quantum of any such proceedings at this time.

Certain directors and officers of the Company are, or may become, associated with other natural resource companies which may give rise to conflicts of interest.

Certain directors and officers of the Company are, or may become, associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Canada Business Corporations Act*, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract, with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. Additionally, the CEO and certain directors are actively involved with A10 Fund, being a significant shareholder of the Company, which may give rise to conflicts of interest. Any perceived or actual conflicts of interest may result in adverse consequences for the Company and the value of its securities.

The market price for the Company's shares may be volatile and subject to wide fluctuations in response to numerous factors beyond its control and the Company may be subject to securities litigation as a result.

The market price of publicly traded shares, especially of a resource issuer such as the Company, is affected by many variables outside of the Company's control and are not necessarily related to exploration or operational successes or failures of the Company. Factors such as general market conditions for resource issuers, the strength of the economy generally, the availability and attractiveness of alternative investments, and analysts' recommendations may all contribute to volatility in the price of the Company's shares, which are not necessarily related to the operating performance, underlying asset values or prospects of the Company. Investors could suffer significant losses if the Common Shares are depressed or illiquid when an investor seeks liquidity. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Company may be the target of similar litigation in the future. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

If securities analysts, industry analysts or activist short sellers publish research or other reports about the Company's business, prospects or value, which questions or downgrades the value of the Company, the price of the Common Shares could decline.

The trading market for the Company's Common Shares depends, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not have any control over these analysts. If one or more of the analysts who cover the Company downgrade its stock or publish inaccurate or unfavorable research about its business, the price of the Company's Common Shares would likely decline. In addition, if the Company's results of operations fail to meet the forecast of analysts, the price of its Common Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on the Company regularly, demand for Common Shares could decrease, which might cause the price and trading volume of Common Shares to decline. In addition, activist short sellers may publish misleading "short reports", which may also negatively impact the price of the Common Shares and may influence negative disclosure in social media or other online platforms.



The Company will have broad discretion over the use of the net proceeds from offerings of securities.

While information regarding the use of proceeds from the sale of Common Shares or other securities will be described in the applicable prospectus supplement, the Company will have broad discretion over the use of the net proceeds from offerings of its securities. Because of the number and variability of factors that will determine the use of such proceeds, the Company's ultimate use might vary substantially from its planned use. Purchasers may not agree with how the Company allocates or spends the proceeds from an offering of its securities. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of the Common Shares, including the market value of the Common Shares, and that may increase losses.

There is no guarantee that the Common Shares will earn any positive return in the short term or long term.

A holding of Common Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Common Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

The Company has a major shareholder which owns 44.5% of the outstanding Common Shares and, as such, for as long as such shareholder directly or indirectly maintains a significant interest in the Company, it may be in a position to affect the Company's governance, operations and the market price of the Common Shares.

To the Company's knowledge, as of the date hereof, A10 Fund holds approximately 44.5% of the outstanding Common Shares. For as long as it directly or indirectly maintains a significant interest in the Company, A10 Fund may be in a position to affect the Company's governance and operations. As a result of its shareholdings, the A10 Fund has the ability, among other things, to approve significant corporate transactions and delay or prevent a change of control of the Company that could otherwise be beneficial to minority shareholders. The A10 Fund generally will have the ability to control the outcome of any matter submitted for the vote or consent of the Company's shareholders. In some cases, the interests of the A10 Fund may not be the same as those of the other minority shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or minority shareholders. The effect of this influence may be to limit the price that investors are willing to pay for Common Shares.

In addition, the potential that the A10 Fund may sell Common Shares in the public market or in private transactions, as well as any actual sales of Common Shares in the public market or in private transactions, could adversely affect the market price of the Common Shares.

As the Company is a Canadian corporation but many of its directors and officers are not citizens or residents of Canada or the U.S., it may be difficult or impossible for an investor to enforce judgements against the Company and its directors and officers outside of Canada and the U.S. which may have been obtained in Canadian or U.S. courts or initiate court action outside Canada or the U.S. against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise. Similarly, it may be difficult for U.S. shareholders to effect service on the Company to realize on judgments obtained in the United States.

The Company is incorporated under the laws of Canada, but a majority of its directors and officers are not citizens or residents of Canada. In addition, a substantial part of the Company's assets is located outside Canada. As a result, it may be difficult or impossible for an investor to (i) enforce judgments against the Company and its directors and officers outside of Canada which may have been obtained in Canadian courts or (ii) initiate court action outside Canada against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise.

The majority of the Company's assets and all or a substantial portion of the assets of its directors and officers may be located outside the United States. Consequently, it may be difficult for investors who reside in the United States to effect service of process in the United States upon the Company or upon such persons who are not residents of the United States, or to realize upon judgments of courts of the United States predicated upon the civil liability provisions of the U.S. federal securities laws. A judgment of a U.S. court predicated solely upon such civil liabilities may be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. Investors should not assume that Canadian courts: (i) would enforce judgments of U.S. courts obtained in actions against the Company or such persons predicated upon the civil liability provisions of the



U.S. federal securities laws or the securities or blue sky laws of any state within the United States, or (ii) would enforce, in original actions, liabilities against the Company or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws.

In addition, in the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts. The Company's ability to enforce its rights in Canada or locally of judgments from foreign courts could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

The Company is governed by the Canada Business Corporations Act and by the securities laws of the province of Ontario, which in some cases have a different effect on shareholders than the U.S. corporate laws and U.S. securities laws.

The Company is governed by the *Canada Business Corporations Act* and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with the Company's constating documents, have the effect of delaying, deferring or discouraging another party from acquiring control of the Company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance. For example, the material differences between the CBCA and the Delaware General Corporation Law (the "DGCL"), the applicable statutory regime for many U.S. companies, that may have the greatest such effect include, but are not limited to, the following: (i) for material corporate transactions (such as mergers and amalgamations, other extraordinary corporate transactions or amendments to the Company's articles) the CBCA generally requires a two-thirds majority vote by shareholders, whereas the DGCL generally requires only a majority vote; and (ii) under the CBCA, holders of 5% or more of the Company's shares that carry the right to vote at a meeting of shareholders can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL.

The Company is subject to risks associated with its information technology systems and cyber-security.

Threats to information technology systems associated with cyber-security risks and cyber incidents or attacks continue to grow. It is possible that the business, financial and other systems of the Company or other companies with which it does business could be compromised, which might not be noticed for some period of time. Risks associated with these threats include, among other things, loss of intellectual property, disruption of business operations and safety procedures, loss or damage to worksite data delivery systems, and increased costs to prevent, respond to or mitigate cyber-security events.

The Company may be a Passive Foreign Investment Company, which may result in adverse U.S. federal income tax consequences for U.S. holders of Common Shares.

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the average quarterly value of the Company's assets are held for the production of, or produce, passive income, the Company would be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Based on the current profile of the Company's gross income, gross assets, the nature of its business, and its anticipated market capitalization, the Company believes that it was likely a PFIC for the 2022 taxable year. While it has not made a determination of expected PFIC status for the current taxable year, there is a risk that it may be a PFIC in the current taxable year and in the foreseeable future. Because PFIC status is determined on an annual basis and generally cannot be determined until the end of the taxable year, there can be no assurance that the Company will not be a PFIC for the current or future taxable years. If the Company is characterized as a PFIC, the Company's shareholders who are U.S. holders may suffer adverse tax consequences, including the treatment of gains realized on the sale of the Common Shares as ordinary income, rather than as capital gain.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value of which, as of the date of this AIF, 107,210,042 Common Shares are issued and outstanding. All rights and restrictions in respect of the Common Shares are set out in the Company's articles and the CBCA and its regulations. The Common Shares have no pre-emptive, redemption, purchase or conversion



rights. Neither the CBCA nor the constating documents of the Company impose restrictions on the transfer of Common Shares on the register of the Company, provided that the Company receives the certificate(s) representing the Common Shares to be transferred together with a duly endorsed instrument of transfer and payment of any fees and taxes which may be prescribed by the Board from time to time. There are no sinking fund provisions in relation to the Common Shares and they are not liable to further calls or assessment by the Company. The CBCA and the Company's articles provides that the rights and restrictions attached to any class of shares may not be modified, amended or varied unless consented to by special resolution passed by not less than two-thirds of the votes cast in person or by proxy by holders of shares of that class.

The Common Shares entitle the holders to: (i) notice of and to attend any meetings of shareholders and one vote per Common Share at any meeting of shareholders; (ii) dividends, if as and when declared by the Board; and (iii) upon liquidation, dissolution or winding up of the Company, on a *pro rata* basis, the net assets of the Company after payment of debts and other liabilities.

DIVIDENDS AND DISTRIBUTIONS

The Company has no fixed dividend policy and the Company has not declared any dividends on its Common Shares since its incorporation. The Company anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties as well as for the acquisition of additional mineral properties. The payment of dividends in the future will depend, among other things, upon the Company's earnings, capital requirements and operating and financial condition. Generally, dividends can only be paid if a corporation has retained earnings. There can be no assurance that the Company will generate sufficient earnings to allow it to pay dividends.

MARKET FOR SECURITIES

Market

The Common Shares are traded on the TSXV and the Nasdaq under the symbol "SGML". On June 9, 2023, the closing price of the Common Shares on the TSXV was Cdn$55.91 and on the Nasdaq was US$41.78.

Trading Prices and Volumes

The table below sets forth the high and low market prices and the volume of the Common Shares traded on the TSXV during the financial year ended December 31, 2022.

Month	High (Cdn$)	Low (Cdn$)	Volume
January 2022	15.25	10.72	766,186
February 2022	14.00	11.25	794,771
March 2022	18.78	12.85	926,852
April 2022	24.51	17.50	993,493
May 2022	25.05	16.61	1,213,402
June 2022	23.18	17.88	532,247
July 2022	22.84	17.35	260,935
August 2022	33.01	22.66	848,094
September 2022	38.84	26.61	1,025,473
October 2022	54.23	37.02	1,071,080
November 2022	49.30	37.45	893,014
December 2022	51.89	35.71	597,612



The table below sets forth the high and low market prices and the volume of the Common Shares traded on the Nasdaq during the financial year ended December 31, 2022.

Month	High (US$)	Low (US$)	Volume
January 2022	12.30	8.40	1,159,048
February 2022	11.10	8.80	741,130
March 2022	15.20	10.04	1,436,287
April 2022	19.42	13.98	2,300,460
May 2022	19.99	12.75	2,170,648
June 2022	18.19	14.06	3,395,112
July 2022	17.92	13.28	1,299,903
August 2022	25.59	17.55	2,992,515
September 2022	29.49	20.16	5,720,649
October 2022	39.85	26.49	5,153,636
November 2022	37.20	27.78	3,558,116
December 2022	38.08	26.30	3,686,597

PRIOR SALES

The Company did not issue any unlisted securities during the financial year ended December 31, 2022, other than a total of 2,382,332 restricted share units of the Company ("RSUs") which, upon vesting in accordance with their terms, entitle the holders thereof to acquire one Common Share for each RSU held, subject to adjustment in certain circumstances.



DIRECTORS AND OFFICERS

Name and Occupation

The name, province or state of residence, position with and principal occupation within the five preceding years for each of the directors and executive officers of the Company as at the date hereof are set out in the following table:

Ana Cristina Cabral-Gardner São Paulo, Brazil 52 years Director Since: June 2018	Position(s) Held at the Company
	Co-Chair, Chief Executive Officer, and Chair of the ESG Committee, and also a member of the Finance and Technical Committees of the Board.
	Principal Occupation for the Past Five Years
	Former Managing Partner at A10 Investimentos
	Biography
	Mrs. Cabral-Gardner has over 20 years of experience as a senior banker at global investment banks in New York, London and São Paulo. Mrs. Cabral-Gardner is a former Head of Lat. Am. Capital Markets at Goldman Sachs in New York and a former Managing Director at the firm. Mrs. Cabral-Gardner has been involved in a large number of transactions over her career, totaling more than US$100 billion, five of which won the prestigious IFR "Deal of the Year" award, including the privatization of Vale in 1996 and the acquisition of Inco by Vale in 2006. Mrs. Cabral-Gardner has an MBA degree from Columbia Business School and a Master in Finance degree from London Business School. Mrs. Cabral-Gardner serves on the Advisory Board of Columbia University Global Centers and is a CCEC board member of The American School of São Paulo.
	Common Shares Held
	2,500,000
	RSUs Granted
	500,000

Note:

(1) Ms. Cabral is a quota holder in A10 Fund. A10 Investimentos, which is the portfolio manager of A10 Fund, has the sole and independent voting decision regarding the holdings of the A10 Fund.

(2) 500,000 RSUs granted will vest upon successful execution of a plan to achieve a net zero carbon target.



Gary Litwack Toronto, Canada 62 years Director Since: May 2018	Position(s) Held at the Company
	Non-Executive Co-Chair, Chair of the Audit Committee of the Board, and also a member of the Corporate Governance, Nomination and Compensation Committee of the Board.
	Principal Occupation for the Past Five Years
	Counsel at McCarthy Tétrault LLP ("McCarthy").
	Biography
	Gary Litwack has over 30 years of experience advising public and private companies on financing, mergers & acquisitions, governance and commercial matters, with a focus on the mining industry. Mr. Litwack is a Canadian lawyer, Counsel at McCarthy in Toronto, Canada. Mr. Litwack received his LL.B. from the University of Ottawa, his LL.M. (International Business Transactions) from Osgoode Hall Law School in 1992, and was called to the Ontario bar in 1990. Mr. Litwack is a member of the Canadian Bar Association and the Law Society of Ontario. Mr. Litwack has been an Adjunct Professor of Advanced Securities Law at Osgoode Hall Law School.
	Common Shares Held
	226,500
	RSUs Granted
	400,000

Frederico Marques Toronto, Canada 49 years Director Since: June 2018	Position(s) Held at the Company
	Director, Chair of the Corporate Governance, Nomination and Compensation Committee and also a member of the Audit Committee of the Board.
	Principal Occupation for the Past Five Years
	Founder and Director of 4B Mining Corp ("4B Mining"); former Head Canada's Office of Cescon, Barrieu, Flesch e Barreto Advogados; Partner at S4G – Strategy for Growth since September 2020; prior thereto, Partner and foreign legal consultant at McCarthy from February 2014 until August 2020.
	Biography
	Frederico Marques has over 25 years of experience in structuring and implementing international transactions, including going public transactions, international joint ventures and strategic alliances, public and private M&A transactions, debt and equity capital raisings. Throughout his career, Mr. Marques was involved in over US$30 Billion in M&A, financings, joint ventures and other sophisticated transactions. Mr. Marques is a Founding Partner and a director of 4B Mining and a Director and former Chairman of the BOD of the Brazil-Canada Chamber. Mr. Marques combines 15 years of professional experience in Brazil, working for some of the leading and largest Brazilian companies, with 15+ years of experience working in Canada, including as a Partner of two of the largest Canadian law firms, leading their Latin America practice. Mr. Marques is a lawyer with LLM and PhD degrees in International Law.
	Common Shares Held
	339,400
	RSUs Granted
	203,500



Marcelo Paiva São Paulo, Brazil 49 years Director Since: January 2019	Position(s) Held at the Company
	Director, and also member of the Corporate Governance, Nomination and Compensation and Finance Committees of the Board.
	Principal Occupation for the Past Five Years
	Managing Partner at A10 Investimentos.
	Biography
	Mr. Paiva is the Managing Partner and Co-Founder of A10 Investimentos. He is the portfolio manager of A10 Fund, the Company's largest shareholder. Mr. Paiva has over 20 years of experience in asset management and investment banking in New York, London and São Paulo. Prior to A10 Investimentos, Mr. Paiva was a Portfolio Manager at the Mittal Family Office in São Paulo. Previously, he was a Vice-President at the U.K. asset manager Millennium Global in London, which, at the time, had over US$15 billion in assets under management and was one of the largest hedge funds in Europe. Mr. Paiva also held investment banking positions at Credit Suisse in London and UBS in New York. He has a Master in Business Administration from INSEAD in France and is a CFA Charterholder.
	Common Shares Held
	1,883,110
	RSUs Granted
	Nil

Note:

(1) The Company has entered into an agreement with the A10 Serviços Especializados de Avaliação de Empresas Ltda. ("A10 Advisory") to provide services in respect of the February 2021 Offering. The arrangements with A10 Advisory were considered and unanimously approved by each of the directors of the Company unrelated to A10 Advisory, which was entitled to (i) cash fees of up to 6% of the proceeds and (ii) such number of warrants as is equal to up to 6% of the Common Shares purchased by such introduced subscribers (each such warrant entitling the finder to acquire one Common Share at an exercise price of C$4.40 per Common Share and exercisable for one year after the closing of the February 2021 Offering). On February 10, 2022, A10 Advisory exercised it's subscription right purchasing 532,860 Common Shares for the total amount of Cnd$2,344,584. Mr. Paiva, as shareholder of A10 Advisory, indirectly held 532,860 Common Shares of the Company.



Dana M. Perlman New York City, United States 42 years Director Since: September 2022	Position(s) Held at the Company
	Director, Chair of the Finance Committee and also a member of the Audit and ESG Committees of the Board.
	Principal Occupation for the Past Five Years
	Director of O'Reilly Automotive Inc. ("O'Reilly Automotive"); Former Chief Strategy Officer and Treasurer of PVH Corp. ("PVH"); Former Treasurer, Business Development & Investor Relations, SVP at PVH.
	Biography
	Dana M. Perlman has over 20 years of experience in strategy, finance, investment banking, business development, acquisitions, risk management, corporate and employer branding, investor communications and environmental, sustainability and governance communication. Ms. Perlman is currently a director of O'Reilly Automotive and previously worked at PVH since 2011 where she most recently served as Chief Strategy Officer and Treasurer, where she was a key partner to the Chief Executive Officer and member of Executive Leadership, responsible for leading PVH's global strategy, transformation and business development, including defining, activating and managing PVH's strategic vision and priorities to deliver key targets, spearheading mergers and acquisitions, integrations, strategic partnerships and value-enhancing projects across PVH. Prior to joining PVH, Ms. Perlman served as Director of Retail Investment Banking at Barclays Capital and held positions with Lehman Brothers and Credit Suisse First Boston.
	Common Shares Held
	Nil
	RSUs Granted
	Nil

Calvyn Gardner São Paulo, Brazil 59 years Director Since: May 2018	Position(s) Held at the Company
	Director.
	Principal Occupation for the Past Five Years
	Co-Chair and Chief Executive Officer of the Company from May 1, 2018 to January 23, 2023; Chief Executive Officer of Sigma Holdings since June 2017
	Biography
	For nearly 20 years, Mr. Gardner has held executive positions at global and junior mining companies such as Anglo American Group and Trans Hex Group. Mr. Gardner also was a co-founder and managing partner of Hardac Investments, a private equity firm focused on investing in junior mining companies in Africa. Hardac's major co-investors included Lazare Kaplan International in New York (one of DeBeers' largest customers in the US) and Mvelaphanda Holdings (South Africa's largest Black Economic Empowerment Group) in Johannesburg. Mr. Gardner's extensive global career also includes positions such as General Manager of Operations at Highveld Steel and CEO at Trans Hex Group. Mr. Gardner has an MBA from the University of South Africa as well as a Bachelor of Science Degree in Electrical Engineering from the University of the Witwatersrand.
	Common Shares Held
	2,000,000
	RSUs Granted
	Nil

Note:

(1) Mr. Gardner is a quota holder in A10 Fund. A10 Investimentos, which is the portfolio manager of A10 Fund, has the sole and independent voting decision regarding the holdings of A10 Fund.



Rodrigo Menck São Paulo, Brazil 48 years Officer Since: January 2023	Position(s) Held at the Company
	Chief Financial Officer
	Principal Occupation for the Past Five Years
	SVP Finance & Group CFO at Nexa Resources SA ("Nexa Resources").
	Biography
	Mr. Menck has roughly 30 years of experience in finance and capital markets. Mr. Menck has spent the last 15 years leading finance functions for large corporations, including most recently with Nexa Resources, the mining company of the Votorantim group in Brazil. Prior to his corporate experience, Mr. Menck spent close to 15 years in global financial institutions such as BankBoston, Itaú, WestLB, Citi and BNP Paribas. Mr. Menck holds an MBA in economics from the University of Sao Paulo and is a Certified CFO by the Brazilian Institute of Financial Executives.
	Common Shares Held
	Nil

Each director's term of office expires at the next annual general meeting of the Company.

Shareholdings of Directors and Officers

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 54,290,978 Common Shares, representing approximately 50.6% of the issued and outstanding Common Shares (on a non-diluted basis).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date of this AIF, or was, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director, or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.



Committees of the Board

Audit Committee	Gary Litwack, *Chair* Frederico Marques Dana M. Perlman
Corporate Governance, Nomination and Compensation Committee	Frederico Marques, *Chair* Marcelo Paiva Gary Litwack
Management Technical Committee	Vicente Lobo, *Co-Chair* Wes Roberts, *Co-Chair* Ana Cristina Cabral-Gardner Brian Talbot
Finance Committee	Dana M. Perlman, *Chair* Ana Cristina Cabral-Gardner Marcelo Paiva
ESG Committee	Ana Cristina Cabral-Gardner, *Chair* Dana M. Perlman Maria José Gazzi Salum, Senior Advisor

Information concerning the Audit Committee is provided under "Audit Committee Information" below.

Conflicts of Interest

To the best of the Company's knowledge, except as otherwise noted herein and in the Company's public disclosure documents, there are no existing or potential conflicts of interest among the Company, its directors, officers, or other members of management of the Company except that: (i) certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of the Company; and (ii) certain officers and directors are actively involved with A10 Investimentos, being a significant shareholder of the Company, which may rise to conflicts of interest. See above disclosure under the heading "Risk Factors" herein.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest. The Company relies upon its directors and officers to disclose any such conflicts or other aspects of accountability in accordance with the CBCA.

The Company has adopted a Code of Business Conduct and Ethics that applies to all directors, officers, employees and consultants of the Company and its subsidiaries. A copy of the Company's Code of Business Conduct and Ethics may be found on the Company's website at www.sigmalithium.ca and on the Company's profile on SEDAR at www.sedar.com.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Company must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are substantially reproduced at Schedule "A" hereto.



Composition of the Audit Committee

As of the date hereof, the Audit Committee is comprised of:

Name of Director	Independent (Yes/No)
Gary Litwack	YES
Frederico Marques	YES
Dana M. Perlman	YES

Notes:

(1) Pursuant to Section 6.1.1. of NI 52-110, independence for the purposes of the Audit Committee means the director is not an executive officer, employee or control person of the Company or an affiliate of the Company and has no other material relationship (as defined in Schedule "B") with the Company.

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter.

Mr. Litwack has more than 30 years of experience advising boards and management of public companies on their financial and other reporting obligations, and has worked extensively in reviewing and assisting in the preparation of MD&A and other financial reporting. He has extensive experience with both commercial industry and capital markets arrangements entered into by resource companies.

Mr. Marques has more than 25 years of experience on global transactions, particularly in the natural resources, renewable energy, agribusiness, and construction sectors. He has previously worked as an in-house counsel for some of the leading and largest Brazilian public companies and was a former Chairman of the Brazil-Canada Chamber of Commerce and is a member of its executive committee and head of its mining committee.

Ms. Perlman has more than 20 years of experience and expertise in the areas of strategy, finance, investment banking, business development, acquisitions, risk management, corporate and employer branding, investor communications and environmental, sustainability and governance communication. She has extensive experience in capital markets and is currently a director of the board of O'Reilly Automotive, an industry leader in the auto parts sector.

Each member of the Audit Committee has:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements;

(b) the ability to assess the general application of those principles in connection with the estimates, accruals and reserves;

(c) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.



Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has it relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52 110 (securities regulatory authority exemption).

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors, and approve in advance the provision of services other than audit services and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work, which the Chairman of the Audit Committee deems as necessary.

Audit Fees

The fees for auditor services billed by the Company's external auditors for the last two fiscal years are as follows:

Financial Year[1] [2]	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees
2022	$ 1,937,922	$ —	$ 38,349	$ —
2021	$ 726,925	$ —	$ 26,884	$ —

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not a party to, nor are any of the Company's properties subject to, any pending legal proceedings or regulatory actions the outcome of which would have a material adverse effect on the Company. Management of the Company is not aware of any material legal proceedings or regulatory actions in which the Company may be a party which are contemplated by governmental authorities or otherwise.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in documents filed by the Company on SEDAR, management of the Company is not aware of any material interest, direct or indirect, of any insider of the Company, or any associate or affiliate of any such person, in any transaction within the Company's three most recently completed financial years, or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent of the Common Shares is Computershare Investor Services Inc. located at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, and except as noted below (the material terms of which are further described herein), the Company has not entered into any material contracts within the most recently completed financial year or previous to the most recently completed financial year, that are still in effect, other than the US$100,000,000 Pre-Export Financing Agreement dated December 3, 2022 in respect of the Synergy Financing.

INTERESTS OF EXPERTS

As at the date of this AIF, each of the TR Qualified Persons holds less than one percent of the Company's outstanding securities of the Company or of any of the Company's associates or affiliates.



The Company's auditors are KPMG LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated June 12, 2023 in respect of the Company's consolidated financial statements as at December 31, 2022. KPMG LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

ADDITIONAL INFORMATION

Additional information including corporate governance policies of the Company, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase Common Shares, and securities authorized for issuance under equity compensation plans is contained in the management proxy circular dated June 1st, 2022 for the annual and special meeting of the Company held on June 30, 2022, which is available on SEDAR. Additional financial information is contained in the Company's comparative financial statements and MD&A as at and for the years ended December 31, 2022 and 2021, which are available on SEDAR and on EDGAR.



SCHEDULE "A"

Audit Committee Charter

8 September 2021

1. THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE

The Board of Directors (the "Board") has responsibility for the stewardship of Sigma Lithium Corporation (together with its subsidiaries, as applicable, the "Corporation"). To discharge that responsibility, the Board is obligated by the *Canada Business Corporations Act* to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

Public financial reporting and disclosure by the Corporation are fundamental to the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure is to gain reasonable assurance of the following:

(a) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirement of governments, regulatory agencies and stock exchanges, if applicable, relating to financial reporting and disclosure;

(b) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are appropriate in the prevailing circumstances;

(c) that the Corporation's quarterly and annual financial statements are accurate within a reasonable level of materiality and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles; and

(d) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public, to the extent required by applicable securities laws, in a timely manner in accordance with corporate and securities law and with stock exchange regulations, if applicable.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reliably met unless the following activities (the "Fundamental Activities") are, in all material respects, conducted effectively:

(a) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions and consistent with internal financial controls implemented by companies of similar size and peer group as the Corporation;

(b) the internal financial controls are regularly assessed for effectiveness and efficiency consistent with assessments performed by company's of similar size and peer group as the Corporation;

(c) the Corporation's quarterly and annual financial statements are properly prepared by management to comply with International Financial Reporting Standards ("IFRS"); and

(d) the Corporation's annual financial statements (and, if determined necessary by the Board, its quarterly financial statements) are reported on by an external auditor appointed by the shareholders of the Corporation.

To assist the Board in its monitoring of the Corporation's financial reporting and disclosure, and to conform to applicable corporate and securities law, the Board has established the Audit Committee (the "Committee") of the Board.

The role of the Committee is to assist the Board in its oversight of the integrity of the financial and related information of the Corporation, including its consolidated financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements and to review the independence, qualifications and performance of the



external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them.

2. COMPOSITION OF COMMITTEE

The Committee shall be appointed annually by the Board and consist of at least three members from among the directors of the Corporation, at least a majority of whom (or, if required by applicable law or stock exchange rules, each of whom) shall be an independent director, subject to applicable grace periods provided by The Nasdaq Stock Market, and must not have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years. Officers of the Corporation who are also directors may not serve as members of the Committee. In accordance with National Instrument 58-101, a director is considered "independent" to the Corporation if he or she has no direct or indirect "material relationship" with the Corporation or any of its subsidiaries which could, in the view of the Board, reasonably interfere with the exercise of his or her independent judgment. Notwithstanding the foregoing, a director will be deemed to have a "material relationship" with the Corporation (and therefore be considered as not independent) if he or she falls in one of the categories listed in Schedule "A" attached hereto. All members of the Committee must also be "financially literate" (meaning that he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected and be raised by the Corporation's financial statements).

The Board shall designate a chairperson of the Committee (the "Chair").

In the event of a vacancy arising in the Committee or a loss of independence of any member (if previously independent and as a result the composition of the Committee no longer meets applicable independence requirements), the Committee will fill the vacancy within six months or by the following annual shareholders' meeting if sooner.

3. RELIANCE ON EXPERTS

In contributing to the Committee's discharging of its duties under this Charter, each member of the Committee shall be entitled to rely in good faith upon:

(a) financial statements of the Corporation represented to him by an officer of the Corporation or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and

(b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavor to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to the Board.

5. AUDIT COMMITTEE RESPONSIBILITIES (GENERAL)

This Charter outlines how the Committee will satisfy the requirements set forth by the Board in its mandate, reflecting the following:

- Operating principles;
- Operating procedures; and
- Specific responsibilities and duties.



While the Committee has the responsibilities set forth in this Charter, it is not the duty of the Committee to prepare the financial statements, plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with IFRS and applicable rules and regulations. Primary responsibility for the financial reporting, information systems, risk management, and disclosure controls and internal controls of the Corporation is vested in management.

(a) Operating Principles

The Committee shall fulfill its responsibilities within the context of the following principles:

(i) Committee Values

The Committee expects management of the Corporation to operate in compliance with corporate policies; reflecting laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

(ii) Communications

The Committee, and its members, expect to have direct, open and frank communications throughout the year with management, other committee chairs, the external auditors, and other key Committee advisors or Corporation staff members, as applicable.

(iii) Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

(iv) Financial Literacy

All Committee members should be sufficiently versed in financial matters to read and understand the Corporation's financial statements and also to understand the Corporation's accounting practices and policies and the major judgements involved in preparing the financial statements.

(v) Annual Committee Work Plan

The Committee, in consultation with management and the external auditors, shall develop an annual Committee work plan responsive to the Committee's responsibilities as set out in this Charter. In addition, the Committee, in consultation with management and the external auditors, shall participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

The work plan will be focused primarily on the annual and interim financial statements of the Corporation; however, the Committee may at its sole discretion, or the discretion of the Board, review such other matters as may be necessary to satisfy the obligations set out in this Charter.

(vi) Meeting Agenda

Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with other Committee members, senior management and the external auditors.

(vii) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at a reasonable time in advance of meeting dates.



(viii) Access to Committee

Representatives of the external auditor and management of the Corporation shall have access to the Committee each in the absence of the other.

(ix) External Resources

To assist the Committee in discharging its responsibilities, the Committee may at its discretion, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise, including independent counsel.

(x) In Camera Meetings

At the discretion of the Committee, the members of the Committee shall meet in private session with the external auditors. In addition, at the discretion of the Committee, the members of the Committee shall meet in private with management of the Corporation, without the auditors being present at such meeting.

(xi) Reporting to the Board

The Committee, through its Chair, shall report after each Committee meeting to the Board at the Board's next regular meeting.

(xii) The External Auditors

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall report directly to and be accountable to the Committee. The external auditors shall report all material issues or potentially material issues, either specific to the Corporation or to the financial reporting environment in general, to the Committee.

(xiii) Funding

The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the board of directors, for payment of:

(A) Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer;

(B) Compensation to any advisers employed by the Committee; and

(C) Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(b) Operating Procedures

(i) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chair, upon the request of two members of the Committee or at the request of the external auditors.

(ii) A quorum shall be a majority of the members.

(iii) Unless the Committee otherwise specifies, the Corporate Secretary (or her or his deputy) of the Corporation shall act as Corporate Secretary of all meetings of the Committee.

(iv) In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

(v) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

(vi) Notice of the time and place of every meeting shall be given in writing by any means of transmitted or recorded communication, including facsimile, email or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time



fixed for such meeting; provided, however, that a member of the Committee may in any manner waive a notice of the meeting. Attendance of a member of the Committee at a meeting constitutes waiver of notice of the meeting, except where the member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

(vii) Subject to any law or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next regularly scheduled meeting of the Board).

6. SPECIFIC RESPONSIBILITIES AND DUTIES OF AUDIT COMMITTEE

To fulfill its responsibilities and duties, the Committee shall:

(a) Financial Reporting

(i) Review, prior to public release, the Corporation's annual and quarterly financial statements with management and the external auditors (with respect to quarterly financial statements, if they are to be reviewed by the external auditors) with a view to gaining reasonable assurance that the statements (A) are accurate within reasonable levels of materiality, (B) complete, and (C) represent fairly the Corporation's financial position and performance in accordance with IFRS. The Committee shall report thereon to the Board before such financial statements are approved by the Board (with respect to quarterly financial statements, if they are to be prepared and approved by the Board, and not just the Committee).

(ii) Receive from the external auditors reports of their review of the annual and quarterly financial statements (with respect to quarterly financial statements, if they are to be reviewed by the external auditors) and any management letters issued to the management of the Corporation.

(iii) Receive from management a copy of any representation letter provided to the external auditors and receive from management any additional representations required by the Committee.

(iv) Review, prior to public release, to the extent required pursuant to applicable securities laws, and, if appropriate, recommend approval to the Board, of news releases, to the extent required pursuant to applicable securities laws, and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements.

(v) Review and, if appropriate, recommend approval to the Board of financial statements included in prospectuses, material change disclosures of a financial nature, management discussion and analysis, annual information forms and similar components of disclosure documents that may be issued by the Corporation.

(vi) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation from any party regarding accounting, auditing or internal controls and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. For greater certainty, the Committee's responsibilities in this area will not include complaints about minor operational issues. Examples of minor operational issues include late payment of invoices, minor disputes over accounts owing or receivable, revenue and expense allocations and other similar items characteristic of the normal daily operations of the accounting department of a mining company.

(b) Accounting Policies

(i) Review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto.

(ii) Obtain reasonable assurance that they are in compliance with IFRS from management and external auditors and report thereon to the Board.

(iii) Review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and provisions along with quality of financial reporting.

(iv) Participate, if requested, in the resolution of disagreements, between management and the external auditors.

(v) If applicable, review with management the policies and procedures used for the categorization of flow-through expenditures and the qualification of such expenditures to satisfy the Corporation's existing obligations.



(c) Risk and Uncertainty

(i) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Corporation, determine the Corporation's tolerance for risk and approve risk management policies. The Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:

(A) reviewing with management the Corporation's tolerance for financial risks;

(B) reviewing with management its assessment of the significant financial risks facing the Corporation;

(C) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial risks; and

(D) reviewing with management its plans, processes and programs to manage and control such risks.

(ii) Review policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion.

(iii) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments.

(iv) Review the adequacy of insurance coverages maintained by the Corporation.

(v) Review regularly with management, the external auditors and the Corporation's legal counsel, any legal claims or other contingencies, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

(d) Financial Controls and Control Deviations

(i) Review the plans of the external auditors to gain reasonable assurance that the evaluation and testing of applicable internal financial controls is comprehensive, coordinated and cost-effective.

(ii) Receive regular reports from management and the external auditors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereof.

(iii) Institute a procedure that will permit any employee of the Corporation, including management employees, to bring to the attention of the Chair, under conditions of confidentiality, concerns relating to financial controls and reporting which are material in scope and which cannot be addressed, in the employee's judgement, through existing reporting structures in the Corporation.

(iv) Receive and periodically assess reports from management on the policies and procedures used to asses and ensure the adequacy of controls over financial information disclosed to the public, which is extracted or derived from the Corporation's financial statements.

(e) Compliance with Laws and Regulations

(i) Review regular reports from management and others (e.g. external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:

(A) tax and financial reporting laws and regulations;

(B) legal withholding requirements; and

(C) other laws and regulations which expose directors to liability.

(ii) Review the filing status of the Corporation's tax returns, (if applicable) flow-through share renunciation filings and those of its subsidiaries.



(f) Relationship with External Auditors

(i) Be directly responsible for the appointment and retention any external auditors engaged.

(ii) Approve the remuneration and the terms of engagement of the external auditors as set forth in the relevant engagement letter. The Chair has the authority to pre-approve non-audit services which may be required from time to time.

(iii) Review the performance of the external auditors annually or more frequently as required (including resolution of disagreements between management and the auditors regarding financial reporting).

(iv) Receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client.

(v) Receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation.

(vi) Review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, and the materiality levels which the external auditors propose to employ.

(vii) Meet with the external auditors in the absence of management to determine, inter alia, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee.

(viii) Establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee.

(ix) Establish a reporting relationship between the external auditors and the Committee such that the external auditors can bring directly to the Committee matters that, in the judgement of the external auditors, merit the Committee's attention. In particular, the external auditors will advise the Committee as to disagreements between management and the external auditors regarding financial reporting and how such disagreements were resolved.

(x) Receive a formal written statement delineating all relationships between the external auditors and the Corporation, actively engage in a dialogue with the external auditors with respect to any disclosed services or relationships that might impact their objectivity and independence, and as needed, take or recommend the Board take appropriate action to oversee the independence of the external auditors.

(g) Other Responsibilities

(i) After consultation with the Chief Financial Officer and the external auditors, consider at least annually, the quality and sufficiency of the Corporation's accounting and financial personnel and other resources.

(ii) Approve in advance non-audit services, including tax advisory and compliance services, provided by the external auditors. However, the Committee can establish a threshold amount for fees for non-audit services to be provided by the external auditors without advance approval of the Committee. The nature of such services and the associated cost will be provided to the Committee at the next following meeting.

(iii) Investigate any matters that, in the Committee's discretion, fall within the Committee's duties.

(iv) Perform such other functions as may from time to time be assigned to the Committee by the Board.

(v) Review this Charter on a regular basis and prepare any appropriate updates for approval by the Board.

(vi) Review disclosures regarding the organization and duties of the Committee to be included in any public document, including quarterly and annual reports to shareholders, information circulars and annual information forms.

(vii) Review and reassess the adequacy of this Charter on an annual basis.

(viii) Conduct an appropriate review and oversight of all related party transactions for potential conflict of interest situations on an ongoing basis.



EXHIBIT “A” TO THE AUDIT COMMITTEE CHARTER

Meaning of “material relationship”

A “material relationship” is a relationship that could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.

The following individuals are considered to have a material relationship with the issuer:

(A) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(B) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(C) an individual who: (i) is a partner of a firm that is the issuer’s internal or external auditor,

(D) (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;

(E) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the issuer’s internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;

(F) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and

(G) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

An individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified above if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified above by virtue of such relationship being with a subsidiary entity or a parent of that issuer, if that relationship ended before June 30, 2005.

An individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member (a) has previously acted as an interim chief executive officer of the issuer, or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

For the purposes of “C” and “D” above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

For the purposes of “F” above, direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Despite any determination made whether an individual has a material relationship with an issuer, an individual who (a) accepts directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer. The indirect acceptance by an individual of any such consulting, advisory or other compensatory fee includes acceptance of a fee by (a) an individual’s spouse, minor child or stepchild, or a child or stepchild who shares the individual’s home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those



occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

“company” - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“control” - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

“executive officer” of an entity – means an individual who is (a) a chair of the entity; (b) a vice- chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

“issuer” includes a subsidiary entity of the issuer and a parent of the issuer;

“person” - an individual partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

“subsidiary entity” - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.

Approved by the Board on September 8, 2021



SCHEDULE "B"
DEFINITIONS

The following is a glossary of certain defined terms used in this AIF. Where the context requires, (i) words importing the singular include the plural and *vice versa* and (ii) words importing any gender include all genders.

"Restated Technical Report"	means the technical report titled "Grota do Cirilo Lithium Project, Araçuaí and Itinga Regions, Minas Gerais, Brazil, NI 43-101 Amended & Restated Technical Report" dated June 12, 2023, with an effective date of October 31, 2022.
"A10 Fund"	means A10 Investimentos Fundo de Investimento de Ações – Investimento no Exterior.
"A10 Investimentos"	Means A10 Investimentos Ltda.
"Board"	means the board of directors of the Company.
"CAPEX"	means the capital expenditure defined in the Restated Technical Report.
"CBCA"	means the *Canada Business Corporations Act.*
"CIM Definition Standards"	means the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves.
"cm"	means centimeters.
"Common Shares"	means common shares in the capital of the Company.
"Company" or "Sigma"	means Sigma Lithium Corporation (formerly named Sigma Lithium Resources Corporation) and, as the context requires, its subsidiaries.
"DMS"	means dense medium separation.
"EDGAR"	means the Electronic Data Gathering, Analysis, and Retrieval developed for the United States Securities Administrators (www.edgar.com).
"GAAP"	means Generally Accepted Accounting Principles.
"Greentech Plant"	means the commercial production plant as described in the Restated Technical Report.
"IFRS"	means International Financial Reporting Standards.
"kg"	means kilograms.
"km"	means kilometers.
"km^2"	means square kilometers.
"Kv"	means kilovolts.
"LCE"	means lithium carbonate equivalent. Lithium is converted to lithium carbonate (Li2CO3) by multiplying lithium metal mass by 5.323.
"Li_2O"	means lithium oxide.
"m"	means meters.
"m^3"	means cubic meters.
"MD&A"	means management discussion and analysis.
"mm"	means millimeters.
"mg/L"	means milligrams per liter.
"NI 43-101"	means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.
"NI 52-110"	means National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators.
"Phase 1"	means the Xuxa deposit located in the Project.
"Phase 1 FS"	means the updated feasibility study for Phase 1 included in the Restated Technical Report.
"Phase 2"	means the Barreiro deposit located in the Project.
"Phase 3"	means the Nezinho do Chicão deposit located in the Project.



"Phase 2 & 3"	means the combination of Phase 2 and Phase 3 located in the Project.
"Phase 1 & 2 PFS"	means the preliminary feasibility study for Phase 2 & 3 included in the Restated Technical Report.
"ppm"	means parts per million.
"Qualified Person"	means a qualified person for purposes of NI 43-101.
"SEC"	means the U.S. Securities and Exchange Commission.
"SEDAR"	means the System for Electronic Document Analysis and Retrieval developed for the Canadian Securities Administrators (www.sedar.com).
"Sigma Holdings"	means Sigma Lithium Resources Inc., the wholly-owned British Columbia subsidiary of the Company through which Sigma Brazil is held.
"Sigma Brazil"	means Sigma Mineração S.A., the indirect wholly-owned Brazilian subsidiary of the Company.
"Synergy Financing"	has the meaning given under "General Development of the Business – Three Year History – 2022".
"t"	means tonnes.
"TR Qualified Persons"	has the meaning given under "Description of the Business - Summary of the Restated Technical Report".
"TSXV"	means the TSX Venture Exchange.
"Updated Technical Report"	means the technical report titled "Grota do Cirilo Lithium Project, Araçuaí and Itinga Regions, Minas Gerais, Brazil, NI 43-101 Updated Technical Report" dated January 16, 2023, with an effective date of October 31, 2022.
"Var"	means variability.

Certain Other Definitions

"material relationship" A "material relationship" is a relationship that could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The following individuals are considered to have a material relationship with the issuer:

A. an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

B. an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

C. an individual who: (i) is a partner of a firm that is the issuer's internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

D. an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the issuer's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

E. an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

F. an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12-month period within the last three years.

An individual will not be considered to have a material relationship with the issuer solely because (a) he or she had a relationship identified above if that relationship ended before March 30, 2004; or (b) he or she had a relationship identified above by virtue of such relationship being with a subsidiary entity or a parent of that issuer, if that relationship ended before June 30, 2005.



An individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member (a) has previously acted as an interim chief executive officer of the issuer, or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

For the purposes of "C" and "D" above, a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

For the purposes of "F" above, direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Despite any determination made whether an individual has a material relationship with an issuer, an individual who (a) accepts directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer. The indirect acceptance by an individual of any such consulting, advisory or other compensatory fee includes acceptance of a fee by (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

"company"	any corporation, incorporated association, incorporated syndicate or other incorporated organization.
"control"	the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise.
"executive officer"	of an entity – means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity.
"issuer"	includes a subsidiary entity of the issuer and a parent of the issuer.
"person"	an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative.
"subsidiary entity"	a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.

Exhibit 99.2


SIGMA
LITHIUM
SIGMA LITHIUM CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

INTRODUCTION & BACKGROUND

This management's discussion and analysis dated as of June 12, 2023 (this " **MD&A**") of the financial condition and results of operations of Sigma Lithium Corporation ("**Sigma**" or the "**Company**") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2022 and 2021 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted.

The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of June 12, 2023, unless otherwise indicated.

Unless inconsistent with the context, references in this MD&A to the "Company" or "Sigma" are references to the Company and its subsidiaries.

The Company's registered office is Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. The Company's common shares ("**Common Shares**") trade under the symbol "SGML" in the United States on Nasdaq and in Canada on the TSX Venture Exchange ("**TSXV**").

Further information about the Company and its operations, including the financial statements referred to above and the Company's annual information form, is available on the Company's website at www.sigmalithium.ca, at www.sedar.com (SEDAR) and at www.sec.gov (EDGAR).

The information herein should be read in conjunction with the technical report titled "Grota do Cirilo Lithium Project Araçuaí and Itinga Regions, Minas Gerais, Brazil, Amended & Restated Technical Report dated June 12, 2023, and with an effective date of October 31, 2022 for the resource and reserve estimates in such report (the "**Restated Technical Report**").

The Restated Technical Report includes information about the Company's wholly-owned Grota do Cirilo lithium project (the "**Project**") in Brazil, such as: (i) the mineral reserve and resource estimates for the Xuxa deposit (" **Phase 1**"), the Barreiro deposit ("**Phase 2**") and the Nezinho do Chicão deposit (" **Phase 3**" and together with Phase 2, " **Phase 2 & 3**"); (ii) the results of the updated feasibility study on Phase 1 (the "**Phase 1 FS**"); and (iii) the results of the preliminary feasibility study on Phase 2 & 3 (the "**Phase 2 & 3 PFS**").

Readers should note that the Company has not yet reported or announced a production decision in respect of Phase 2 & 3. The Company expects that it will assess the results of a feasibility study for Phase 2 & 3 before making such production decision. All statements regarding mine development or production in respect of Phase 2 & 3 in this MD&A are expressly qualified by this statement.

Readers should refer to and carefully consider the sections below titled "Risk Factors", "Cautionary Note Regarding Forward-Looking Information" and "Cautionary Note Regarding Mineral Reserve and Mineral Resource Estimates".

OUR BUSINESS

Sigma is a Canadian-incorporated lithium company focused on commencing commercial production for Phase 1 and evaluating the construction of Phase 2 & 3 of the Project. The Project is what is expected to be one of the largest hard rock lithium operation in the Americas, located in the municipalities of Araçuaí and Itinga in the northeastern part of the state of Minas Gerais, Brazil. The Company owns 100% of the Project indirectly through its wholly-owned subsidiary Sigma Mineração S.A. ("**Sigma Brazil**"). The Project area is comprised of 29 mineral rights (which include mining concessions, applications for mining concessions, exploration authorizations, applications for mineral exploration authorizations) spread over 185 km^2, which is located within the broader 19,000-hectare land package held by Sigma Brazil (containing the Grota do Cirilo, Sao Jose, Genipapo and Santa Clara properties).

The Project is vertically integrated, with the Company's mining operations supplying spodumene bearing material to its lithium production and processing plant (the "**Greentech Plant**"). The Greentech Plant is designed to process 5.5% to 6.0% battery grade high purity lithium concentrate ("**Green Lithium**"), engineered to the specifications of the Company's customers in the rapidly expanding lithium-ion battery supply chain for electric vehicles ("**EVs**"), in an environmentally friendly way through a fully automated and digital dense medium separation ("**DMS**") technology process. The Greentech Plant was built after the completion of engineering to the level of FEL-3 stage precision by Primero Group Ltd. ("**Primero**") and extensive testing at the Company's on-site demonstration pilot plant, which has been in operation since late 2018.

As the Company's mission statement has been guided by adhering to the highest level of environmental, social and governance ("**ESG**") practices since inception in 2012, the Project is being developed in a sustainable way. Additionally, the Company is focused on social programs promoting sustainable development, inclusion (including on the Company's Board of Directors (the "**Board**")), and upskilling local people in the region where we operate. As a result, the Company has committed to the strategies outlined in Table 1 below, to advance the development of the Project in a responsible and sustainable way. Over the long term, Sigma plans to build upon its ESG commitments with the goal of dry stacking or upcycling its tailings and achieving net zero carbon emissions by the end of 2024 through the introduction of biofuels in its trucking fleet and carbon credit "in-setting".

Table 1: Summary of Sigma's ESG-Driven Decisions & Strategies

Governance & Diversity	Sustainable Development	Greentech Plant
CEO / Co- Chairpersons: 100% / 50% female	Phase 1 built as two pits to	Minimal water impact
Board Independence: 50%	preserve seasonal stream	No hazardous chemicals
Board Committees Chair Independence: 60%	Social programs / commitment to	Tailings 100% dry stacked
Board Diversity: 50% female / LGBTQ representation	local hiring and training	100% green hydro power

Sigma is building the Project in a phased approach and is currently on commissioning Phase 1 of the Project since December 2022 (with construction having been completed in 2023), and with production successfully initiated in April 2023. Table 2 below highlights the results of the Phase 1 FS and Phase 2 & 3 PFS included in the Restated Technical Report. Phase 1 production of Green Lithium is anticipated to position the Company as a globally relevant Tier 1 lithium producer, with Phase 2 & 3 potentially tripling production (if a production decision is made by the Company following the completion of a feasibility study). The Greentech Plant is planned to potentially have two separate production lines, one for Phase 1 and one for Phase 2 & 3, which will have similar DMS processing flowsheets and will share certain common plant infrastructure.

Table 2: Highlights of the Phase 1 FS and Phase 2 & 3 PFS Included in the Restated Technical Report

Highlights @ 5.5% Lithium Oxide Concentration	Units	Phase 1	Phase 2 & 3	Phase 1, 2 & 3
Operating Life	*(years)*	8	12	13
Run-Rate Green Lithium Production	*(tpa)*	270,000	496,000	766,000
Run-Rate Lithium Carbonate Equivalent Production	*(ktpa)*	37	67	104
Total Cash Cost Excluding Royalties (@ Mine Gate)	*(US$/tonne)*	$ 281	$ 292	$ 289
All-In Sustaining Cost (CIF China)	*(US$/tonne)*	$ 541	$ 516	$ 523
After-Tax Net Present Value (@ 8% Discount Rate)	*(US$ Bn)*	$ 5.7	$ 9.6	$ 15.3
After-Tax Internal Rate of Return	*(%)*	1,282 %	1,207 %	1,273 %
Payback Period	*(months)*	1.0	1.1	1.2

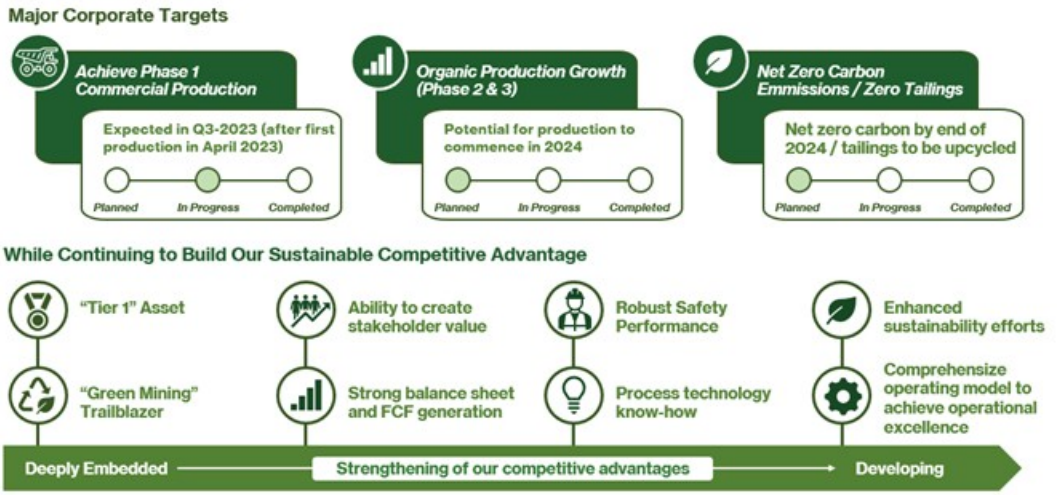
The Phase 1 of the Project will also produce low grade, high-purity, zero chemicals, approximately 1.3% lithium oxide (Li2O), hypofine by-products with material market value, which Sigma plans to sell to strength its ESG-centric approach with a pioneering "zero tailings" environmental sustainability strategy, eliminating the environmental footprint of tailings with a positive ecosystem impact, while also generates an additional revenue stream to the company.

Going forward, Sigma plans to continue evaluating the Phase 2 & 3 expansion, with any formal production decision being subject to and following the completion of a feasibility study (including FEL-3 level estimates) and Phase 1 production ramp-up. Additionally, Sigma plans to continue all stages of exploration programs, focused on further increasing its mineral resource base and extending the Project's operating life.

Figure 1: General View of the Phase 1 Greentech Plant Construction



Figure 2: Sigma's Corporate Targets of Creating Value in a Sustainable Way



PROJECT HIGHLIGHTS

- Phase 1 production was successfully initiated in April 2023, after receiving the required operating license on March 31, 2023.
  - Crushing circuit commissioning completed on schedule in February 2023 after commencing in December 2022.
  - Operational DMS circuit achieved on schedule in April 2023 after commissioning commenced ahead of schedule in January 2023.
- Construction workforce increased to more than 1,000 (approximately 40% comprised of Jequitinhonha Valley region community members where the Project is located), as activity accelerated during the fourth quarter of 2022.
- Phase 1 north pit and Phase 1 south pit pre-stripping completed in October 2022 and February 2023, respectively, ahead of initial production.
- Project's estimated proven & probable mineral reserves increased to 54.8 Mt grading at 1.44% Li $_2$O, comprised of 27.4 Mt of proven mineral reserves grading at 1.44% Li_2O and 27.3 Mt of probable mineral reserves grading at 1.43% Li $_2$O, measured & indicated mineral resources to 77.0 Mt grading at 1.43% Li_2O, comprised of 37.1 Mt of measured mineral resources grading at 1.43% Li_2O and 39.9 Mt of indicated mineral resources grading at 1.43% Li $_2$O, and inferred resources to 8.6 Mt grading at 1.43% Li_2O through multiple updates during 2022.
- Exploration work remains underway, targeting a further increase in the Company 's total mineral resource estimate expected in the second half of 2023.
- Phase 2 & 3 PFS announced in December 2022, investigating the potential to triple run-rate annual production of Green Lithium to approximately 766,000 tonnes per year.

CORPORATE HIGHLIGHTS

- Announced Board and management updates in January 2023 with Independent Director Gary Litwack appointed as Non-Executive Co-Chairperson of the Board and Rodrigo Menck appointed as Chief Financial Officer, with Ana Cabral-Gardner remaining as Chief Executive Officer and Co-Chairperson of the Board.
- Secured a US$100 million pre-export financing with Synergy Capital, one of Sigma 's current shareholders based in the United Arab Emirates, on December 4, 2022 (the "**Synergy Financing**").

ESG HIGHLIGHTS

- During an event focused on the women of the region on March 23, 2023, which was attended by the Governor of the State of Minas Gerais and his senior leadership team, the Company announced several updates to its ongoing social inclusion programs:
  - **Microcredit For Female Entrepreneurs**: The Company announced the intention to expand its landmark microcredit program launched for female entrepreneurs of the Jequitinhonha Valley region where the Company operates. There are currently 730 female entrepreneurs enrolled in the program, with R$2,000 to be loaned per person, and the goal is to achieve a total enrollment of 10,000 women with an additional investment of up to R$20 million.
  - **Zero Drought for Small Holder Farmers**: The Company is leading an ongoing project to construct up to 2,000 small basins for water collection in disadvantaged communities of the Jequitinhonha Valley, which will provide relief for the effects of dry season on plantations and livestock in such communities. As of the date of this MD&A, 200 water capture basins have been built in the Araçuaí municipality and 33 in the Itinga municipality.
  - **Water For All**: Additionally, to further combat the impacts of water scarcity in the Jequitinhonha Valley region, the Company committed to donating up to 3,000 water tanks to residents located in the surrounding areas of the Greentech Plant.
  - **Combating Violence Against Women Program**: The Company announced its plans to introduce a program, in partnership with the Justice Court of the state of Minas Gerais, targeting domestic abuse against women in the Jequitinhonha Valley region. This program advances the goals of United Nations Sustainable Development Goals ("**UN SDGs**") #5 (Gender Equality) and #11 (Sustainable Cities and Communities).
- The Company is continuing its ongoing support for local employment with the continuation of the Homecoming Employment Program and Education Program for Mining Technicians. Approximately 40% of its 1,000+ person construction workforce is local to the region.
- The Company continues to support local communities with the ongoing Zero Hunger Action, providing approximately 3.6 million meals for those in need since initiation in 2021 (cumulative program total of up to 21,000 food baskets expected to be delivered through 2023).
- The Company remains committed to the environmentally responsible development of the Project which uses 100% dry stacking and clean energy usage in the form of hydroelectricity, water treatment & recycling.
- The Company advanced its environmental programs in 2022 with 520 people from four different communities participating in environmental education programs, the Company's environmental management and supervision plan for responsible consumption and production being completed in the fourth quarter of 2022, and planting and vegetation monitoring program to preserve and nurture local flora and fauna (15,000 native seedlings acquired to date).

The Road to Net Zero

- Sigma had a leading role at the following globally relevant conferences as an ongoing case study in "impact investing in the mining business" and "green battery metals":
  - Panelist and participant at the Future Minerals Forum in Riyadh in January 2023 (invited by the Kingdom of Saudi Arabia); and

- Referenced as a case study at multiple panels and an active participant in the 2022 United Nations Climate Change Conference in Egypt in November 2022 ("**COP27**") (Sigma has been featured year after year since 2019 at COP25 in Madrid for the actions that have been implemented since inception). Multiple members of the senior management team hosted workshops on "Impact Investing in Mining." CEO and Co-Chairperson Ana Cabral-Gardner was featured as a keynote speaker.
    - Ana Cabral-Gardner was invited by UN-DESA to host a workshop at the SDG Pavilion at COP-27 where she presented a framework on how to apply UN-SDGs to mining projects globally, in order to measure sustainability and overall economic and social impact.
    - Additionally, Ms. Cabral-Gardner made the keynote presentation on "circular economy" at COP Investments (hosted by the World Climate Fund), presenting the Company's strategy to become the first "Zero Tailings" lithium producer by upcycling 100% of its "hazardous chemicals free" tailings from the Greentech Plant.
    - Ms. Cabral-Gardner also participated in the "Acceleration to Net Zero Series" hosted by McKinsey & Co. with leading sustainability professionals across fields.

Global Case Study in Environmental Sustainability in the Battery Materials Supply Chain

- Sigma was:
    - a participant in two panels at the Brazil-Canada Conference at the 2023 Prospectors & Developers Association of Canada (PDAC) Convention in Toronto in March 2023;
    - a presenter in the Brazilian Mining Day at PDAC 2023 organized by the Agency for the Development and Innovation of the Brazilian Mining Sector (ADIMB) in March 2023; and
    - a participant on "Pathways to Decarbonize Hard to Abate Sectors" panel at the Brazil Climate Summit at Columbia Business School in September 2022.

PHASE 1 GREENTECH PLANT CONSTRUCTION & COMMISSIONING PROGRESS

General Overview of Progress

Sigma made significant progress in the construction of the Phase 1 Greentech Plant during the fourth quarter of 2022, commencing the commissioning of its Phase 1 Greentech Plant in December 2022 and achieving initial production in April 2023. Sigma was able to achieve initial production on schedule as a result of activity continuing to accelerate in the quarter, with the construction workforce increasing to more than 1,000.

As of the date of this MD&A, the Company has achieved the following significant milestones:

- Completed the coarse and fines DMS circuits commissioning and initial production on schedule in April 2023;
- Completed the electromechanical assembly of the raw water supply piping and the installation of equipment, including water tanks in February 2023;
- Completed crushing circuit commissioning on schedule in February 2023; and
- Completed Phase 1 Greentech Plant detailed engineering (done concurrently with construction) in December 2022.

Going forward, the Company intends to remain focused on completing the following key workstreams in 2023:

- Completing the ramp-up of production, with commercial production reaching nameplate capacity;

- Continue evaluating Phase 2 & 3; and
- Exploration of greenfield targets.

Refer to Figures 3 to 8 for a visualization of Phase 1 Greentech Plant construction progress as of the date of this MD&A.

Figure 3: Crushing Circuit



Figure 4: Ore Crushing



Figure 5: Crushed Ore Bin Area



Figure 6: DMS Circuit Commissioning



Figure 7: DMS Circuit Commissioning



Figure 8: Power Substation Commissioning



Health & Safety

Health and safety remains one of Sigma's primary focuses at the construction site, and the Company is proud to report the following achievements as of the date of this MD&A:

- Substantial Covid-19 suppression, with no cases reported during the fourth quarter of 2022 and only 36 cases reported during the first three quarters of 2022 (four cases reported in July 2022 during the third quarter of 2022)
  - 100% of the operational workforce vaccinated for Covid-19.
- Zero lost time due to injury since construction commenced (approximately 1,000,000 of cumulative total person hours).

Detailed Engineering & Procurement Progress

Sigma completed detailed engineering of the Phase 1 Greentech Plant in December 2022. Detailed engineering, procurement and construction management ("**EPCM**") for the Phase 1 Greentech Plant is led by Promon Engenharia Ltda. (" **Promon**").

Additionally, during the second half of 2022, Sigma increased its 'site management team' with the addition of seven experienced engineers who were fully engaged with our EPCM providers (Primero, Promon and construction suppliers) to ensure the successful completion and commissioning of the Phase 1 Greentech Plant.

Detailed engineering (incremental to the FEL-3 level engineering completed for the Phase 1 FS) was completed concurrent with the construction of the Phase 1 Greentech Plant, as the Company continued to fine tune designs with Primero and Promon as it progresses towards completing construction.

Phase 1 Greentech Plant Commissioning & Commercial Production

The Company successfully achieved initial production on schedule in April 2023, with full commercial production expected to be achieved in Q3-2023. Commissioning and start-up management is led by the Company's operational team and Chief Operating Officer Brian Talbot with the support of Promon.

The Company is deploying the following strategies to ensure an efficient ramp-up to commercial production:

- Monitoring commissioning tests and analyzing their respective issued reports during commissioning;
- Identifying, registering and flagging non-conformities related to commissioning and test procedures; and
- Coordinating interfaces between contractors and expediting (with contractors) the sending of data-books available for the pre-operational phase.

PHASE 1 MINING PROGRESS

Sigma continued to advance pre-production mining activities in the fourth quarter of 2022, as the Company works towards establishing operational readiness to ensure an efficient ramp-up towards Phase 1 commercial production.

As of the date of this MD&A, the Company has achieved the following significant milestones:

- Bridge over the Piaui "seasonal stream" that divides the Phase 1 north and south pits to improve transportation efficiency completed in April 2023;
- Completed the seeding of vegetation cover for the initial waste pile slopes (where non-mineralized material will be dry stacked) in February 2023;
- Phase 1 south pit pre-stripping completed in February 2023, as the Company plans to simultaneously source feedstock ore from both the north and south pits;

- First ore blast made at the Phase 1 north pit in early November, run of mine pad was finalized in Q1-23;
- Completed the construction of mine haul roads linking the Phase 1 north pit and Phase 1 south pit to the Greentech Plant and waste pile locations;
- Phase 1 north pit pre-stripping completed in October 2022, with sufficient ore exposed and accessible to enable mining to commence; and
- Hiring key mining team personnel in preparation for full-scale mining (including senior mining engineer Reinaldo Brandão Gomes as Head of Mining Operations).

Refer to Figures 9 to 12 below for a visualization of Phase 1 mining activities and progress as of the date of this MD&A. Note that the area marked in red in Figures 9 and 10 highlight exposed ore.

Going forward, the Company intends to remain focused on the following workstreams:

- Continuing to transport stockpiled ore to the run of mine pad;
- Ramping-up full-scale mining; and
- Implementing grade control systems to optimize mine and processing recovery during production ramp-up.

Sigma will employ contract mining, with Fagundes Construção e Mineração S.A (" **Fagundes**") engaged as the Company's mining contractor.

Figure 9: Phase 1 North Pit Mining



Figure 10: Phase 1 South Pit Mining & Ore Stockpiling



Note: Red circles in Figures 9 and 10 highlight exposed ore.

Figure 11: Piaui Bridge



Figure 12: Ore Stockpiling



PHASE 2 & 3 DEVELOPMENT PROGRESS

During the fourth quarter of 2022, the Company continued to advance development work for a potential Phase 2 & 3 production expansion, announcing the results of the Phase 2 & 3 PFS in December 2022. An illustration of the potential production sequencing in the Phase 2 & 3 PFS is highlighted in Figures 13 and 14 below.

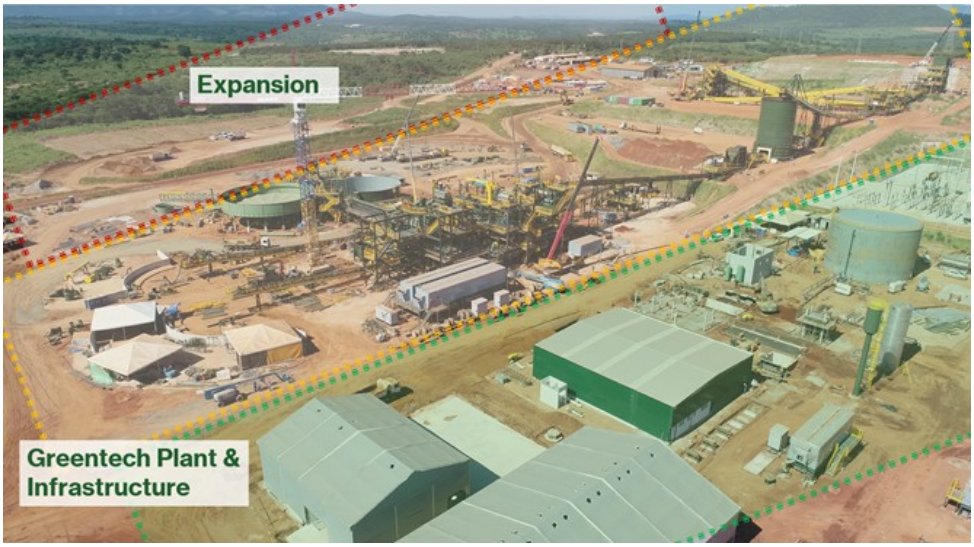
The Phase 2 & 3 PFS investigated the opportunity to fast-track Phase 3 production and to build a dual plant which could process both Phase 2 and Phase 3 ore feed simultaneously to deliver a greater production increase in 2024 (if warranted by feasibility study) versus the sole Phase 2 expansion originally envisioned in the Phase 2 preliminary feasibility study completed in May 2022. Refer to Figure 13 below for the 3D rendering of the potential Phase 2 & 3 expansion as designed by Primero.

Sigma expects to complete a feasibility study for the potential Phase 2 & 3 expansion in the second quarter of 2023 ahead of making a formal production decision to proceed with Phase 2 & 3. Sigma has appointed DRA Global Limited ("**DRA**") to work alongside Promon on the design and potential construction of the Phase 2 & 3 expansion. DRA has been selected for its international experience in advanced mineral processing, specifically with lithium DMS plant design, and its construction management experience.

Figure 13: 3D Rendering of the Phase 1 and Phase 2 & 3 Greentech Plant Designed by Primero



Figure 14: Planned Expansion of Phase 2 and 3



EXPLORATION PROGRESS

During 2022, the Company made significant exploration progress, with activities focused on Phase 2 and Phase 3.

As of the date of this MD&A, the Company has achieved the following significant milestones:

- Announced a maiden Phase 3 mineral resource estimate in June 2022, which was later updated and announced in December 2022 as 26.7 Mt of measured and indicated mineral resources grading at 1.49% Li_2O, comprised of 2.4 Mt of measured mineral resources grading at 1.56% Li_2O and 24.3 Mt of indicated mineral resources grading at 1.48% Li_2O;
- Announced a maiden Phase 3 mineral reserve estimate of 21.2 Mt grading at 1.45% Li_2O of proven and probable mineral reserves, comprised of 2.2 Mt of proven mineral reserves grading at 1.53% Li2O and 19.0 Mt of probable mineral reserves grading at 1.44% Li_2O in December 2022;
- Increased the Project's consolidated mineral reserve and mineral resource estimates to 54.8 Mt grading at 1.44% Li_2O of proven and probable mineral reserves, comprised of 27.4 Mt of proven mineral reserves grading at 1.44% Li_2O and 27.3 Mt of probable mineral reserves grading at 1.43% Li_2O, 77.0 Mt grading at 1.43% Li_2O of measured and indicated mineral resources, comprised of 37.1 Mt of measured mineral resources grading at 1.43% Li_2O and 39.9 Mt of indicated mineral resources grading at 1.43% Li_2O, and 8.6 Mt grading at 1.43% Li_2O of inferred mineral resources at a 0.5% Li_2O cut-off; and
- The current exploration program focus is targeted to complete an initial Phase 4 mineral resource estimate. Phase 4 is located in close proximity to Phase 2 and Phase 3 and would be mined as an additional open pit, if warranted and economically viable based on a feasibility study.

Note: All mineral resource estimates referenced in this MD&A are inclusive of mineral reserve estimates.

The Company plans to drill approximately 17,000 meters in 2023, with the goal of further increasing the Project's estimated mineral resources. The Company expects any additional mineral resource growth achieved will be utilized as feedstock material to extend the Project's operating life, if warranted after completing and analyzing a preliminary economic assessment, pre-feasibility study and feasibility study.

ESG & SUSTAINABILITY PROGRESS

Sigma's mission statement and key focus has been guided by making business decisions in a manner consistent with furthering the UN SDGs and adhering to the highest level of ESG practices.

Specifically, Sigma is focused on the following three pillars: (i) sustainable development; (ii) minimizing the environmental impact of our operations; and (iii) improving the lives of those in and around the region where we operate. Further, the Company remains focused on global leadership to increase awareness of our "green battery metals" approach.

Sigma is proud to report the progress made during the fourth quarter of 2022 to advance its social and environmental programs, which have been developed to ensure the sustainable construction of the Project and development of the Jequitinhonha Valley region, including social advancement of its population, where we operate.

Social Programs Updates

Sigma's activities during 2022 and early 2023 related to its social programs are summarized below and visualized in Figures 17 to 22 below.

- **Microcredit Program:** During the third quarter, Sigma established the largest microcredit program in Brazil, which has been targeted for female entrepreneurs in the Jequitinhonha Valley region. Through this program, the Company encourages sustainable development by providing microcredit loans of R$2,000 per person and providing mentorship programs. The Company is proud to report that as of the date of this MD&A, 730 female entrepreneurs have enrolled in the program, 456 videoconferences have been held, 367 of the female entrepreneurs enrolled have been in dialogue with their business advisors and 446 participants have already received the microcredit. This program advances the goals of UN SDGs #8 (Decent Work and Economic Growth) and #10 (Reduced Inequalities).
- **Zero Drought for Small Holder Farmers:** In 2023, the Company announced the "Zero Drought for Small Holder Farmers" program consisting of the construction of 1,000 small rainwater capture structures in the municipality of Itinga and another 1,000 in the municipality of Araçuaí, totaling 2,000 structures in the mid Jequitinhonha Valley region. These water capture basins are dug into the ground and located at strategic points to prevent soil erosion during the heavy rainfall season, store water for irrigation of small crops during the dry periods and contribute to increasing the volume of water that will feed the region's aquifers. Total investment by the Company is expected to be up to R$4,000,000 (R$2,000 per structure)., all of which is to be spent in 2023. The Company will donate to the municipalities structures which will be built via third-party contractors to support the need. The municipalities completed the geolocation studies for the allocation of the structures. As of the date of this MD&A, 200 rainwater capture basins have been built in the municipality of Itinga and 33 in the municipality of Araçuaí.
- **Water For All:** Additionally, to further combat the impacts of water scarcity in the Jequitinhonha Valley region, the Company committed to donating in 2023 up to 3,000 water tanks to residents located in the surrounding areas of the Greentech Plant.
- **Combating Violence Against Women Program:** the Company announced its plans to introduce a program, in partnership with the Justice Court of the state of Minas Gerais, targeting domestic abuse against women in the Jequitinhonha Valley region. This program advances the goals of UN SDGs #5 (Gender Equality) and #11 (Sustainable Cities and Communities).
- **Homecoming Employment Program:** Sigma remains committed to prioritizing employing persons local to the Jequitinhonha Valley region. The Company is proud to report that it continued to make progress on this initiative during the fourth quarter of 2022, with approximately 40% of its >1,000-person construction workforce being comprised of locals to the region. This program advances the goals of UN SDGs #8 (Decent Work and Economic Growth) and #10 (Reduced Inequalities).

- **Education Program for Mining Technicians:** In order to support the Homecoming Employment Program, Sigma established a partnership between the Federal University of Vales do Jequitinhonha e Mucuri (Campus Janauba) and the Federal Institute of Education of Araçuai in January 2022, establishing the first program to train mining technicians in the region. The educational program will be taught by ten teachers over a three-year period with a workload of approximately 1,200 hours. Sigma is proud to announce that as of the date of this MD&A, 40 persons local to the Jequitinhonha Valley region have enrolled in the program and are expected to graduate in 2024, after which the Company hopes they will join our operational team at the Project. Select courses covered in the program include: loader operation (theory and practice); operation of tractors (theory and practice); basic instrumentation and programmable logic controller operation; processing plant operation; industrial mechanical maintenance; industrial electrician; qualification in welding process; safety, health and environment; personal protection equipment; occupational risk management; safety at work (machines and equipment); control measures and preventative safety systems; silviculture (native seedling nursery); railings (barbed and smooth wire); operations and maintenance of chainsaws and log splitting; operations and maintenance of brush cutters; forestry (recovery of degraded and altered areas). This program advances the goals of UN SDGs #4 (Quality Education) and # 17 (Partnership for the Goals).
- **Zero Hunger Action:** The Company remained dedicated to humanitarian relief action, continuing to deliver the previously pledged 7,200 food baskets per year, being 600 per month, commitment done during 2021 at the height of the Covid-19 pandemic for the vulnerable families in the Vale do Jequitinhonha region. During 2022, the Company delivered such 7,200 food baskets. For 2023, the Company aims to continue delivering 600 food baskets per month. This program advances the goals of UN SDGs #1 (No Poverty), #2 (Zero Hunger) and # 17 (Partnership for the Goals).

Figure 15: Microcredit Program Expansion Event



Figure 16: Homecoming Employment Program



Figure 17: Homecoming Employment Program



Figure 18: Education Program for Mining Technicians



Figure 19: Zero Hunger Action



Figure 20: Zero Drought for Small Holder Farmers



Environmental Programs Updates

Sigma's activities during 2022 pertaining to its environmental programs are summarized below.

- **Environmental Education Program:** More than 520 people from four different communities participated in environmental education programs held by Sigma. Topics covered included water education, where participants were educated about conservation, purification and proper use. Going forward, the Company plans to foster a strong community dialogue through this program with the following objectives: (i) raising awareness of the Project's operations (including the socio-economic and environmental impacts of the Project); (ii) identifying community concerns; (iii) strengthening the relationship with the local community; and (iv) raising awareness of environmental control and monitoring programs. This program advances the goals of UN SDGs #11 (Sustainable Cities and Communities) and #15 (Life on Land).
- **Environmental Management & Supervision Plan:** During the quarter, Sigma continued the development of an Integrated Management System (the "**IMS**") to implement procedures and standards related to environmental management. The Company completed the IMS in the fourth quarter of 2022 (in advance of initiating production at the Project), which focuses on the key pillars summarized below. This program advances the goals of UN SDGs #12 (Responsible Consumption and Production) and #15 (Life on Land).
  - **Treatment of Domestic Effluents:** A sewage treatment station is to be installed and maintained as necessary.
  - **Rainwater Drainage System and Containment of Erosion:** A drainage system was installed in the fourth quarter of 2022 as part of the Phase 1 Greentech Plant construction, which will capture rainwater and pump it back to the Phase 1 Greentech Plant to be used in the process. The Company also began monitoring regional erosion and the effectiveness of the drainage system and will continue to do so going forward.

- **Controlling Atmospheric Emissions and Noise / Vibration Impacts:** The Company carries out road wetting (one of the most effective techniques for controlling dust emissions) to ensure that the impacts of dust generation are minimized in the areas surrounding the Project. Vehicles and equipment are also routinely inspected and tuned in order to minimize gas emissions, noise and fuel consumption. Vibrations and noise are controlled and minimized by the periodic lubrication and maintenance of machines and equipment. Rubber pads that absorb vibrations have also been installed. Sigma regularly monitors the levels of noise, vibration, air quality and water quality through accredited laboratories. This data is sent to regulatory agencies.

- **Waste Management:** The Company has implemented a set of procedures and guidelines for the prevention, mitigation and correction of environmental impacts arising from the handling, storage and disposal of waste. This monitoring system is focused on tracking and ensuring the environmentally correct disposal of waste generated in the construction of the Project.

- **Tailings Recycling Plan:** The Company plans on pursuing a strategy of selling tailings generated from the crushing and dry screening process during production at the Project. This plan will enable the Company to further reduce the environmental impact of the Project while providing another source of lithium supply in a tight lithium market.

- **Planting and Vegetation Monitoring Program:** During the fourth quarter, the Company acquired 5,000 native seedlings to further advance this program (to date 15,000 native seedlings have been acquired). The Company is committed to helping preserve and nurture the vegetation and fauna local to the region and closely monitors the areas where it plants seedlings. This program advances the goals of UN SDGs #12 (Responsible Consumption and Production) and #15 (Life on Land).

Corporate Governance Updates

During the first quarter of 2023 and during 2022 Sigma took steps to further strengthen both its Board and management, which are summarized below.

- On January 23, 2023, Independent Director Gary Litwack was appointed as Non-Executive Co-Chairperson of the Board and Rodrigo Menck was appointed as Chief Financial Officer, with Ana Cabral-Gardner remaining as Chief Executive Officer and Co-Chairperson of the Board, Calvyn Gardner remaining as a Director and Felipe Peres as Senior Financial Advisor to the Company.

- The Company's internal committees are as follows:

  - **Audit Committee:** comprised of Gary Litwack (Chairperson), Frederico Marques and Dana Perlman, so as to be comprised entirely of independent directors.

  - **Corporate Governance, Nomination and Compensation Committee:** comprised of Frederico Marques (Chairperson), Gary Litwack and Marcelo Paiva.

  - **ESG Committee:** comprised of Ana Cabral-Gardner (Chairperson), Dana M. Perlman and Maria Jos é Salum.

  - **Finance Committee:** comprised of Dana M. Perlman (Chairperson), Ana Cabral-Gardner and Marcelo Paiva.

  - **Management Technical Committee:** comprised of Wes Roberts (Co-Chairperson), Vicente Lobo (Co-Chairperson), Ana Cabral-Gardner and Brian Talbot.

Global Sustainability Leadership Updates

Sigma has continued its mission of catalyzing positive global change, enrolling or participating in the following important conferences as a case study in "green battery metals":

- Panelist and participant at the Future Minerals Forum in Riyadh in January 2023 (invited by the Kingdom of Saudi Arabia); and

- COP27 in Egypt in November 2022 (Ana Cabral-Gardner was a keynote speaker and Sigma presented at two workshops, including UN-DESA, on applying SDGs and best ESG practices in the industry).

REGULATORY & LICENSING UPDATES

Regulatory Updates

Key regulatory changes that are relevant to the Company and/or the lithium industry that occurred in the second half of 2022 are highlighted below.

- On September 16, 2022, Brazilian Federal Decree No. 11,197/2022 was enacted to include penalties to those who fail to comply with the obligations arising from mining concessions, including the possibility of an administrative process for the expiry of the mining title, and establishing the fine that may reach up to R$1 billion (approximately C$260 million).
- On August 7, 2022, the United States Senate passed the US$750 billion Inflation Reduction Act, which earmarked US$369 billion to fight climate change. The Inflation Reduction Act bill also includes tax breaks to encourage consumers to buy EVs and to entice utilities to use renewable energy sources such as wind or solar power.
- On July 11, 2022, the Incentives for Medium and Heavy-Duty Zero-Emission Vehicles Program (" **iMHZEV**") was launched in Canada (for medium and heavy-duty vehicles), which will see the Government of Canada invest approximately C$550 million over four years. This is further to the expanded Incentives for Zero-Emission Vehicles Program ("**iZEV**") that came into effect in Canada on April 25, 2022 (for light duty and passenger vehicles), which will see the Government of Canada invest approximately C$1.7 billion through March 2025. The iZEV and iMHZEV are the two primary incentive programs created by the Government of Canada to promote businesses and communities across Canada make the switch to zero-emission vehicles.
- On July 5, 2022, the Federal Government of Brazil published Decree n° 11,120 (the " **New Lithium Decree**"), fully revoking both presidential decree number 2.413 of December 4, 1997, as well as presidential decree number 10.577 of December 14, 2020. The New Lithium Decree, which allows for unrestricted trade of any products containing lithium: (i) eliminates the requirement for quotas and authorizations by the nuclear authority for foreign trade activities, positively deregulating the lithium sector; (ii) significantly increases the competitiveness of Brazil for global investments in the lithium supply chain; and (iii) includes chemicals and products containing lithium chemicals and refined lithium chemicals, such as cathode precursors and cathode paste.

Licensing Updates

Sigma received an operational license ("**LO**") for the Phase 1 north pit and the Greentech Plant on March 31, and for the Phase 1 south pit on April 30, both with an unanimous vote of approval including all the non-governmental organizations involved. This follows the Company filing its request for the LO for the Phase 1 north pit and Greentech Plant on November 16, 2022 and the Phase 1 south pit on January 23, 2023. The receipt of the LO was the last licensing step required for Sigma to produce Green Lithium.

On August 17, 2022, the Company submitted the application for Preliminary and Installation Licenses for Phase 2 to the environmental authority of the state of Minas Gerais, the State Council for Environmental Policy (COPAM) in Brazil.

Following the receipt of the Preliminary and Installation Licenses for Phase 2, the next license to be received in advance of operations commencement is the Operating License which constitutes an administrative inspection when construction is completed.

SELECTED FINANCIAL INFORMATION

Quarterly Information

Selected consolidated financial information is as follows:

Quarterly Information	2022				2021			
(in C$millions)	Q4	Q3R*	Q2R*	Q1R*	Q4R*	Q3R*	Q2R*	Q1R*
Total Assets	$ 308.9	$ 197.7	$ 198.1	$ 198.9	$ 195.6	$ 68.6	$ 69.2	$ 69.8
Property, Plant & Equipment	158.6	89.3	57.5	44.2	32.7	27.8	24.7	1.6
Working Capital	77.1	76.4	114.2	140.0	150.5	33.3	38.4	43.4
Total Liabilities	125.8	15.2	18.0	9.7	10.7	9.1	8.2	9.1
Net Revenue	—	—	—	—	—	—	—	—
Expenses	(73.1)	(20.3)	(21.5)	(12.2)	(15.8)	(10.9)	(1.0)	(6.4)
Net (Loss) / Income for the Period	(73.1)	(20.3)	(21.5)	(12.2)	(15.8)	(10.9)	(1.0)	(6.4)
Basic (Loss) / Income per Common Share	(0.72)	(0.20)	(0.21)	(0.12)	(0.18)	(0.12)	(0.01)	(0.08)

Note: working capital is the difference between current assets and current liabilities (refer to section "Use of Non-GAAP measures").
**R means restated in relation to the same period presented.*

Changes in the Company's total assets, working capital, liabilities and results were mainly driven by financings and expenses incurred in the period.

In Q4-2022, total assets increased primarily due to a $69.3 million increase in property, plant and equipment; $16.9 million increase in prepaid expenses and other assets and due from related parties; $13.9 million increase in exploration and evaluation assets; and $11.2 million increase in cash, following the Company closing the Synergy Financing. Total liabilities increased primarily due to the $77.4 million drawn under the Synergy Financing; a $23.1 million increase in accounts payable; a $4.4 million increase in the Company's asset retirement obligations; a $3.4 million increase in the Company's lease liability; and a $2.6 million increase in payroll and other taxes.

In Q3-2022, total assets increased primarily due to a $5.5 million foreign exchange gain partially offset by a $4.0 million cash outflow to return the deposit paid by Mitsui under the Mitsui agreement and to terminate the Mitsui agreement and expenses incurred in the period, including $3.3 million of general and administrative expenses and a $1.0 million loss associated with the termination of the Mitsui HOA. Total liabilities decreased primarily due to the elimination of the Company's $4.0 million deferred revenue liability as a result of the termination of the Mitsui HOA.

In Q2-2022, total assets decreased primarily due to the expenses in the period (including $3.6 million of general and administrative expenses). Total liabilities increased primarily due to the introduction of a $4.9 million royalty agreement call option liability in the period (the "**Royalty Agreement Call Option**"). This liability is associated with the Company's opportunity to repurchase a 1.0% net smelter return royalty on the Project for US$3.8 million. As a subsequent event, the Company exercised the Royalty agreement call option on April 13th, 2023 and made the associated cash payment.

In Q1-2022, total assets increased primarily due to amounts capitalized in the period (property, plant & equipment and exploration & evaluation assets increased by $8.4 million and $4.1 million, respectively). Total liabilities decreased primarily due to a $2.5 million decrease in accounts payable.

In Q4-2021, total assets increased primarily due to a $118.8 million increase in cash, following the Company closing a private placement on December 23, 2021 for gross proceeds of $136.7 million (the "**December 2021 Equity Financing**"), partially offset by expenses in the period (including $3.1 million of general and administrative expenses). Total liabilities increased primarily due to a $3.9 million increase in accounts payable.

In Q3-2021, total assets decreased primarily due to $11.1 million of general and administrative expenses incurred in the period. Total liabilities increased primarily due to a $1.7 million increase in accounts payable.

In Q2-2021, total assets decreased primarily due to $0.9 million of general and administrative expenses incurred in the period. Total liabilities decreased primarily due to a $2.7 million decrease in other liabilities, partially offset by a $1.4 million increase in the Company's lease liability.

In Q4-2022, the Company, while reviewing the calculation of its lease contracts, identified several contracts which were not previously accounted for under IFRS 16. The Company has restated the 2021 Financial Statements and the Q3-2022, Q2-2022, Q1-2022, Q3-2021, Q2-2021 and Q1-2021 consolidated interim financial information was re-stated in the quarterly information table to account for the contracts which were not previously capitalized, recognizing right-of-use assets and lease liabilities.

Please note Q3-2022, Q2-2022 and Q1-2022 consolidated interim financial information was re-stated in the quarterly information table as they contained an error related to the accounting for stock-based compensation expense. The Company has adjusted its stock compensation expense to account for restricted share units ("RSUs") which were not previously accounted for.

Results of Operations – Net Loss Analysis

Three Months Ended December 31, 2022 versus Three Months Ended December 31, 2021

The following table summarizes the items that resulted in an increase in the net loss for the three months ended December 31, 2022 versus the three months ended December 31, 2021, as well as certain offsetting items:

Financial Results	**Three Months Ended December 31,**		**Change**
(in C$000s)	**2022**	**2021**	**2022 vs. 2021**
General and Administrative Expenses	$ (8,235)	$ (3,099)	$ (5,136)
Stock-Based Compensation	(65,588)	(10,793)	(54,795)
Financial Income / (Expenses)	722	(1,863)	2,585
Depreciation	(29)	(16)	(13)
Net Income / (Loss)	$ (73,130)	$ (15,771)	$ (57,359)

The higher net loss during the three months ended December 31, 2022 is primarily attributable to:

- a $54.8 million increase in expenses associated with stock-based compensation; and
- a $5.1 million increase in general and administrative expenses.

The higher net loss during the three months ended December 31, 2022 was partially offset by a gain of $0.7 million versus a loss of $1.9 million from financial income. Refer to the table below for a summary of the Company's net financial results during the quarters.

Financial income and expenses	**Three Months Ended December 31,**		**Change**
(in C$000s)	**2022**	**2021**	**2022 vs. 2021**
Accretion and Interest on Note Payable	$ —	$ (6)	$ 6
Interest expense – including Leasing IFRS 16	$ (329)	(182)	(58)
Bank expenses	(64)	—	(64)
Foreign Exchange (Loss) / Gain	563	(1,675)	2,248
Financial Income	463	—	463
Net Financial Result	$ 633	$ (1,863)	$ 2,595

Expenses

General and administrative expenses for the three months ended December 31, 2022 of $8.2 million (versus $3.1 million in Q4-2021) are comprised of expenses associated with: (i) salaries and benefits ($1.8 million); (ii) legal services ($0.7 million); (iii) travel ($0.7 million); (iv) business development and investor relations ($0.1 million); (v) accounting and auditing services ($0.8 million); (vi) insurance ($0.5 million); (vii) fines on late tax payments ($1.1 million) and (viii) other general corporate expenses ($2.4 million). The increase in the Company's general and administrative expenses during the three months ended December 31, 2022 is mostly due to the Company adding key personnel in anticipation of commencing commissioning of the Phase 1 Greentech Plant by the end of 2022 and increasing investor relations activity.

Stock-based compensation for the three months ended December 31, 2022 of $65.6 million (versus $10.8 million in Q4-2021) is a non-cash expense associated with the fair market value of restricted share units ("**RSUs**") vested during the period.

Other Items

Gain on foreign exchange was a result of the impact that the appreciation of the United States dollar had on cash held in United States dollars during the period.

Twelve Months Ended December 31, 2022 versus Twelve Months Ended December 31, 2021

The following table summarizes the items that resulted in an increase in the net loss for the twelve months ended December 31, 2022 versus the twelve months ended December 31, 2021, as well as certain offsetting items:

Financial Results	**Twelve Months Ended December 31,**		**Change**
(in C$000s)	**2022**	**2021**	**2022 vs. 2021**
General and Administrative Expenses	$ (16,504)	$ (5,600)	$ (10,904)
Stock-Based Compensation	(111,580)	(26,389)	(85,191)
Loss on Heads of Agreement Termination	(1,048)	—	(1,048)
Royalty Agreement Call Option	(4,892)	—	(4,892)
Financial Income / (Expenses)	6,916	(2,028)	8,944
Depreciation	(102)	(58)	(44)
Net Income / (Loss)	$ (127,210)	$ (34,075)	$ (93,135)

The higher net loss during the twelve months ended December 31, 2022 is primarily attributable to:

- a $85.2 million increase in expenses associated with stock-based compensation;
- a $10.9 million increase in general and administrative expenses;
- a $4.9 million charge associated with the Royalty Agreement Call Option being recognized in the Company 's statement of financial position; and
- a $1.0 million loss associated with the termination of the Mitsui HOA.

The higher net loss during the twelve months ended December 31, 2022 was partially offset by a gain of $6.9 million versus a loss of $2 million loss from financial income. Refer to the table below for a summary of the Company's net financial results during the years.

Financial income and expenses	**Twelve Months Ended December 31,**		**Change**
(in C$000s)	**2022**	**2021**	**2022 vs. 2021**
Accretion and Interest on Note Payable	$ (15)	$ (55)	$ 40
Interest expense - including Leasing IFRS 16	(329)	(327)R	(2)
Bank expenses	(82)	—	(82)
Foreign Exchange (Loss) / Gain	6,879	(1,646)	8,525
Financial Income / (Fees)	463	—	463
Net Financial Result	$ 6,916	$ (2,028)	$ 8,944

Expenses

General and administrative expenses for the twelve months ended December 31, 2022 of $16.5 million (versus $5.6 million in the same period in 2021) are comprised of expenses associated with: (i) salaries and benefits ($4 million); (ii) legal services ($2.1 million); (iii) travel ($1.4 million); (iv) business development and investor relations ($1.4 million); (v) accounting and auditing services ($1.3 million); (vi) insurance ($1.5 million); (vii) tax expenses ($1.1 million) and (viii) other general corporate expenses ($3.7 million). The increase in the Company's general and administrative expenses during the twelve months ended December 31, 2022 is mostly due to the Company adding key personnel in anticipation of commencing commissioning of the Phase 1 Greentech Plant by the end of 2022 and increasing investor relations activity.

Stock-based compensation for the twelve months ended December 31, 2022 of $111.6 million (versus $26.4 million in the same period as 2021) is a non-cash expense associated with the fair market value of RSUs vested during the period. The increase in stock-based compensation expense for the Company during the twelve months ended December 31, 2022 is mainly a result of the accrual of 0.7 million RSUs issued to Directors of the Company on September 3, 2021 and 5.0 million RSUs issued to the Chief Executive Officer ("**CEO**") of the Company and Calvyn Gardner on September 8, 2021.

Other Items

Gain on foreign exchange was a result of the impact that the appreciation of the United States dollar had on cash held in United States dollars during the period.

The Company and Mitsui mutually agreed to terminate the Mitsui HOA on August 22, 2022. Accordingly, the Company paid US$3.9 million to repay the initial deposit received from Mitsui under the Mitsui agreement and certain incidental expenses, and no longer has any remaining obligations or commitments associated with the Mitsui agreement. The termination of the Mitsui agreement preserves maximum commercial optionality for sales of the Project's Green Lithium.

Liquidity and Capital Resources

Cash Flow Highlights	**Three Months Ended Dec. 31,**		**Twelve Months Ended Dec. 31,**	
(in C$000s)	**2022**	**2021**	**2022**	**2021**
Cash (used in) / provided by Operating Activities	$ 10,195	$ (1,142)	$ (5,443)	$ (4,228)R
Cash (used in) / provided by Investing Activities	(72,852)	(8,288)	(132,529)	(18,348)
Cash (used in) / provided by Financing Activities	77,702	130,005	79,787	164,867
Effect of Foreign Exchange on Cash	(3,877)	(1,757)	234	(1,529)
Change in Cash and Cash Equivalents	11,168	118,818	(57,951)	140,762
Cash & Cash Equivalents – Beginning of the Period	85,186	35,487	154,305	13,543
Cash & Cash Equivalents – End of the Period	$ 96,354	$ 154,305	$ 96,354	$ 154,305

As at December 31, 2022, the Company had cash and cash equivalents of $96.4 million and working capital of positive $77.1 million, compared to cash and cash equivalents of $154.3 million and working capital of $150.5 million as at December 31, 2021. Additionally, the Company had total debt outstanding of $77.4 million after closing the Synergy Financing on December 10, 2022. As of the date of this MD&A, the Company has fully drawn the US$100 million of debt associated with the Synergy Financing.

Liquidity Outlook

Sigma's use of cash is currently, and is expected to continue to be, focused on funding the final phase of commissioning of the Phase 1 Greentech Plant, developing the Project's growth opportunities (including Phase 2 & 3) and for general corporate expenditures. The Company continuously monitors its cash outflows and seeks opportunities to minimize all costs, to the extent possible, especially general and administrative expenses.

As of December 31, 2022, the Company had $96.4 million in cash and cash equivalents, which compares to the $154.3 million at December 31, 2021. The cash reduction of $57.9 million is mainly related to cash used in operating activities of $5.4 million, cash used in investing activities of $132.5 million, cash provided by financing activities of $79.8 million and the effect of foreign exchange on cash of $0.2 million.

Additionally, as of the date of this MD&A, the Company has used all of the proceeds raised from the December 2021 Equity Financing and all of the $42.0 million of proceeds raised from the private placement completed on February 12, 2021 (the "**February 2021 Equity Financing**").

Operating Activities

Cash generated in operating activities during the three months ended December 31, 2022 was $10.2 million, which compares to $1.1 million used during the three months ended December 31, 2021. Additionally, cash used in operating activities during the twelve months ended December 31, 2022 was $5.4 million, which compares to $4.3 million during the twelve months ended December 31, 2021.

The significant components of operating activities are discussed in the Results of Operations section above.

Investing Activities

Cash used in investing activities during the three months ended December 31, 2022 was $72.8 million, which compares to $8.3 million during the three months ended December 31, 2021. Additionally, cash used in investing activities during the twelve months ended December 31, 2022 was $132.5 million, which compares to $18.3 million during the twelve months ended December 31, 2021.

The significant components of investing activities are associated with the construction of the Phase 1 Greentech Plant.

Financing Activities

Cash provided by financing activities during the three months ended December 31, 2022 was $77.7 million, which compares to $130.3 million during the three months ended December 31, 2021. Additionally, cash provided by financing activities during the twelve months ended December 31, 2022 was $79.8 million, which compares to $164.8 million during the twelve months ended December 31, 2021.

The sources of cash during the three and twelve months ended December 31, 2022 was primarily driven by the $78.3 million of proceeds from the Synergy Financing completed in December 2022. The sources of cash during the three and twelve months ended December 31, 2021 was primarily by the Company completing the December 2021 Equity Financing and February 2021 Equity Financing during the periods.

Sigma's outstanding construction costs for the Phase 1 Greentech Plant as of December 31, 2022 are summarized below.

Capital Expenditures to Commercial Production

Capital Expenditures (in US$million)	Phase 1 (Year 1)	Phase 2 & 3 (Year 2)
Process Plant	$ 69.8	$ 96.3
Engineering Services	19.2	23.3
Environmental Equipment (Water & Dry Stacking)	15.8	16.4
Operational & ESG Expenses During Construction	9.8	9.8
Mine	9.2	2.3
Substation & Utility Power Supply	7.4	0.7
Working Capital During Plant Commissioning	6.1	6.1
Tax Incentives (Savings)	(2.6)	—
Capital Expenditures Disbursed During Construction	(74.2)	—
Total Capital Expenditures to Commercial Production	$ 60.5	$ 154.9

CURRENT SHARE DATA

Issued and outstanding securities of the Company as at the date of this MD&A were as follows:

Common Shares Issued and Outstanding	101.02 million
RSUs	6.09 million
Stock Options	0.11 million
Fully Diluted Number of Common Shares	109.8 million

There are RSUs for 6.09 million Common Shares outstanding (of which an aggregate 0.5 million RSUs to the CEO of the Company and 0.5 million RSUs to Calvyn Gardner will vest upon successful execution of a net-zero plan). There are stock options exercisable for 110,000 Common Shares outstanding, of which 100,000 have an average exercise price of $14.65 and expire in April 2027, and 10,000 have an average exercise price of $2.23 and expire in August 2028.

DISCLOSURE, CONTROLS & PROCEDURES

The CEO and the Chief Financial Officer ("**CFO**") of the Company are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") for the Company as defined under National Instrument 52-109 (NI 52-109) issued by the Canadian Securities Administrators and in Rule 13a-15(e) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The DC&P is to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. The Company has mapped the DC&P deficiencies and taken the following remediating actions: (i) established a Disclosure Committee led by the CFO that includes senior representatives of all business areas; (ii) held an inaugural meeting of the Disclosure Committee to define roles and responsibilities of the members and the review process; (iii) adopted an annual meeting plan to review the quarterly and annual fillings; (iv) adopted a checklist to be used by the members to identify and communicate matters and events to the attention of the Chair of the Disclosure Committee. The Company is following the designed procedures in the review of its annual fillings for the year ended December 31, 2022. However, as at December 31, 2022 given the failure to meet reporting deadlines, the lack of time to evidence the operation and test the DC&P, and given that the Internal Controls Over Financial Reporting ("**ICFR**") continue to show material weaknesses, the CEO and CFO evaluated that there is a material weakness in the design and operation of the Company's DC&P, which are deemed as ineffective.

Notwithstanding these material weaknesses, Management has concluded that the consolidated financial statements for the year ended December 31, 2022 present fairly, in all material respects, the financial position of the Company.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in NI 52-109 and Rule 13a-15(f) of the Exchange Act, to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS. Under the supervision and with the participation of our Management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based upon criteria established in *Internal Control – Integrated Framework* (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our Management concluded that our internal control over financial reporting was ineffective as of

December 31, 2022 due to the material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified the following material weaknesses:

- An ineffective control environment resulting from the failure to disseminate a translated Code of Ethics and relevant training, an insufficient number of trained financial reporting and accounting personnel with the appropriate skills and knowledge and with appropriate assigned authorities, responsibilities and accountability related to the design, implementation and operating effectiveness of financial reporting, as well as insufficient board oversight over the development and performance of internal controls;
- The insufficient number of personnel described above contributed to an ineffective risk assessment process neccesary to identify all relevant risks of material misstatement, including fraud risks, and to evaluate changes that could impact the system of quality control around processees, as well as the implications of relevant risks on the achievement of objectives, including financial reporting objectives;
- An ineffective internal and external information and communication process to ensure the relevance, timeliness and quality of information used in control activities, particularly with respect to documentation of activities and internal communication between Legal and Accounting for new employment (and consulting) contracts entered into by the Company as well as ensuring the communication of the Company's whistleblower policy;
- An ineffective monitoring process to ensure controls are periodically evaluated, results of testing are communicated to senior management and the board of directors and the control deficiencies are tracked for remediation on a timely basis; and
- Ineffective control activities due to the (i) failure to deploy general control activities over information technology (ii) failure to document policies and procedures and (iii) failure to document control activities to mitigate risks.

These material weaknesses have had a pervasive impact on the Company's internal control over financial reporting and resulted in both material and immaterial misstatements to the preliminary consolidated financial statements that were corrected in the audited consolidated financial statements prior to the release of our annual report on Form 40-F. During the third quarter of 2022, it was identified that there were a number of share-based compensation awards within contracts which the Company's controls failed to detect and account for appropriately in a timely manner. The lack of appropriate controls over the timing of recognition of share-based compensation resulted in the need to restate the interim periods financial statements for the quarters ended June 30, 2022 and March 31, 2022. In addition, during the fourth quarter of 2022, it was identified that several lease contracts were not previously accounted for under IFRS 16. The lack of appropriate controls over complex accounting practices caused the Company to restate the 2021 Financial Statements through a restatement note included in the 2022 Financial Statements to account for the contracts which were not previously capitalized, properly recognizing right-of-use assets and lease liabilities impact on the financials.

These material weaknesses create a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The Company engaged KPMG LLP to perform an "integrated audit" which encompassed an opinion on the fairness of presentation of the Company's audited annual consolidated financial statements for the financial year ended December 31, 2022, as well as an opinion on the effectiveness of the Company's ICFR. KPMG LLP, the Company's independent registered public accounting firm, has audited the Company's consolidated financial statements and has issued an adverse report on the effectiveness of ICFR. KPMG LLP's attestation report on the Company's ICFR is incorporated by reference into the Company's annual report on Form 40-F under the Exchange Act for the year ended December 31, 2022.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING AND REMEDIATION

In addition to identification of the material weaknesses noted above, the following changes in internal control have the potential to materially affect our ongoing internal control financial reporting.

During the third quarter of 2022, the Company engaged external consultants to assist Management in assessing its internal control over financial reporting, mapping all existing control deficiencies and defining remediation plans.

During the fourth quarter of 2022, the Company attracted and retained a senior experienced CFO who subsequently selected a financial Controller during the first quarter of 2023 with the appropriate skills and technical knowledge. While the Company continues to improve management oversight of its financial and accounting activities, it is still in the process of staffing and further strengthening its accounting and financial team.

Since the internal control remediation process remains underway, documentation and testing have not been completed at all levels, Management has concluded that as of December 31, 2022 there are material weakness in its internal controls over financial reporting, which were determined to be not effective by Management.

The Company is developing, and has started implementing, remediation plans to address the material weaknesses identified during the December 31, 2022 year end. The Company will continue to assess and update its remediation plan during fiscal 2023, with the goal of remediating all material weaknesses by December 31, 2023. The following are certain items which the Company has currently started with.

- **Budget process:** The Company prepared an annual budget submitted to the Board for approval, and due to discussions intended to fine tune its scope, comprising the investments, expenses and other accounts, it was subsequently approved in the first quarter of 2023.
- **IT Investment:** During the fourth quarter of 2022, the Company approved the IT plan which encompasses investments in equipment and software, additional headcount, training the users, engaging user support providers, as well as establishing policies and procedures for the IT organization structure, including controls over the definition, acquisition, installation, configuration, integration, and maintenance of the IT infrastructure. The Company plans to address training with material in development with our third-party provider. The Company has developed a Data Security Policy and the Access Control Policy that once approved will be implemented in 2023, together with training designed to the users (under development with our third party provider) to operate in the enhanced IT environment with the view to ensure the ITGC controls are effective.
- **Code of ethics:** Sigma is committed to operate with integrity. The Company is in the process of strengthening the Code of Ethics at all levels and jurisdictions. The Code of Ethics has been translated into Portuguese, and will be disseminated to all employees, with training sessions to be rolled out, aimed to reach all employees across all jurisdictions during 2023, as part of the process of building a culture of controls compliance.
- **Financial statements closing schedule:** The Company will develop with the assistance of external providers a detailed financial statements closing schedule identifying all activities, owners, and reviewers to control the preparation, completion and quality of its quarterly and annual financial statements closing processes.

The financial and accounting team will work with external specialists to bring in expertise and expedite the remediation of control deficiencies at the process level during 2023 with a focus on the implementation of absent controls identified at the risks and controls

matrix for process underlying all significant accounts and disclosures. The external specialists with expertise in internal controls implementation are assisting with the development and documentation of the following workstreams related to the internal controls over financial reporting needed to be in compliance with SOX: (i) prepare and review the risks and controls matrix; (ii) establish a Project Management Office to manage the control deficiencies and remediation; (iii) develop and document structured policies and procedures; (iv) test the design, implementation and operating effectiveness of the internal controls after remediation to support the CEO and CFO certifications; and (v) support training content development and conducting training sessions across the Company.

The Company has retained the services of Information Technology consulting help and plans to hire an Information Technology officer during 2023 to manage the Information Technology Environment and the Information Technology General Controls.

Other than the above, there were no changes in the Company's internal control over financial reporting during the period beginning on September 30, 2022, and ending on December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management will continue to review and make necessary changes to the overall design and operation of the Company's internal control environment, as well as the policies and procedures to improve the overall effectiveness of internal control over financial reporting. The material weaknesses will not be considered remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. The Company is taking steps toward remediation during the 2023 fiscal year.

RELATED PARTY TRANSACTIONS

The Company's related parties include:

Related Party	Nature of Relationship
A10 Group	A10 Group is composed of A10 Serviços Especializados de Avaliação de Empresas Ltda. ("**A10 Advisory**") and A10 Investimentos Ltda. ("**A10 Investimentos**") The companies are controlled and indirectly controlled, respectively, by the director of the Company, Marcelo Paiva. The CEO, Ana Cabral-Gardner (Co-CEO on December 31, 2022), has a minority stake at A10 Advisory and A10 Investimentos.
Miazga	Miazga Participações S.A is a land administration company in which the CEO of the Company (Co-CEO on December 31, 2022), Ana Cabral-Gardner, and a director of the Company, Calvyn Gardner, who was Co-CEO on December 31, 2022, have an indirect economic interest.
R-Tek	R-Tek Group Pty Ltd. ("**R-Tek**") is a corporation in which the Chief Operating Officer of the Company, Brian Talbot, is a controlling shareholder.
Arqueana	Arqueana Empreendimentos e Participações S.A. is a land administration company in which the CEO of the Company (Co-CEO on December 31, 2022), Ana Cabral-Gardner, and director of the Company, Calvyn Gardner, who was Co-CEO on December 31, 2022, have an indirect economic interest.

Transactions with Related Parties

The related party transactions are recorded at the exchange amount transacted as agreed between the Company and the related party. All the related party transactions have been reviewed and approved by the independent directors of the Company. The financial impact on the Company of the transactions below is not material to the Company.

- **Cost sharing agreement ("CSA"):** The Company has a CSA with A10 Advisory where A10 Advisory is reimbursed for secondment staff 100% allocated to the Company, comprising administrative personnel. Many of these positions have now been filled by full-time employees of the Company except for a remaining few that are in the process of being phased out.
- **Leasing Agreements:** The Company has right-of-way agreements with Miazga and Arqueana relating to access to the Project.
- **Note Payable:** The Company fully repaid the final installment of $0.3 million to Arqueana in March 2022. The note payable to Arqueana was related to the share exchange agreement dated December 12, 2017, entered by the Company with Arqueana.
- **Loan Agreement:** The Company's subsidiary, Sigma Mineração S.A. ("**SMSA**") entered into a loan agreement dated September 21, 2022 (as amended) with Miazga to fund Miazga's purchase of property located in the area of interest of the Project, which is to be further transferred to environmental authorities for environmental compensation purposes. The loan agreement provides for the loan of an amount up to R$0.9 million, which is the exact amount spent on the purchase of the property. The purchase agreement and loan are divided into two installments, whereas the first installment was paid, and the second instalment will be paid by the Company to Miazga within 90 days after the payment of the first installment.
- **Independent Consultant Service Agreement ("ICSA"):** The Company has an ICSA with R-Tek 's Principal, Brian Talbot, provides direct and personal services related to the management of Sigma's overall process operations, with the roles, responsibilities and obligations equivalent of a Chief Operating Officer.
- **Commission fees:** The Company had an agreement with A10 Advisory for acting as the financial advisor to locate equity investors in non-brokered private placements, conducted as part of a consortium of financial advisors. The Company paid finders' fee of 7% of the gross proceeds received from these investors.
- **Amounts due from related party:** The Company paid for drilling services provided by a third-party that were performed on Arqueana's land. These amounts are unsecured and are non-interest bearing. Subsequent to December 31, 2022, the amounts were repaid.

Outstanding Balances and Expenses with Related Parties:

Outstanding Balances and Expenses (in C$000s)	As at December 31, 2022		Three Months Ended Dec. 31, 2022	As at December 31, 2021		Twelve Months Ended Dec. 31, 2021
	Pre-Payments / Receivables	Accounts Payable/ Debt	Expenses / Payments	Pre-Payments	Accounts Payable/ Debt	Expenses / Payments
A10 Advisory						
CSA	$ —	$ —	$ 122	$ —	$ —	$ 189
Revolving Credit Facility (1)	—	—	—	—	—	2,756
Commission Fees (2)	—	—	—	—	—	8,317
Warrants (3)	—	—	—	—	—	827
Miazga						
Lease Agreements	$ —	$ 42	$ 7	$ —	$ 38	$ 50
Prepaid Land Lease Offset	103	13	51	104	—	12
Loan Agreement (4)	113	—	—	—	—	—
R-Tek						
Service provided	$ —	$ 242	$ 1,142	$ —	$ —	$ —
Arqueana						
Lease Agreements	$ —	$ 225	$ 43	$ —	$ 216	$ 32
Due from related party	4,881	—	—	—	—	—
Note Payable	—	—	326	—	270	1,934

(1) There were no payments made by the Company related to the Revolving Credit Facility in 2022. The last transaction happened in 2021.
(2) There were no payments made by the Company related to the Commission fees agreed between the Company and A10 Advisory in 2022.
(3) There were no payments made by the Company in 2022 related to the purchase warrants issued by the Company in connection with the February 2021 Equity Financing. The warrants were exercised on February 11, 2022.
(4) As of December 31, 2022, 50% of the total loan was drawn.

RISK FACTORS

The Company is subject to numerous risk factors at any given time (many of which are beyond its control) which could materially adversely impact upon its business, financial condition, results of operations, cash flows, ability to obtain financing and prospects and, as a result, the trading price of the Common Shares. The below described risks are not exhaustive description of all risk. For additional risk factors faced by Sigma, please refer to its Annual Information Form for the year ended December 31, 2022 in the section titled "Risk Factors" filed on the Company's profile on SEDAR at www.sedar.com and EDGAR at www.sec.gov, as revised or supplemented as follows:

Risks Related to Resource Development

- **Development of the Project:** The Company's business strategy depends in large part on developing the Project into a commercially viable mining operation. Whether a mineral deposit will be commercially viable depends on numerous factors, including: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) commodity prices, which are highly volatile; and (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and capital and operating cost requirements. The development of the Project is subject to the Company securing the necessary funding and other resources and is also subject to numerous development and operational risks. Accordingly, there can be no assurance that the Company will ever develop the Project into a commercial mining operation.

- **Market prices:** Lithium is not a traded commodity like base and precious metals. Sales agreements are negotiated on an individual and private basis with end-users or intermediaries. In addition, there are a limited number of producers of lithium compounds, and it is possible that these existing producers will try to prevent newcomers from entering the chain of supply by increasing their production capacity and lowering sales prices. Other factors, such as supply and demand of lithium-based end-products (such as lithium hydroxide), pricing characteristics of alternative sources of energy, industrial disruption and actual lithium market sale prices, could have an adverse impact on the market price of lithium and as such render the Project uneconomic. There can be no assurance that such prices will remain at current levels or that such prices will improve.

- **Growth of market for lithium-ion batteries:** The success of the Company and our ability to develop lithium operations is largely dependent on the adoption of lithium-ion batteries for EV and other large format batteries. The market for EV and other large format batteries currently has limited market share and no assurance can be given that it will develop further (or at what rate this market will develop, if at all). To the extent that such markets do not develop in the manner or according to the timeline contemplated by the Company, the long-term growth in the market for lithium products will be adversely affected, which would inhibit the potential for development of the Project and its potential commercial viability.

- **Risks relating to changes in technology:** Lithium and its derivatives are preferred raw materials for certain industrial applications, such as rechargeable batteries and liquid crystal displays (LCDs). Many materials and technologies are being researched and developed with the goal of making batteries lighter, more efficient, faster charging and less expensive. Some of these technologies could be successful and could adversely affect demand for lithium batteries in personal electronics, electric and hybrid vehicles and other applications. The Company cannot predict which new technologies may ultimately prove to be commercially viable and on what time horizon. In addition, alternatives to such products may become more economically attractive as global commodity prices shift. Any of these events could adversely affect demand for and market prices of lithium, thereby resulting in a material adverse effect on the economic feasibility of extracting any mineralization the Company discovers and reducing or eliminating any reserves it identifies.

- **Competition in the lithium markets:** In recent years, new and existing competitors have increased the supply of lithium hydroxide and lithium carbonate, which has affected its price. Further production increases could negatively affect prices. There is limited information on the status of new lithium hydroxide production capacity expansion projects being developed by current and potential competitors and, as such, the Company cannot make accurate projections regarding the capacities of possible new entrants into the market and the dates on which they could become operational. If these potential projects are completed in the short term, they could adversely affect market lithium prices, thereby resulting in a material adverse effect on the economic feasibility of extracting any mineralization the Company discovers and reducing or eliminating any reserves it identifies.

- **Achieving and managing growth:** The Project is at development stage and will require a substantial increase in skilled personnel and operational support as the Project transitions to a more advanced development and then operating stage. The Company's ability to succeed in progressing through development to commercial operations will depend on a number of factors, including management's ability to manage this transition, the availability of working capital, and the ability to recruit and train additional qualified personnel (and, where appropriate, to engage third party contractors with qualified personnel).

- **Risks relating to operating in Brazil:** Investments in emerging markets like Brazil generally pose a greater degree of risk than investments in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments and exposes the Company to heightened risks related to prevailing and changing political and socioeconomic conditions. Changes in mining, investment or other applicable policies or shifts in political attitude in Brazil may adversely affect the Company's operations or profitability and may affect the Company's ability to fund its ongoing expenditures. Regardless of the economic viability of the Company 's properties, such political changes, which are beyond the Company's control, could have a substantive impact and prevent or restrict (or adversely impact the financial results of) mining of some or all of any deposits on the Project.

The Brazilian economy has been characterized by frequent, and occasionally material, intervention by the Brazilian federal government, which has often modified monetary, credit and other policies intending to influence Brazil's economy. The Brazilian government's actions to control inflation and effect other policy changes have involved wage and price controls, changes in existing, or the implementation of new, taxes and fluctuations of base interest rates. Actions taken by the Brazilian federal government concerning the economy may have important effects on Brazilian companies or companies with Brazilian assets and on market conditions and the competitiveness of Brazilian products abroad. In addition, actions taken by the Brazilian state and local governments with respect to labor and other laws affecting operations may have an effect on the Company.

The Company's financial condition and results of any future operations may also be materially adversely affected by any of the following, and the Brazilian federal government's actions, or failure to act, in response to them: (i) currency depreciations and other exchange rate movements; (ii) monetary policies; (iii) inflation rate fluctuations; (iv) economic and social instability; (v) environmental regulation; (vi) energy shortages or changes in energy prices; (vii) interest rates; (viii) disasters at third party mineral projects; (ix) corruption or political scandal; (x) exchange rate controls and restrictions on remittances abroad; (xi) liquidity of the domestic capital and lending markets; (xii) tax policy, including international tax treaties; and (xiii) other political, diplomatic, social and economic policies or developments in or affecting Brazil.

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors in the future may contribute to economic uncertainty in Brazil and to heightened volatility in the market value of securities issued by Brazilian companies or companies with Brazilian assets.

The Brazilian government has frequently implemented changes to tax laws, tax treaties and other regulations, including modifications to tax rates. Any such changes, as well as changes in the interpretation of such tax laws and regulations, may result in increases to the Company's overall tax burden, which would negatively affect its profitability. Furthermore, the outcome of the 2022 presidential election in Brazil may lead to a change in regulation that could negatively affect the Project or the Company. However, the Company notes that it does not believe that there is any intention to change the current policies and regulations in this sense.

Political instability or changes in government policy (which may be arbitrary) may result in changes to laws affecting the ownership of assets, mining activities, taxation, rates of exchange, environmental regulations and labor relations. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that a future government may adopt substantially different policies cannot be ruled out.

Brazil's long-term foreign and local currency debt is rated sub-investment grade. Brazil's ratings or outlooks may be downgraded further or placed on watch by the various rating agencies in the future. Downgrades of Brazil's sovereign credit ratings could limit access to funding and/or raise the cost of funding for the Company. Downgrades of Brazil's sovereign credit ratings could also heighten investors' perception of the risk of having operations in Brazil.

These and other future developments in the Brazilian economy and governmental policies may materially adversely affect the Company.

- **Inflation in Brazil, along with Brazilian governmental measures to combat inflation, may have a significant negative effect on the Brazilian economy and, as a result, on the Company's financial condition and results of operations:** In the past, high levels of inflation have adversely affected the economies and financial markets of Brazil, and the ability of its government to create conditions that stimulate or maintain economic growth. Moreover, the governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation in Brazil and have created general economic uncertainty. As part of these measures, the Brazilian government has at times maintained a restrictive monetary policy and high interest-rates that have limited the availability of credit and economic growth. Brazil may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in Brazil and lead to further government intervention in the economy, including interest rate increases, restrictions on tariff adjustments to offset inflation, intervention in foreign exchange markets and actions to adjust or fix currency values, which may trigger or exacerbate increases in inflation, and consequently, have an adverse impact on the Company. In an inflationary environment, the value of uncollected accounts receivable, as well as unpaid accounts payable, declines rapidly. If Brazil experiences high levels of inflation in the future and price controls are imposed, this could adversely affect the Company's results of operations or financial conditions.

- **Corruption in Brazil and anti-corruption, anti-bribery and anti-money laundering laws:** Brazilian markets have historically experienced heightened volatility due to the uncertainties generated by corruption and bribery allegations and investigations of certain senior politicians, including congressmen and officers and directors of some of the major state-owned and private companies in Brazil. In addition, certain media posts and reports of corruption, or allegations of corruption, in Brazil may have an adverse effect on the public perception and reputation of Brazilian companies and may adversely affect the trading price of the Common Shares. The Company's value and share price could also be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Company in illegal activities.

  The Company is subject to anti-corruption, anti-bribery and anti-money laundering laws and regulations in various jurisdictions, including Canada and Brazil. In addition, it is subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities. There can be no assurances that the internal policies of the Company will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by its employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of its policies and procedures. Any violations of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on the Company's business, reputation, results of any future operations and financial condition.

  The Company has not purchased any "political risk" insurance coverage and currently has no plans to do so.

- **Corruption and fraud in Brazil relating to ownership of real estate:** Under Brazilian law, real property ownership is normally transferred by means of a transfer deed and subsequently registered at the appropriate real estate registry office under the corresponding real property record. There are uncertainties, corruption and fraud relating to title ownership of real estate in Brazil, mostly in rural areas. In certain cases, a real estate registry office may register deeds with errors, including duplicate and/or fraudulent entries, and, therefore, deed challenges frequently occur, leading to judicial actions. Property disputes over title ownership are frequent in Brazil, and, as a result, there is a risk that errors, fraud or challenges could adversely affect the Company's ability to operate, although ownership of mining rights are separate from ownership of land.

- **Governmental and regulatory requirements:** Government approvals and permits are required in connection with the Company's activities. Any instances where such approvals are required and have not been obtained, the Company may be restricted or prohibited from proceeding with planned exploration, development or operational activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing development or operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or a more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs, reductions in the levels of production at producing properties or require abandonment or delays in the development of the Project.

In Brazil, the ANM regulates the conduct of exploration, development and mining operations. The ANM requires: (i) certain fee payments for exploration authorizations (known as the Annual Fee per Hectare), (ii) certain royalty payments to be made to the federal government for the mining concessions (known as Financial Compensation for the Exploitation of Mineral Resources - "CFEM") and (ii) royalty payments to be made to the landowner if the surface rights are not held by the holder of the mineral rights. There is also a monthly inspection fee related to the transfer and commercialization of certain minerals in some Brazilian states. Royalties, taxes and fees related to the exploration authorizations and mining concessions may change or increase substantially in the future.

In Brazil, failure to demonstrate the existence of technical and economically viable mineral deposits covered by an exploration authorization for a period of at least one year may lead to the authorization being required to be returned to the federal government. The federal government may then grant the exploration authorization to other parties that may conduct other mineral prospecting activities at said area. In addition, mining concessions and exploration authorizations may not be granted due to changes in laws and regulations governing mineral rights. Accordingly, retrocession requirements, loss of mineral rights, or the inability to renew concessions, authorizations, permits and licenses may materially adversely affect the Company.

Tailings dam failures involving other mining companies in Brazil, and the resultant loss of life and damage, have resulted in (and could in the future result in further) increased requirements, delays in licensing and other material consequences to all mining companies, even if the circumstances of the Project or the Company's development and operational methodologies are significantly different then such other companies and projects.

The regulatory framework applicable to the Brazilian mining industry could be subject to further change, which may result in limitations on the Company's business and activities, including in connection with some existing mineral rights, and an increase in expenses, particularly mining royalties, taxes and fees.

The Company's operations are also subject to Brazilian regulations pertaining to the use and development of mineral properties and the acquisition or use of rural properties by foreign investors or Brazilian companies under foreign control, and various other Brazilian regulatory frameworks.

- **Environmental regulation:** All phases of operations are subject to numerous environmental laws and regulations in Brazil on the federal, state and municipal levels, including laws and regulations relating to specially protected areas, air emissions, wastewater discharge and the use, manufacture, handling, transportation, storage, disposal, remediation of waste and hazardous substances. Environmental hazards may exist which are unknown to the Company at present which may have been caused by previous owners or operators of the Project. In the event of an accident or exposure to hazardous materials, environmental damages may occur and trigger the obligation to remediate the environmental conditions, which may result in significant costs. The victim of such damages or whoever the law so authorizes (such as public attorneys' office, foundations, state agencies, state-owned companies and associations engaged in environmental protection) is not compelled to sue all polluting agents in the same proceeding, but rather the aggrieved party may choose to sue only one of the polluting agents to redress damages.

  Environmental liability may be litigated in civil, administrative and criminal courts, with the application of administrative, civil and criminal sanctions, in addition to the obligation to redress the damages caused. The lack of a conviction or a finding of liability in one proceeding does not necessarily preclude the finding of liability in other proceedings. Accordingly, in respect of environmental compliance matters, there could be unexpected interruptions to operations, fines, or penalties as well as third-party claims for property damage or personal injury or remedial or other costs, which may have a material adverse effect on the Company's operations. Municipal, state and federal governments may revise and impose stricter environmental regulations in the future. There can be no assurance that environmental regulation will not adversely affect development or operations, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

- **Climate change considerations:** Climate change is increasingly perceived as a broad societal and community concern. Stakeholders may increase demands for emissions reductions and call upon mining companies to better manage their consumption of climate-relevant resources. Physical climate change events, and the trend toward more stringent regulations aimed at reducing the effects of climate change, could impact the Company's decisions to pursue future opportunities, or maintain existing operations, which could have an adverse effect on its business and future operations. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations and profitability.

- **No production experience:** The Company does not have any experience in the operation of a mine, processing plants and related infrastructure, as it has not previously been involved in the development of a mining project. Although certain of its officers, directors and consultants have such experience, the Company itself does not have any experience in taking a mining project to production. As a result, it is more difficult to evaluate the Company's prospects, and the Company 's future success is more uncertain than if it had a more proven history of developing a mine.

- **Uncertainty relating to future production estimates:** The Company has prepared estimates and projections of future production for the Project. Any such information is forward-looking and no assurance can be given that such estimates will be achieved. These estimates are based on existing mine plans and other assumptions which change from time to time. The Company's actual production may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; revisions to mine plans; unusual or unexpected orebody formations; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods, and seismic activity; and unexpected labour shortages, strikes, local community opposition or blockades. The economic analysis for the Project is based in part on achieving at least the contemplated minimum operating and production levels.

- **Delays and construction cost overruns:** It is common in new mining operations to experience unexpected costs and cost overruns, problems and delays during construction, development and mine start-up. A number of factors could cause such delays or cost overruns, including (among others) permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and challenges in obtaining financing. Even if commercial production is achieved, equipment and facilities may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. Any delay, or cost overrun, may adversely impact the Company's ability to fully fund required expenditures, or alternatively, may require the Company to consider less attractive financing solutions. Accordingly, the Company's activities may not result in profitable mining operations at its mineral properties, including the Project.

- **Capital and operating cost estimates:** Capital costs, operating costs, production and economic returns and other estimates may differ significantly from those anticipated by current estimates, and there can be no assurance that the actual capital, operating and other costs will not be higher than currently anticipated. Actual costs and revenues may vary from estimates for a variety of reasons, including (among others): lack of availability of resources or necessary equipment; unexpected construction or operating problems; lower realized lithium prices; revisions to construction plans; risks and hazards associated with mineral production; natural phenomena; floods; unexpected labour shortages or strikes; general inflationary pressures; and interest and currency exchange rates.

- **Operational risks:** The Company's operations are subject to all of the risks normally incidental to the exploration for, and the development and operation of, mineral properties. Mineral exploration and exploitation involves a high degree of risk. Operations can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, work interruptions, fires, power outages, shutdowns due to equipment breakdown or failure, unexpected maintenance and replacement expenditures, human error, labour disputes, flooding, explosions, releases of hazardous materials, tailings impoundment failures, cave-ins, landslides, earthquakes and the inability to obtain or properly maintain adequate machinery, equipment or labour. The Company expects to rely on third-party owned infrastructure in order to develop and operate its projects, such as power, utility and transportation infrastructure. Any failure of this infrastructure without adequate replacement or alternatives may have a material impact on the Company.

- **Insurance risks:** In the course of exploration, development and production of mineral properties, certain risks (in particular, risks related to operational and environmental incidents) may occur. Although the Company maintains insurance to protect against certain risks associated with its business, insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. The Company may also elect not to obtain insurance for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company. The Company maintains liability insurance in accordance with industry standards, however, the nature of these types of risks is such that liabilities could exceed policy limits and the Company could incur significant costs that could have a material adverse effect on its business, results of operations and financial condition. Losses from uninsured and underinsured liabilities have the potential to materially affect the Company's financial position and prospects.

- **Mineral tenure:** There can be no assurance the Company's property mineral tenure interests, or that such title interests will ultimately be secured. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. The Company's property interests may also be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

  The Company cannot guarantee that title to its properties will not be challenged. A successful challenge to the precise area and location of the Company's mineral claims could result in the Company being unable to develop its mineral properties or being unable to enforce its rights with respect to its mineral properties.

  While the Company has the surface rights ("**Servidão Mineral**") for Phase 1, as described above, there can be no assurance that the Company will obtain such rights for Phase 2 & 3 or thereafter.

- **Highly competitive industry:** The mining industry is competitive in all of its phases and requires significant capital, as well as technical and operational resources. Competition is also intense for mining equipment, supplies and qualified service providers, particularly in Brazil where mining personnel are in high demand and short supply. If qualified expertise cannot be sourced and at cost effective rates within Brazil, the Company may need to procure those services outside of Brazil, which could result in additional delays and higher costs to obtain work permits. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over the Company. The Company faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities. As a result of this competition, the Company may be unable to maintain or acquire financing, personnel, technical resources or attractive mining properties on terms it considers acceptable.

- **Health and safety risks:** The mineral exploration, development and production business carries inherent risk of liability related to worker and surrounding population health and safety, including the risk of government-imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and potential civil liability. Compliance with health and safety laws (and any future changes) and the requirements of licenses, permits and other approvals remain material to the Company's business, and will continue to remain material at all stages of the development and operation of the Project. The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters. Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, potentially result in fines, penalties or other prosecutions, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health and safety laws, licenses, permits or other approvals could have a significant impact on development or operations and result in additional material expenditures. As a consequence, no assurances can be given that additional workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

- **Mineral resource and mineral reserve estimates:** The Company's mineral resource and mineral reserve estimates are estimates only. No assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever be mined or processed profitably. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results and such differences could be material. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, on analyses of drilling results and statistical inferences that may ultimately prove to be inaccurate. These estimated mineral resources and mineral reserves should not be interpreted as assurances of certain commercial viability or of the profitability of any future operations. Investors are cautioned not to place undue reliance on these estimates.

  Mineral Resources are not Mineral Reserves and have a greater degree of uncertainty as to their feasibility and prospects for economic extraction. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mineral Resources that are in the Inferred category are even riskier. An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to any other category of Mineral Resource. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. However, the estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

  The Company has not yet made a production decision in respect of Phase 2 & 3. The economic viability of the Mineral Resources of Phase 2 & 3 has not been demonstrated. The Company expects that it will assess the results of a feasibility study before making a production decision in respect of Phase 2 & 3.

- **Community relations:** The Company's relationships with host communities are critical to ensure the success of its existing operations and the construction and development of new operations. There is an increasing level of public concern relating to the perceived effects of mining activities on the environment and on host communities due to events that happened with other companies in the recent past. The evolving expectations related to human rights, indigenous rights, and environmental protection may result in opposition to the Company's current and future operations or further development of the Project. Such opposition may be directed through legal or administrative proceedings or expressed in public opposition such as protests, roadblocks or other forms of expression against the Company's activities, and may have a negative impact on the Company's reputation and operations.

  Opposition by any of the aforementioned groups to the Company's operations may require modification of, or preclude the operation or development of, the Company's projects or may require the Company to enter into agreements with such groups or local governments with respect to the Company's projects, in some cases causing increased cost and considerable delays to the advancement of the Company's projects. Further, publicity adverse to the Company, its operations or extractive industries generally could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk.

  The Project may also be impacted by relations with various community stakeholders, and the Company's ability to develop related mining assets may still be affected by unforeseen outcomes from such community relations.

- **Counterparty risks:** The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash and short-term investments; (ii) companies that are expected to have payables to the Company; (iii) third-party contractors engaged for the development of the Project; (iv) the Company's insurance providers; (v) the Company's lenders; and (vi) offtakers. The Company seeks to limit counterparty risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure to each counterparty, and generally monitoring the financial condition of counterparties. The risks associated with doing business with several counterparties, including any defaults or other breaches of any agreements entered into by the Company with such counterparties, may impact the Company's operations and financial condition.

- **Foreign subsidiary:** The Company conducts operations through subsidiaries, including a foreign subsidiary located in Brazil. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently or the ability of its subsidiaries to distribute up cash otherwise available for distributions. Any such limitations, or the perception that such limitations may exist now or in the future, could hurt the Company's valuation and stock price.

- **Dependence on the expertise of consultants:** The Company has relied on and is expected to continue to rely on, consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants are competent and that they have carried out their work by internationally recognized industry standards. However, if the work conducted by those consultants is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

Risks Related to the Company's Business and Securities

- **Public health crises:** The Company faces risks related to pandemics and epidemics, including but not limited to in respect of COVID-19, which could significantly disrupt the Company's operations and may materially and adversely affect its business, operations, and financial condition. The full extent to which any pandemics may impact the Company's business, including its operations and the market for its securities, will depend on numerous highly uncertain factors that the Company may not be able to accurately predict or assess, including, but not limited to, the duration and severity of any pandemics, the availability of approved vaccines and remedial medications, the timing for completion of related distribution programs around the globe, and the governmental, business and individual actions taken in response to any pandemics.

- **Current military conflict in Ukraine:** The military conflict in Ukraine could lead to heightened volatility in the global markets, increased inflation, and turbulence in commodities markets. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States and certain allies) have imposed economic sanctions and export control measures, and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, it is uncertain as to how such events and any related economic sanctions could impact the global economy and commodities markets. Any negative developments in respect thereof could have a material adverse effect on the Company's business, operations or financial condition.

- **Risk of achieving profitability and generating positive cash flows:** Company has a history of operating losses and it can be expected to generate continued operating losses and negative cash flows in the future while the Company carries out its current business plan to further develop and expand its business. The Company has made significant up-front investments in order to rapidly develop and expand its business. The Company is currently incurring expenditures related to its operations that have generated negative operating cash flows from operations. The successful development and commercialization of these operations will depend on a number of significant financial, logistical, technical, marketing, legal, regulatory, competitive, economic and other factors, the outcome of which cannot be predicted. There is no guarantee that such operations will become profitable or produce positive cash flow or that the Company will be successful in generating significant revenues in the future or at all. The Company's inability to ultimately generate sufficient revenues to become profitable and have positive cash flows could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business.

- **Risks of future losses and going concern:** The Company's ability to continue as a going concern is dependent upon the ability to ultimately generate future profitable operations and obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The Company has reported net losses and comprehensive losses for the years ended December 31, 2022 and 2021. The Company had a cash balance of $96.4 million as of December 31, 2022 and believes this is enough to continue as a going concern at least for the next twelve months. The Company's business does not currently operate on a self-sustaining basis and until it is successfully able to fund its expenditures from its revenues, its ability to continue as a going concern is dependent on obtaining additional debt financing to fund long-term expenditures related to the construction of the Phase 1 Greentech Plant. The Company expects to continue to sustain operating losses in the future until it generates revenue from commercial production of its mineral properties. There is no guarantee that the Company will ever be profitable.

- **Dilution of existing shareholders from equity financings or increased financial risk through debt issuance:** There is no assurance that the Company will be able to obtain sufficient financing in the future on terms acceptable to meet the Company's capital requirements. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions as well as the business performance of the Company. Failure to obtain additional financing on a timely basis may cause the Company to postpone, abandon, reduce or terminate its operations and could have a material adverse effect on the Company's business, results of operations, and financial condition. A likely source of future financing is the sale of additional Common Shares, which would mean that each existing shareholder would own a smaller percentage of the Common Shares than outstanding. In addition, the Company may issue or grant convertible securities (such as RSUs, warrants or stock options) in the future under which additional Common Shares may be issued. The exercise of such securities would result in dilution of equity ownership to the Company's existing shareholders.

  The Company has entered into the Synergy Financing and may rely on future debt financing and assume debt obligations that require it to make substantial interest and principal payments and which may be secured against the Company's assets, including the Project. Failure to meet debt obligations as they become due may result in loss of the Project. The Company may also sell additional royalties on the Project, which would mean that the Company's share of returns from the Project would decrease.

- **Governmental actions:** As a result of increased concerns around global supply chains, the lithium industry has become subject to increasing political involvement. This reflects the critical role of lithium as an input in the development of batteries for the burgeoning transition to electric vehicles in the automotive industry, combined with worldwide supply constraints for lithium production and geopolitical tensions between Western countries such as the United States and Canada on the one hand and China on the other, arising from the dominant role of China in the production of inputs for the battery industry. The resulting political involvement appears to be evolving into a form of industrial policy by several governments, including those of Canada and the U.S., in which they employ steps to encourage the development of domestic supply such as tax incentives and low-interest loans to domestic and other Western actors, as well as undertake steps to discourage the involvement of actors from certain non-Western countries, including the expansion of legal oversight and an expansion of the scope of discretionary authority under laws and regulations to impose restrictions on ownership, influence and investment. These factors are of particular relevance to the Company in Canada with its incorporation under the CBCA and stock exchange listing on the TSXV, and in the U.S. through its stock exchange listing on the NASDAQ. The Company is also connected to Canada and the U.S. by way of its board composition. This evolving industrial policy is resulting in benefits to the Company as a result of its connection to Canada and the U.S., including the prospect of tax incentives. However, the Company may also have to manage the more restrictive aspects of this increased government involvement, including the New ICA Policy, which may result in limitations on the extent to which the Company will be able to undertake business operations with certain non-Western parties and limitations on ownership and influence of certain non-Western parties in its business. Most recently, the Government of Canada has made certain divestiture orders relating foreign investments, both within and outside of Canada, by State owned enterprises in Canadian lithium companies. The Company had and intends to continue to fully comply with legislation and policies in all jurisdictions where it operates. At this time, the Company does not believe that any of these steps will result in a substantive adverse change to its business or operations, but does expect that over time they may potentially constrain its ability to undertake business opportunities with actors from certain non-Western countries.

- **Indebtedness:** The Company's ability to make scheduled payments on or refinance its debt obligations, including the Synergy Financing, depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Company's control, including the market prices of lithium. The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants. If the company's cash flows and capital resources are insufficient to fund its debt service obligations, or there is a contravention of its debt covenants, the Company could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow it to meet its scheduled debt service obligations. The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect its financial position and results of operations and its ability to satisfy its obligations.

  A substantial portion of the Company's assets (including the Company's interests over the Grota do Cirilo Project) are subject to security granted under the Synergy Financing. Unremedied failure of Sigma Brazil to comply with its obligations under the Synergy Financing could lead to the foreclosure and loss of such assets.

- **No history of dividends:** The Company has not paid dividends since incorporation and cannot presently generate earnings as its mineral properties are in the exploration and development stage. If the Project is successfully developed, the Company anticipates that it will retain future earnings and other cash resources for the future operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends is solely at the discretion of the Board, which will take into account many factors, including the Company's operating results, financial condition, and anticipated cash needs. The Company may never pay dividends.

- **Obligations as a publicly traded company in Canada and in the United States:** As a public company in the United States, the Company incurs additional legal, accounting, Nasdaq, reporting and other expenses. The additional demands associated with being a U.S. public company may disrupt regular operations of the Company's business by diverting the attention of some of its senior management team away from revenue-producing activities to additional management and administrative oversight, adversely affecting the Company's ability to attract and complete business opportunities and increasing the difficulty in both retaining professionals and managing and growing its business. Any of these effects could harm the Company's business, results of operations and financial condition.

  If the Company's efforts to comply with new United States laws, regulations and standards differ from the activities intended by regulatory or governing bodies, such regulatory bodies or third parties may initiate legal proceedings against the Company and its business may be adversely affected. As a public company in the United States, it is more expensive for the Company to obtain director and officer liability insurance, and it will be required to accept reduced coverage or incur substantially higher costs to continue its coverage. These factors could also make it more difficult for the Company to attract and retain qualified directors.

  In addition to the Canadian securities laws requirements to which the Company has already been subject, U.S. Sarbanes-Oxley Act 2002, as amended (the "**U.S. Sarbanes-Oxley Act**") requires that the Company maintain effective disclosure controls and procedures and internal control over financial reporting. Pursuant to Section 404 of the U.S. Sarbanes-Oxley Act ("**Section 404**"), the Company is required to furnish a report by its management on its internal control over financial reporting ("**ICFR**"), which must be accompanied by an attestation report on ICFR issued by the Company's independent registered public accounting firm. In previous reporting periods, Management of the Company has reported material weaknesses in the Company's internal controls for the year ended December 31, 2022. The Company's management, including its CEO and CFO, concluded that the Company's internal control over financial reporting was not effective as of December 31, 2022 due to the presence of these material weaknesses. Although the Company is actively taking steps to remediate these weaknesses, there remains a risk that these material weaknesses create a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Please refer to the section titled Internal Control Over Financial Reporting of the MD&A for a more detailed discussion on this matter.

In the event that the Company is not able to remediate the material weaknesses or is otherwise not able to demonstrate compliance with the Sarbanes-Oxley Act, that its internal control over financial reporting is perceived as inadequate, or that it is unable to produce timely or accurate financial statements, the Company could be subject to litigation or investigations requiring Management resources and payment of legal and other expenses and investors may lose confidence in the Company's operating results and the price of its Common Shares may decline. In addition, if the Company is unable to continue to meet these requirements, it may not be able to remain listed on the Nasdaq.

- **Maintenance of adequate and appropriate internal controls:** Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, recorded and reported and assets are safeguarded against unauthorized or improper use. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Management of the Company has identified material weaknesses in Company's internal controls over the last 4 reporting periods. Although the Company is actively taking steps to remediate these weaknesses, there remains a risk that these material weaknesses create a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

- **Risks as a foreign private issuer:** The Company is a "foreign private issuer" as such term is defined in Rule 405 under the U.S. Securities Act of 1933, as amended, and is permitted, under a multijurisdictional disclosure system adopted by the United States and Canada, to prepare its disclosure documents filed under the Exchange Act in accordance with Canadian disclosure requirements. Under the Exchange Act, the Company is subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. As a result, the Company will not file the same reports that a U.S. domestic issuer would file with the SEC, although it will be required to file or furnish to the SEC the continuous disclosure documents that it is required to file in Canada under Canadian securities laws. In addition, the Company's officers, directors, and principal shareholders are exempt from the reporting and "short swing" profit recovery provisions of Section 16 of the Exchange Act. Therefore, the Company's shareholders may not know on as timely a basis when its officers, directors and principal shareholders purchase or sell shares, as the reporting deadlines under the corresponding Canadian insider reporting requirements are longer.

  As a foreign private issuer, the Company is exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. The Company is also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While the Company expects to comply with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should not expect to receive in every case the same information at the same time as such information is provided by U.S. domestic companies.

  In addition, as a foreign private issuer, the Company has the option to follow certain Canadian corporate governance practices, except to the extent that such laws would be contrary to U.S. securities laws, and provided that the Company discloses the requirements the Company is not following and describe the Canadian practices it follows instead. As a result, the Company's shareholders may not have the same protections afforded to shareholders of U.S. domestic companies that are subject to all U.S. corporate governance requirements. If the Company ceases to qualify as a foreign private issuer, it will be subject to the same reporting requirements and corporate governance requirements as a U.S. domestic issuer which may increase its costs of being a public company in the United States.

- **Dependence on key individuals:** The success of the Company will be largely dependent upon the performance of its key officers, consultants, and employees. Failure to retain key individuals or to attract, and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any "key-man" insurance concerning any of its directors, officers, or key employees and has no current plans to do so.

- **Fluctuations in exchange rates; potential government intervention:** Business is transacted by the Company primarily in Brazilian, U.S., and Canadian currencies. The majority of the Project's operating costs are denominated in Brazilian currency. Certain costs associated with imported equipment and international supplies and consultants and sales prices for the product are denominated in U.S. dollars. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction. The Company has not hedged its exposure to any exchange rate fluctuations applicable to its business and is therefore exposed to currency fluctuation risks.

  Currently, the Brazilian Real is permitted to float against the US Dollar and allows the purchase and sale of foreign currency and the international transfer of Reais There can be no assurance that the Brazilian Central Bank or the Brazilian government will continue to permit the Real to float freely and not intervene in the exchange rate market through the return of a currency band system or otherwise.

- **Legal proceedings:** Due to the nature of the Company 's business and status as a publicly traded entity, it may be subject to a variety of regulatory investigations, claims, lawsuits, and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of the discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries, and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal claims can be substantial, even concerning claims that have no merit.

  Litigation may be costly and time-consuming and can divert the attention of management and key personnel from business operations. If the Company is unsuccessful in its defense of claims or unable to settle claims in a manner satisfactory to it, it may be faced with significant monetary damages or injunctive relief against it that could have a material adverse effect on its business and financial condition. To the extent the Company is involved in any active litigation, the outcome of such matters may not be currently determinable nor is it possible to accurately predict the outcome or quantum of any such proceedings at this time.

- **Conflict of interest for Directors and Officers:** Certain directors and officers of the Company are or may become, associated with other natural resource companies which may give rise to conflicts of interest. By the Canada Business Corporations Act, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract, with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. Additionally, the CEO and certain directors are actively involved with A10 Investimentos Fundo de Investimento de Ações – Investimento no Exterior (the "**A10 Fund**"), which may give rise to conflicts of interest. Any perceived or actual conflicts of interest may result in adverse consequences for the Company and the value of its securities.

- **Share price volatility:** The market price of publicly traded shares, especially of a resource issuer such as the Company, is affected by many variables outside of the Company's control and is not necessarily related to exploration or operational successes or failures of the Company. Factors such as general market conditions for resource issuers, the strength of the economy generally, the availability and attractiveness of alternative investments, and analysts' recommendations may all contribute to volatility in the price of the Company's shares, which are not necessarily related to the operating performance, underlying asset values or prospects of the Company. Investors could suffer significant losses if the Common Shares are depressed or illiquid when an investor seeks liquidity. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Company may be the target of similar litigation in the future. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

- **If securities analysts, industry analysts or activist short sellers publish research or other reports about the Company's business, prospects or value, which questions or downgrades the value of the Company, the price of the Common Shares could decline:** The trading market for the Company's Common Shares depends, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not have any control over these analysts. If one or more of the analysts who cover the Company downgrade its stock or publish inaccurate or unfavorable research about its business, the price of the Company's Common Shares would likely decline. In addition, if the Company's results of operations fail to meet the forecast of analysts, the price of its Common Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on the Company regularly, demand for Common Shares could decrease, which might cause the price and trading volume of Common Shares to decline. In addition, activist short sellers may publish misleading "short reports", which may also negatively impact the price of the Common Shares and may influence negative disclosure in social media or other online platforms.

- **Use of proceeds from securities offerings:** While information regarding the use of proceeds from the sale of Common Shares or other securities will be described in the applicable prospectus supplement, the Company will have broad discretion over the use of the net proceeds from offerings of its securities. Because of the number and variability of factors that will determine the use of such proceeds, the Company's ultimate use might vary substantially from its planned use. Purchasers may not agree with how the Company allocates or spends the proceeds from an offering of its securities. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of the Common Shares, including the market value of the Common Shares, and that may increase losses.

- **Risks relating to a holding of Common Shares:** A holding of Common Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Common Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

- **Significant shareholder influence:** To the Company's knowledge, as of the date hereof, A10 Fund holds approximately 44.5% of the outstanding Common Shares. For as long as it directly or indirectly maintains a significant interest in the Company, A10 Fund may be in a position to affect the Company's governance and operations. As a result of its shareholdings, A10 Fund has the ability, among other things, to approve significant corporate transactions and delay or prevent a change of control of the Company that could otherwise be beneficial to minority shareholders. A10 Fund generally will have the ability to control the outcome of any matter submitted for the vote or consent of the Company's shareholders. In some cases, the interests of A10 Fund may not be the same as those of the other minority shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or minority shareholders (including conflicts of interests that result from certain officers and directors being involved with the A10 Fund). The effect of this influence may be to limit the price that investors are willing to pay for Common Shares.

  In addition, the potential that A10 Fund may sell Common Shares in the public market or in private transactions, as well as any actual sales of Common Shares in the public market or in private transactions, could adversely affect the market price of the Common Shares.

- **Enforcement of judgements:** The Company is incorporated under the laws of Canada and headquartered in British Columbia, Canada, but a majority of its directors and officers are not citizens or residents of Canada. In addition, a substantial part of the Company's assets is located outside Canada. As a result, it may be difficult or impossible for an investor to (i) enforce judgments against the Company and its directors and officers outside of Canada which may have been obtained in Canadian courts or (ii) initiate court action outside Canada against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise.

The majority of the Company's assets and all or a substantial portion of the assets of its directors and officers may be located outside the United States. Consequently, it may be difficult for investors who reside in the United States to effect service of process in the United States upon the Company or upon such persons who are not residents of the United States, or to realize upon judgments of courts of the United States predicated upon the civil liability provisions of the U.S. federal securities laws. A judgment of a U.S. court predicated solely upon such civil liabilities may be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. Investors should not assume that Canadian courts: (i) would enforce judgments of U.S. courts obtained in actions against the Company or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or the securities or blue sky laws of any state within the United States, or (ii) would enforce, in original actions, liabilities against the Company or such persons predicated upon the U.S. federal securities laws or any such state securities or blue sky laws.

In addition, in the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts. The Company's ability to enforce its rights in Canada or locally of judgments from foreign courts could have an adverse effect on its future cash flows, earnings, results of operations, and financial condition.

- **Canada Business Corporations Act:** The Company is governed by the Canada Business Corporations Act ("**CBCA**") and other relevant laws, which may affect the rights of shareholders differently than those of a company governed by the laws of a U.S. jurisdiction, and may, together with the Company's constating documents, have the effect of delaying, deferring or discouraging another party from acquiring control of the Company by means of a tender offer, a proxy contest or otherwise, or may affect the price an acquiring party would be willing to offer in such an instance. For example, the material differences between the CBCA and the Delaware General Corporation Law (the "**DGCL**"), the applicable statutory regime for many U.S. companies, that may have the greatest such effect include, but are not limited to, the following: (i) for material corporate transactions (such as mergers and amalgamations, other extraordinary corporate transactions or amendments to the Company's articles) the CBCA generally requires a two-thirds majority vote by shareholders, whereas the DGCL generally requires only a majority vote; and (ii) under the CBCA, holders of 5% or more of the Company's shares that carry the right to vote at a meeting of shareholders can requisition a special meeting of shareholders, whereas such right does not exist under the DGCL.

- **Cyber-security risks:** Threats to information technology systems associated with cyber-security risks and cyber incidents or attacks continue to grow. It is possible that the business, financial and other systems of the Company or other companies with which it does business could be compromised, which might not be noticed for some time. Risks associated with these threats include, among other things, loss of intellectual property, disruption of business operations and safety procedures, loss or damage to worksite data delivery systems, and increased costs to prevent, respond to or mitigate cyber-security events.

- **Risks as a passive foreign investment company:** Generally, if for any taxable year 75% or more of the Company 's gross income is passive income, or at least 50% of the average quarterly value of the Company's assets are held for the production of, or produce, passive income, the Company would be characterized as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes. Based on the current profile of the Company 's gross income, gross assets, the nature of its business, and its anticipated market capitalization, the Company believes that it was likely a PFIC for the 2022 taxable year. While it has not made a determination of expected PFIC status for the current taxable year, there is a risk that it may be a PFIC in the current taxable year and in the foreseeable future. Because PFIC status is determined on an annual basis and generally cannot be determined until the end of the taxable year, there can be no assurance that the Company will not be a PFIC for the current or future taxable years. If the Company is characterized as a PFIC, the Company's shareholders who are U.S. holders may suffer adverse tax consequences, including the treatment of gains realized on the sale of the Common Shares as ordinary income, rather than as capital gain.

CRITICAL ACCOUNTING ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

Valuation of share-based payment transactions

The valuation of the Company's share-based payment transactions requires the use of estimates and valuation techniques. Measurement of the Company's RSUs that contain market-based conditions is based on a Monte Carlo pricing model which uses various inputs and assumptions. Changes in these assumptions result in changes in the fair value of these instruments and a corresponding change in the amount recognized in profit or loss. Judgement is also required in determining grant date and in estimating when non-market performance conditions are expected to be met.

Mineral reserves and mineral resources

Proven and probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable mineral reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as estimates of commodity prices, foreign exchange rates, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral ore body. Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of the property, plant and equipment, asset retirement obligations, recognition of deferred tax amounts and depreciation, depletion, and amortization.

Depreciation and amortization

Mobile and other equipment is generally depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment but does not exceed the estimated life of mine based on proven and probable reserves. Changes in estimates can be the result of actual future production differing from current forecasts of future production and/or expansion of mineral reserves through exploration activities.

Valuation of long-lived assets

The assessment of fair values, including those of the CGUs for purposes of testing long-lived assets for potential impairment or reversal of impairment, require the use of assumptions and estimates for recoverable production, future capital requirements and operating performance, as contained in the Company's technical reports, as well as future and long term commodity prices, discount rates, and foreign exchange rates. Changes in any of the assumptions or estimates used in determining the fair value of long-lived assets could impact the impairment analysis.

Provision for restoration, rehabilitation, and environmental remediation

The Company assesses its provision for restoration, rehabilitation, and environmental remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting or restoration, rehabilitation, and environmental remediation obligations requires management to make estimates of the future costs the Company will incur to complete the restoration, rehabilitation, and environmental remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration, rehabilitation, and environmental remediation work required to be performed by the Company. Increase in future costs could materially impact the amounts charged to operations for restoration, rehabilitation, and environmental remediation. The provision represents management's best estimate of the present value of the future restoration, rehabilitation, and environmental remediation obligation. The actual future expenditures may differ from the amounts currently provided.

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve its ongoing business objectives, namely funding the construction of the Phase 1 Greentech Plant and future growth opportunities (including potential production expansions through the development of the Project's Phase 2 and Phase 3 deposits); and
- To maximize shareholder returns through enhancing its share value.

The Company monitors its capital structure and adjusts according to market conditions to meet its objectives, given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, raising debt, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive loss and deficit, which on December 31, 2022, totaled $183.1 million (December 31, 2021: $184.9 million). The Company's capital management objectives, policies, and processes remained unchanged during the three and twelve months ended December 31, 2022.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its operating expenditures, and other investing and financing initiatives based on activities related to the Project.

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk, and price risk).

The fair values of cash and cash equivalents, accounts payable, export prepayment agreement, due from related party and note payable approximate their carrying values due to the short term to maturity of these financial instruments.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. The Company's cash and cash equivalents are held with established institutions for which management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will actively manage its expenses along with capital expenditures, while it seeks additional equity or debt funding.

As of December 31, 2022, the carrying amount of the financial liabilities, measured using the amortized cost method are described below. Their corresponding maturities are evidenced below:

Contractual Obligations	**Up to 1 Year**	**2-3 Years**	**4-5 Years**	**>5 Years**	**Total**
Accounts payable and accrued liabilities	$ 28,202	$ —	$ —	$ —	$ 28,202
Export prepayment agreement	$ —	$ 81,839	$ —	$ —	$ 81,389
Lease liabilities	$ 680	$ 722	$ 799	$ 1,468	$ 3,669

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest Rate Risk

The Company has cash and cash equivalent balances. The Company's current policy is to invest surplus cash balances with high rated banks in the jurisdictions it has a presence in, such as Canada and Brazil. As of December 31, 2022, the Company had $96.4 million of cash. The Company's exposure to risk of changes in market interest rates prelates primarily to interest earned on its cash balances.

Additionally, on December 31, 2022, the Company entered into an export prepayment agreement exposed to interest BSBY + 6.95%, as disclosed in the Financial Statements.

- Sensitivity to a plus or minus 10% change in the interest rate of the export prepayment agreement would affect the Company's consolidated statements of net loss and comprehensive Loss by approximately $1,008.

Foreign Currency Risk

The Company's functional and presentation currency is the Canadian dollar and certain purchases, and salaries are transacted in Canadian dollars. The Company also has significant balances in Brazilian Reais and United States dollars that are subject to foreign currency risk.

The Company had the following balances in the prescribed currencies:

(in $000s)	As at December 31, 2022	As at December 31, 2021
Brazilian Reais		
Current Assets	$ 291,915	$ 4,279
Current Liabilities	(116,874)	(11,692)R
United States Dollar		
Cash in Banks	28,704	67,088
Current Liabilities	(3,800)	—
Non-Current Liabilities	(60,114)	—

R means restated in relation to the same period presented

	As at December 31, 2022		As at December 31, 2021	
Cash in Foreign Currencies (in $000s)	**Amount in Currency Shown**	**Equivalent in Canadian Dollars**	**Amount in Currency Shown**	**Equivalent in Canadian Dollars**
Deposits in Brazilian Reais	$ 223,635	$ 57,325	$ 3,051	$ 699
Deposits in United States Dollars	28,704	38,886	67,088	84,760
Total Cash		$ 96,211		$ 85,459

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, export prepayment agreement, accounts payable, accrued liabilities and other liabilities denominated in Brazilian Reais and United States dollars.

- Sensitivity to a plus or minus 10% change in the foreign exchange rate of the Brazilian Reais compared to the Canadian dollar would affect the Company's consolidated statements of net loss and comprehensive loss by approximately $4.0 million with all other variables held constant.
- Sensitivity to a plus or minus 10% change in the foreign exchange rate of the United States dollar compared to the Canadian dollar would affect the Company's consolidated statements of net loss and comprehensive loss by approximately ($4.8) million with all other variables held constant.

QUALIFIED PERSON

Mr. Wes Roberts, P.Eng., the Co-Chair of the technical committee of the Company, is the "qualified person" under National Instrument 43-101 ("**NI 43-101**") who reviewed and approved the technical information disclosed in this MD&A.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information and statements in this MD&A may constitute "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of U.S. securities legislation (collectively, "**Forward-Looking Information**"), which involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such Forward-Looking Information. All statements, other than statements of historical fact, may be Forward-Looking Information, including, but not limited to, mineral resource or mineral reserve estimates (which reflect a prediction of the mineralization that would be realized by development). When used in this MD&A, such statements generally use words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Forward-Looking Information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and does not necessarily provide accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the Forward-Looking Information, which is based upon what management believes are reasonable assumptions, and there can be no assurance that actual results will be consistent with the Forward-Looking Information.

In particular (but without limitation), this MD&A contains Forward Looking Information with respect to the following matters: statements regarding anticipated decision making with respect to the Project; capital expenditure programs; estimates of mineral resources and mineral reserves; development of mineral resources and mineral reserves; government regulation of mining operations and treatment under governmental and taxation regimes; the future price of commodities, including lithium; the realization of mineral resource and mineral reserve estimates, including whether mineral resources will ever be developed into mineral reserves; the timing and amount of future production; currency exchange and interest rates; expected outcome and timing of environmental surveys and permit applications and other environmental matters; potential positive or negative implications of change in government; the Company's ability to raise capital and obtain project financing; expected expenditures to be made by the Company on its properties; successful operations and the timing, cost, quantity, capacity and quality of production; capital costs, operating costs and sustaining capital requirements, including the cost of construction of the processing plant for the Project; and competitive conditions and the ongoing uncertainties and effects in respect of the military conflict in Ukraine.

Forward-Looking Information does not take into account the effect of transactions or other items announced or occurring after the statements are made. Forward-Looking Information is based upon a number of expectations and assumptions and is subject to several risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those disclosed in or implied by such Forward-Looking Information. With respect to the Forward-Looking Information, the Company has made assumptions regarding, among other things:

- General economic and political conditions (including but not limited to the impact of the continuance or escalation of the military conflict between Russia and Ukraine, and economic sanctions in relation thereto).
- Stable and supportive legislative, regulatory and community environment in the jurisdictions where the Company operates.
- Stability and inflation of the Brazilian Real, including any foreign exchange or capital controls which may be enacted in respect thereof, and the effect of current or any additional regulations on the Company's operations.
- Anticipated trends and effects in respect of the COVID-19 pandemic and post-pandemic.
- Demand for lithium, including that such demand is supported by growth in the EV market.
- Estimates of, and changes to, the market prices for lithium.
- The impact of increasing competition in the lithium business and the Company 's competitive position in the industry.
- The Company's market position and future financial and operating performance.

- The Company's estimates of mineral resources and mineral reserves, including whether mineral resources will ever be developed into mineral reserves.
- Anticipated timing and results of exploration, development and construction activities.
- Reliability of technical data.
- The Company's ability to develop and achieve full capacity commercial production at the Project.
- The Company's ability to obtain financing on satisfactory terms to develop the Project, if required.
- The Company's ability to obtain and maintain mining, exploration, environmental and other permits, authorizations and approvals for the Project.
- The timing and outcome of regulatory and permitting matters for the Project.
- The exploration, development, construction and operational costs for the Project.
- The accuracy of budget, construction and operations estimates for the Project.
- Successful negotiation of definitive commercial agreements, including off-take agreements for the Project.
- The Company's ability to operate in a safe and effective manner.

Although management believes that the assumptions and expectations reflected in such Forward-Looking Information are reasonable, there can be no assurance that these assumptions and expectations will prove to be correct. Since Forward-Looking Information inherently involves risks and uncertainties, undue reliance should not be placed on such information.

In addition, Forward Looking Information with respect to the potential outlook and future financial results contained in this MD&A is based on assumptions noted above and about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as at the date of such information. Readers are cautioned that any such information should not be used for purposes other than for which it is disclosed.

The Company's actual results could differ materially from those anticipated in any Forward-Looking Information as a result of various known and unknown risk factors, including (but not limited to) the risk factors referred to under the heading "Risk Factors" in this MD&A. Such risks relate to, but are not limited to, the following:

- There can be no assurance that market prices for lithium will remain at current levels or that such prices will improve.
- The market for EVs and other large format batteries currently has limited market share and no assurances can be given for the rate at which this market will develop, if at all, which could affect the success of the Company and its ability to develop lithium operations.
- Changes in technology or other developments could result in preferences for substitute products.
- New production of lithium hydroxide or lithium carbonate from current or new competitors in the lithium markets could adversely affect prices.
- Phases 2 and 3 of the Project are at development stage and the Company 's ability to succeed in progressing through development of such phases to commercial operations will depend on a number of factors, some of which are outside its control.
- The Company's financial condition, operations and results of any future operations are subject to political, economic, social, regulatory and geographic risks of doing business in Brazil.

- Inflation in Brazil, along with Brazilian governmental measures to combat inflation, may have a significant negative effect on the Brazilian economy and, as a result, on the Company's financial condition and results of operations.
- Violations of anti-corruption, anti-bribery, anti-money laundering and economic sanctions laws and regulations could materially adversely affect the Company's business, reputation, results of any future operations and financial condition.
- Corruption and fraud in Brazil relating to ownership of real estate could materially adversely affect the Company 's business, reputation, results of any future operations and financial condition.
- The Company is subject to regulatory frameworks applicable to the Brazilian mining industry which could be subject to further change, as well as government approval and permitting requirements, which may result in limitations on the Company's business and activities.
- The Company's operations are subject to numerous environmental laws and regulations and expose the Company to environmental compliance risks, which may result in significant costs and have the potential to reduce the profitability of operations.
- Physical climate change events and the trend toward more stringent regulations aimed at reducing the effects of climate change could have an adverse effect on the Company's business and future operations.
- As the Company does not have any experience in the operation of a mine, processing plants and related infrastructure, it is more difficult to evaluate the Company's prospects, and the Company 's future success is more uncertain than if it had a more proven history of developing a mine.
- The Company's future production estimates are based on existing mine plans and other assumptions which change from time to time. No assurance can be given that such estimates will be achieved.
- The Company may experience unexpected costs and cost overruns, problems and delays during construction, development, mine start-up and operations for reasons outside of the Company's control, which have the potential to materially affect its ability to fully fund required expenditures and/or production or, alternatively, may require the Company to consider less attractive financing solutions.
- The Company's capital and operating cost estimates may vary from actual costs and revenues for reasons outside of the Company's control.
- The Company's operations are subject to the high degree of risk normally incidental to the exploration for, and the development and operation of, mineral properties.
- Insurance may not be available to insure against all such risks, or the costs of such insurance may be uneconomic. Losses from uninsured and underinsured losses have the potential to materially affect the Company's financial position and prospects.
- The Company is subject to risks associated with securing title, property interests and exploration and exploitation rights.
- The Company is subject to strong competition in Brazil and in the global mining industry.
- The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters, which could result in consequences material to its business and operations.
- The Company's mineral resource and mineral reserve estimates are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that identified mineral resources or mineral reserves will ever qualify as a commercially mineable (or viable) deposit.
- The Company's operations and the development of its projects may be adversely affected if it is unable to maintain positive community relations.

- The Company is exposed to risks associated with doing business with counterparties, which may impact the Company 's operations and financial condition.
- Any limitation on the transfer of cash or other assets between the Company and the Company 's subsidiaries, or among such entities, could restrict the Company's ability to fund its operations efficiently or the ability of its subsidiaries to distribute cash otherwise available for distributions.
- The Company is subject to risks associated with its reliance on consultants and others for mineral exploration and exploitation expertise.
- Pandemics could have a material adverse effect on the Company 's business, operations, financial conditions and stock price.
- The current military conflict in Ukraine and the economic or other sanctions imposed may impact global markets in such a manner as to have a material adverse effect on the Company's business, operations, financial condition and stock price.
- If the Company is unable to ultimately generate sufficient revenues to become profitable and have positive cash flows, it could have a material adverse effect on its prospects, business, financial condition, results of operations or overall viability as an operating business (including its ability to repay the Synergy Financing, in respect of which, substantially all of the Company's consolidated assets have been secured).
- The Company is subject to liquidity risk and therefore may in the future have to include a "going concern" note in its financial statements.
- The Company may not be able to obtain sufficient financing in the future on acceptable terms, which could have a material adverse effect on the Company's business, results of operations and financial condition. In order to obtain additional financing, the Company may conduct additional (and possibly dilutive) equity offerings or debt issuances in the future.
- Western governmental actions in respect of critical minerals may affect the Company 's business.
- The Company may be unable to achieve cash flow from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on the Company's indebtedness, or maintain its debt covenants.
- The Company has not declared or paid dividends in the past and may not declare or pay dividends in the future.
- The Company has increased costs as a result of being a public company both in Canada listed on the TSXV and in the United States listed on the Nasdaq, and its management is required to devote further substantial time to United States public company compliance efforts.
- If the Company does not maintain implement and maintain adequate and appropriate internal controls over financial reporting as outlined in accordance with NI 52-109 or the Rules and Regulations of the SEC, the Company will have to continue to report a material weakness and disclose that the Company has not maintained appropriate internal controls over financial reporting.
- As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to its shareholders.
- Failure to retain key officers, consultants and employees or to attract and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.
- The Company is subject to currency fluctuation risks.
- From time to time, the Company may become involved in litigation, which may have a material adverse effect on its business financial condition and prospects.
- Certain directors and officers of the Company are, or may become, associated with other natural resource companies which may give rise to conflicts of interest.

- The market price for the Company's shares may be volatile and subject to wide fluctuations in response to numerous factors beyond its control, and the Company may be subject to securities litigation as a result.
- If securities or analysts, industry analysts or activist short sellers publish research or other reports about the Company 's business, prospects or value, which questions or downgrades the value of the Company, the price of the Common Shares could decline.
- The Company will have broad discretion over the use of the net proceeds from offerings of its securities.
- There is no guarantee that the Common Shares will earn any positive return in the short term or long term.
- The Company has a major shareholder which owns 44.5% of the outstanding Common Shares and, as such, for as long as such shareholder directly or indirectly maintains a significant interest in the Company, it may be in a position to affect the Company's governance, operations and the market price of the Common Shares.
- As the Company is a Canadian corporation but many of its directors and officers are not citizens or residents of Canada or the U.S., it may be difficult or impossible for an investor to enforce judgements against the Company and its directors and officers outside of Canada and the U.S. which may have been obtained in Canadian or U.S. courts or initiate court action outside Canada or the U.S. against the Company and its directors and officers in respect of an alleged breach of securities laws or otherwise. Similarly, it may be difficult for U.S. shareholders to effect service on the Company to realize on judgments obtained in the United States.
- The Company is governed by the Canada Business Corporations Act and by the securities laws of the province of Ontario, which in some cases have a different effect on shareholders than U.S. corporate laws and U.S. securities laws.
- The Company is subject to risks associated with its information technology systems and cyber-security.
- The Company may be a Passive Foreign Investment Company, which may result in adverse U.S. federal income tax consequences for U.S. holders of Common Shares.

Readers are cautioned that the foregoing lists of assumptions and risks are not exhaustive. The Forward-Looking Information contained in this MD&A is expressly qualified by these cautionary statements. All Forward-Looking Information in this MD&A speaks as of the date of this MD&A. The Company does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of new information, future events, or otherwise, except as required by applicable securities law. Additional information about these assumptions, risks, and uncertainties is contained in the Company's filings with securities regulators, including the Company's most recent annual and interim MD&A and annual information form, which are available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING MINERAL RESERVE & MINERAL RESOURCE ESTIMATES

Technical disclosure regarding the Company's properties included in this document has not been prepared in accordance with the requirements of U.S. securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and estimates are made in accordance with NI 43-101. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the CIM Definition Standards.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the SEC generally applicable to U.S. companies. Accordingly, information contained in this MD&A is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

Exhibit 99.3



SIGMA LITHIUM CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022
AND 2021 (RESTATED)
(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Sigma Lithium Corporation (the "Company") are the responsibility of management and have been approved by the Company's Board of Directors (the "Board").

The consolidated financial statements have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not exact since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board , and all of its members are independent directors. The Audit Committee meets at least four times a year with management, and with the external auditors at least for the year-end audit, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the consolidated financial statements and the external auditor's reports. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

"Ana Cabral Gardner"
Co-Chairperson and Chief Executive Officer

"Rodrigo Nazareth Menck"
Chief Financial Officer

June 12, 2023

KPMG LLP
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333 Bay Street
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Sigma Lithium Corporation:

Opinion on the Consolidated *Financial Statements*

We have audited the accompanying consolidated statements of financial position of Sigma Lithium Corporation (the Company) as of December 31, 2022, and 2021, the related consolidated statements of net loss and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and 2021, and its financial performance and its cash flows for each of the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 12, 2023 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Correction of a Misstatement

As discussed in Note 2 to the consolidated financial statements, the financial statements for the year ended December 31, 2021, have been restated to correct a misstatement.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for RSU stock-based compensation awards

As discussed in Note 4(k) to the consolidated financial statements, under the Company's equity incentive plan, selected participants are granted restricted share units ("RSUs"). RSUs are measured at fair value on the grant date. RSU awards that are subject to market-based conditions consider the market-based condition in the valuation on the grant date using a Monte Carlo simulation model. For RSUs that are subject to performance-based conditions, vesting of the awards depends on meeting certain performance-based milestones. At each reporting date, the Company considers whether achievement of a milestone is probable and, if so, records compensation expense based on the portion of the service period elapsed to date with respect to that milestone, with a cumulative catch-up, net of estimated forfeitures. The Company will recognize remaining compensation expense with respect to a milestone, if any, over the remaining estimated service period. As discussed in Note 22, during the year ended December 31, 2022, the Company recorded $121,040 thousand in relation to RSUs in stock-based compensation.

We identified accounting for RSU stock-based compensation awards as a critical audit matter. Analyzing the Company's accounting for RSU stock-based compensation required significant auditor effort to assess the completeness of RSU awards. Complex auditor judgment was required due to the number and variety of non-market performance and market-based conditions, the use of a Monte Carlo simulation model to value the RSUs with market-based conditions, and the subjectivity of assumptions used to value RSU awards, including when grant date was achieved and the expected date of achievement for non-market performance conditions.

The following are the primary procedures we performed to address this critical audit matter. We assessed the completeness of the awards granted by agreeing the RSU terms to the underlying contracts, Board of Director and/or Compensation Committee meeting minutes and by obtaining confirmation of awards directly from certain employees and service providers. We evaluated the expected date of achievement of non-market performance conditions used to estimate the vesting period of each award granted by comparing to the Company's future operating and development plans. We evaluated management's accounting conclusions with respect to the determination of the grant date of the RSUs by comparing against the date of approval by the Board of Directors and/or Compensation Committee. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating:

- the Monte Carlo simulation model utilized in management's estimate of the fair value for market-based awards; and

- the determination of the fair value of the market-based awards by developing an independent expectation.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2018.

Toronto, Canada
June 12, 2023

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Sigma Lithium Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Sigma Lithium Corporation's (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2022 and 2021, the related consolidated statements of net loss and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes (collectively, the consolidated financial statements), and our report dated June 12, 2023 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the following have been identified and included in management's assessment.

- An ineffective control environment resulting from failure to disseminate a translated Code of Ethics and relevant training, an insufficient number of trained financial reporting and accounting personnel with the appropriate skills and knowledge and with appropriate assigned authorities, responsibilities and accountability related to the design, implementation and operating effectiveness of financial reporting, insufficient board oversight over the development and performance of internal controls;

- The insufficient number of personnel described above contributed to an ineffective risk assessment process necessary to identify all relevant risks of material misstatement, including fraud risks, and to evaluate changes that could impact the system of quality control and the implications of relevant risks on the achievement of objectives, including financial reporting objectives;

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- An ineffective internal and external information and communication process to ensure the relevance, timeliness and quality of information used in control activities, particularly with respect to documentation of activities and internal communication between Legal and Accounting for new employment (and consulting) contracts entered by the Company and communication of the whistleblower policy;

- An ineffective monitoring process to ensure controls are periodically evaluated, results of testing are communicated to senior management and the board of directors, and the control deficiencies are tracked for remediation on a timely basis; and

- Ineffective control activities due to the (i) failure to deploy general control activities over information technology (ii) failure to document policies and procedures and (iii) failure to document control activities to mitigate risks.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Internal Control over Financial Reporting" found in Management's Discussion and Analysis. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
June 12, 2023

Sigma Lithium Corporation
Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

December 31,	2022	2021 (Restated note 2)
ASSET		
Current assets		
Cash and cash equivalents (note 5)	$ 96,354	$ 154,305
Due from related party (note 12)	4,881	—
Prepaid expenses and other assets (note 6)	13,259	809
Total current assets	114,494	155,114
Non-current assets		
Prepaid expenses and other assets (note 6)	204	92
Property, plant and equipment (note 7)	158,574	32,684
Exploration and evaluation assets (note 8)	35,636	7,771
Total assets	$ 308,908	$ 195,661
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 26,243	$ 3,554
Payroll and other taxes	3,479	439
Note payable (note 10)	—	270
Lease liabilities (note 11)	680	376
Royalty agreement call option (note 7(c))	5,081	—
Accrued liabilities	1,959	6
Total current liabilities	37,442	4,645
Non-current liabilities		
Export prepayment agreement (note 13)	77,438	—
Deferred revenue (note 9)	—	4,007
Lease liabilities (note 11)	2,989	1,945
Asset retirement obligations (note 14)	6,547	162
Other liabilities	1,386	—
Total non-current liabilities	88,360	6,114
Total liabilities	125,802	10,759
Shareholders' equity		
Share capital (note 15)	276,711	224,820
Contributed surplus	103,936	30,881
Accumulated other comprehensive loss	(3,030)	(3,498)
Accumulated deficit	(194,511)	(67,301)
Total shareholders' equity	183,106	184,902
Total liabilities and shareholders' equity	$ 308,908	$ 195,661

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Basis of preparation (note 3)
Related parties (notes 6,10,11, and 12)
Subsequent Events (notes 7, 13 and 27)

Approved on behalf of the Board:

(Signed) Ana Cabral Gardner , Director

(Signed) Gary Litwack , Director

Sigma Lithium Corporation
Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in thousands of Canadian dollars, except for number of shares and per share amounts)

Year ended December 31,	2022	2021 (Restated note 2)
Operating expenses		
General and administrative expenses (note 20)	$ (16,504)	$ (5,600)
Stock-based compensation (note 22)	(111,580)	(26,389)
Financial income (expenses) (note 21)	6,916	(2,028)
Loss on heads of agreement termination (note 9)	(1,048)	—
Royalty agreement call option (note 7(c))	(4,892)	—
Depreciation	(102)	(58)
Net loss for the period	(127,210)	(34,075)
Other comprehensive loss		
Amounts that may be reclassified subsequently to profit and loss		
Cumulative translation adjustment	468	(640)
Net loss and comprehensive loss for the period	$ (126,742)	$ (34,715)
Loss per common share		
Equity holders of the Company		
Basic and diluted net loss per common share (note 16)	$ (1.26)	$ (0.39)
Weighted average number of common shares outstanding - basic and diluted	101,017,241	86,586,505

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Sigma Lithium Corporation
Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

Years ended December 31,	2022	2021 (Restated note 2)
Operating activities		
Net loss for the period	$ (127,210)	$ (34,075)
Adjustments for:		
Depreciation	102	58
Stock-based compensation	111,580	26,389
Interest expense	344	382
Realized foreign exchange loss (gain) on notes payable	41	(113)
Loss on heads of agreement termination (note 9)	1,048	—
Settlement of heads of agreement termination (Mitsui) (note 9)	(5,055)	—
Foreign exchange (gain) loss	(6,879)	1,646
Accrual for contingencies (note 20)	388	—
Royalty agreement call option (note 9)	4,892	—
Changes in non-cash working capital items:		
Prepaid expenses and other assets	(12,412)	(287)
Accounts payable and accrued liabilities	24,683	1,601
Payroll and other taxes	3,035	171
Net cash used in operating activities	(5,443)	(4,228)
Investing activities		
Addition to exploration and evaluation assets	(14,092)	(9,594)
Purchase of property, plant and equipment	(113,556)	(8,754)
Due from related party (note 12)	(4,881)	—
Net cash used in investing activities	(132,529)	(18,348)
Financing activities		
Proceeds from warrants exercised (note 17)	2,345	132
Proceeds from export prepayment agreement	78,367	—
Proceeds from stock options exercised	89	—
Repayment of revolving credit facility	—	(2,756)
Repayment of note payable (note 10)	(326)	(1,876)
Lease payments (note 11)	(688)	(319)
Proceeds received from issuance of common shares (note 15)	—	169,686
Net cash provided by financing activities	79,787	164,867
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	234	(1,529)
Net (decrease) increase in cash and cash equivalents	(57,951)	140,762
Cash and cash equivalents, beginning of period	154,305	13,543
Cash and cash equivalents, end of period	$ 96,354	$ 154,305

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Sigma Lithium Corporation
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars, except per share amounts, and the number of shares, unless otherwise indicated)

	Number of common shares	Share capital	Contributed Surplus	Accumulated other comprehensive Loss	Deficit	Total
Balance, December 31, 2020	**77,782,757**	**$ 53,911**	**$ 3,931**	**$ (2,858)**	**$ (33,226)**	**$ 21,758**
Private placement (note 15)	21,179,592	178,701	—	—	—	178,701
Share issue costs (note 15)	—	(9,015)	—	—	—	(9,015)
Agent warrants issued (note 17)	—	(873)	873	—	—	—
Exercise of RSUs (note 22)	385,000	1,917	(1,917)	—	—	—
Proceeds from warrants exercised (note 17)	30,000	179	(47)	—	—	132
Stock-based compensation (notes 22)	—	—	28,041	—	—	28,041
Net loss for the period	—	—	—	—	(34,075)	(34,075)
Other comprehensive loss for the period	—	—	—	(640)	—	(640)
Balance, December 31, 2021 (Restated note 2)	**99,377,349**	**$ 224,820**	**$ 30,881**	**$ (3,498)**	**$ (67,301)**	**$ 184,902**
Exercise of warrants (note 17)	532,860	3,218	(873)	—	—	2,345
Exercise of RSUs (note 22)	4,759,833	48,504	(48,504)	—	—	—
Stock-based compensation (notes 22 and 26)	—	—	122,512	—	—	122,512
Exercise of stock options (note 26)	40,000	169	(80)	—	—	89
Net loss for the period	—	—	—	—	(127,210)	(127,310)
Other comprehensive income for the period	—	—	—	468	—	468
Balance, December 31, 2022	**104,710,042**	**$ 276,711**	**$ 103,936**	**$ (3,030)**	**$(194,511)**	**$ 183,106**

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Nature of operations

Sigma Lithium Corporation (the "Company") is a company responsible for mineral development, incorporated under the *Canada Business Corporations Act*. The Company's common shares trade on the Nasdaq Capital Market ("Nasdaq") under the symbol "SGML" and on the TSX Venture Exchange (the "TSXV"). The head office of the Company is at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6E 3E8.

These consolidated financial statements are presented in Canadian dollars and include the Company's wholly-owned subsidiary Sigma Lithium Holdings Inc. ("Sigma Holdings"), which is domiciled in Canada and incorporated under the Business Corporations Act (British Columbia), and its indirect wholly-owned Brazil-incorporated subsidiary Sigma Mineração S.A. ("Sigma Brazil").

Sigma Brazil holds a 100% interest in four mineral properties: Grota do Cirilo, São Jose, Santa Clara and Genipapo, located in the municipalities of Araçuaí and Itinga, in the Vale do Jequitinhonha region in the State of Minas Gerais, Brazil (together, the "Lithium Properties").

2. Restatement

During the fourth quarter of 2022, the Company, while reviewing the calculation of lease contracts, identified several lease agreements which were not previously accounted for under IFRS 16 as they were previously accounting for as operating leases, whereby the Company either expensed the associated lease payments in the consolidated statement of loss and comprehensive loss or capitalized the associated lease payments to property, plant and equipment or exploration and evaluation assets on the consolidated statement of financial position. The Company has restated the comparative financial statements to account for the leases, recognizing the right-of-use assets and the lease liabilities.

The impact of the restatement on the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended December 31, 2021 are as follows:

	Consolidated Statement of Financial Position as at December 31, 2021		
	As previously reported	Adjustments	As Restated
Property, plant and equipment	30,689	1,995	32,684
Exploration and evaluation assets	7,884	(113)	7,771
Total assets	**193,779**	**1,882**	**195,661**
Lease liabilities (current liabilities)	28	348	376
Accrued liabilities	39	(33)	6
Lease liabilities (non-current liabilities)	217	1,728	1,945
Total liabilities	**8,716**	**2,043**	**10,759**
Accumulated other comprehensive loss	(3,519)	21	(3,498)
Accumulated deficit	(67,119)	(182)	(67,301)
Total shareholders' equity	**185,063**	**(161)**	**184,902**
Total liabilities and shareholders' equity	**$ 193,779**	**$ 1,882**	**$ 195,661**

2. Restatement (continued)

	Consolidated Statement of Net Loss and Comprehensive Loss for the year ended December 31, 2021		
	As previously reported	Adjustments	As Restated
Financial income (expenses)	(1,871)	(182)	(2,053)
Net loss for the period	**(33,893)**	**(182)**	**(34,075)**
Cumulative translation adjustment	(661)	21	(640)
Net loss and comprehensive loss for the period	**$ (34,554)**	**$ (161)**	**$ (34,715)**
Loss per common share			
Basic and diluted net loss per common share	(0.39)	—	(0.39)

	Consolidated Statement of Cash Flows for the year ended December 31, 2021		
	As previously reported	Adjustments	As Restated
Net loss for the period	(33,893)	(182)	(34,075)
Interest expense	200	182	382
Amounts payable and accrued liabilities	1,568	33	1,601
Net cash used in operating activities	**(4,261)**	**33**	**(4,228)**
Addition to exploration and evaluation assets	(9,707)	113	(9,594)
Purchase of property, plant and equipment	(8,894)	140	(8,754)
Net cash used in investing activities	**(18,601)**	**253**	**(18,348)**
Lease payments	(33)	(286)	(319)
Net cash provided by financing activities	165,153	(286)	164,867
Cash and cash equivalents, end of period	**$ 154,305**	**$ —**	**$ 154,305**

	Consolidated Statement of Changes in Shareholders' Equity as at December 31, 2021		
	As previously reported	Adjustments	As Restated
Accumulated other comprehensive loss	(3,519)	21	(3,498)
Deficit	(67,119)	(182)	(67,301)
Total	**$ 185,063**	**$ (161)**	**$ 184,902**

3. Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars except when otherwise indicated. They have been prepared on a going concern basis on the assumption that the Company will continue to operate for the next 12 months and foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

4. Significant accounting policies

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective for the Company's reporting for the year ended December 31, 2022. The Company's Board of Directors (the "Board") approved these consolidated financial statements on June 12, 2023.

b. Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis.

c. Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company, Sigma Holdings (which is 100% owned by the Company) and Sigma Brazil (which is 100% owned by Sigma Holdings).

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of net loss and comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Foreign currencies

The functional currency of the Company and of Sigma Holdings is the Canadian Dollar and is the Brazilian Reais for Sigma Brazil. The Canadian Dollar is the presentation currency of these consolidated financial statements.

Transactions in currencies other than the functional currency of an entity are recorded at exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on the translation of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of net loss and comprehensive loss. Non-monetary items that are measured at historical cost are translated using the exchange rates at the date of the transaction.

The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each income statement are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive loss.

4. Significant accounting policies (continued)

(e) Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-offs occur when the Company has no reasonable expectations of recovering the contractual cash flows of a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive loss (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive loss (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

a. amortized cost.
b. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required; or,
c. FVTOCI, when the change in fair value is attributable to changes in the Company ’s credit risk.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as amortized cost are included in the fair value of the instrument on initial recognition.

Transaction costs for financial assets and financial liabilities classified as fair value through profit or loss are expensed in profit or loss.

The Company’s financial assets consist of cash and cash equivalents and other receivables, including amounts due from related party, which are classified as amortized cost. The Company’s financial liabilities consist of accounts payable, accrued liabilities, other liabilities, revolving credit facility, export prepayment agreement and note payable, which are classified and subsequently measured at amortized cost using the effective interest method.

4. Significant accounting policies (continued)

(e) Financial instruments (continued)

Classification and Measurement (continued)

All financial instruments recognized at fair value in the consolidated statement of financial position are classified into one of three levels in the fair value hierarchy as follows:

Level 1 – Valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 – Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation techniques with significant unobservable market inputs.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash in banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(g) Exploration and evaluation expenditures

The Company capitalizes all costs relating to the acquisition and exploration of mineral rights. Such costs include, among others, geological, geophysical studies, exploratory drilling and sampling, feasibility studies and technical reports. The carrying value of the Company's exploration and evaluation assets is assessed for impairment when indicators of such impairment exist. Indicators may include the loss of the right to explore in the area; the Company deciding not to continue exploring or incurring substantial additional expenditures on the project; or it being determined that the carrying amount of the project is unlikely to be recovered by its development or sale. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any.

The Company capitalizes the depreciation of lease contracts on certain properties in order to explore and evaluate the mineral properties as part of the exploration and evaluation expenditures.

4. Significant accounting policies (continued)

(h) Impairment of non-financial assets

The Company assesses for impairment at each reporting date as to whether there is any indication of impairment or reversal of impairment. If any such indication exists, the Company makes an estimate of the recoverable amount.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, impairment is considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or other group of assets.

The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to the consolidated statement of net loss and comprehensive loss so as to reduce the carrying amount to its recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of net loss and comprehensive loss.

(i) Property, plant and equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Percentage	Method
Vehicle	20%	Straight line
Building	4%	Straight line
Fixtures	10%	Straight line
Machinery	10%	Straight line
Furniture	10%	Straight line

An asset's residual value, useful life and depreciation method are reviewed, and adjusted prospectively if appropriate, on an annual basis.

4. Significant accounting policies (continued)

(i) Property, plant and equipment (continued)

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on a disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statements of net loss and comprehensive loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Assets under construction

Assets under construction are capitalized as work-in-progress until the asset is available for use. The cost of work-in- progress includes cost transferred from Exploration and Evaluation assets and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs are capitalized until the asset is in a location and condition necessary for operation as intended by management. These costs include: the purchase price, installation costs, site preparation costs, survey costs, freight charges, transportation insurance costs, duties, testing and preparation charges and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Costs incurred on mineral properties in the development stage are included in the carrying amount of the development project in assets under construction. Development stage expenditures are costs incurred to obtain access to proven and probable mineral reserves or mineral resources and provide facilities extracting, treating, gathering, transporting, and storing the minerals. All expenditures incurred during the development stage until the asset is ready for its intended use is capitalized.

The Company capitalizes the depreciation of assets utilized in the construction as part of the property, plant and equipment (note 7).

Assets under construction are not depreciated. When an asset becomes available for use, its costs are transferred from assets under construction into the appropriate asset classification such as mineral properties, buildings, machinery, fixture, and plant. Depreciation commences once the asset is complete and available for use.

(j) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

4. Significant accounting policies (continued)

(k) Share-based payment transactions

Under the Company's equity incentive plan (the "Equity Incentive Plan"), selected participants are granted stock options ("Options") and/or restricted share units ("RSUs"). Each RSU represents the right to receive one common share upon completion of any applicable restricted period (vesting). RSUs are measured at fair value on the grant date. Such equity-settled share-based payment transactions are not remeasured after the grant date's fair value has been determined. The RSU compensation expense is recognized on a straight-line basis over the vesting period using a graded amortization schedule, with a corresponding charge to contributed surplus or capitalized as part of the cost of property, plant and equipment or exploration and evaluation assets for those who are working directly on the project.

Compensation expense for RSUs incorporates an estimate for expected forfeiture rates based on historical forfeitures.

The fair value of share-based payments related to options is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of shares issuable in respect of options that are expected to vest.

Share-based payments that are subject to market-based conditions consider the market-based condition in the valuation on the grant date using a Monte Carlo simulation model. Compensation expense is not adjusted if the market condition is not met, so long as the requisite service is provided. Compensation expense is recognized over the vesting period which is based on the estimated date when the market-based condition will be achieved.

For share-based payments that are subject to performance-based conditions, vesting of the awards depends on meeting certain performance-based milestones. At each reporting date, the Company considers whether achievement of a milestone is probable and, if so, records compensation expense based on the portion of the service period elapsed to date with respect to that milestone, with a cumulative catch-up, net of estimated forfeitures. The Company will recognize remaining compensation expense with respect to a milestone, if any, over the remaining estimated service period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration are identified but cannot be reliably measured, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods and services received.

(l) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

4. Significant accounting policies (continued)

(l) Income taxes (continued)

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future where the timing of the reversal of the temporary differences can be controlled by the parent. In addition, deferred tax is not recognized for temporary differences arising on the initial recognition of goodwill which is not deductible for tax purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, a deferred tax asset is not recognized.

(m) Asset retirement obligations

Mining processing activities normally give rise to legal or constructive obligations for environmental rehabilitation and the decommissioning of facilities. These activities can include, among others, removal or treatment of waste materials and land rehabilitation, according to environmental regulations. The extent of costs associated with the retirement of assets are based on the requirements of authorities and environmental policies.

The provision reflects the risks and probability of future cash flows required to settle the obligation. The expected rehabilitation costs are estimated based on the cost of external contractors performing the work. This provision is updated each reporting period for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added or deducted from the related asset and depreciated over the expected economic life of the operation to which it relates. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in property, plant and equipment and depreciated over the expected economic life of the operation to which it relates.

(n) Leases and right-of-use assets (note 2)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, except for:

- Leases of low value assets;
- Leases with a duration of twelve months or less; and
- Leases to explore for minerals, oil, natural gas, or similar non-regenerative resources.

A right-of-use “ROU” asset and lease liability is recognized at the lease commencement date.

4. Significant accounting policies (continued)

(n) Leases and right-of-use assets (note 2) (continued)

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, including periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Company presents ROU assets within property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the implicit interest rate in the lease. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability. If the interest rate cannot be readily determined, the Company's incremental interest rate of borrowing is used. The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

4. Significant accounting policies (continued)

(o) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential issuances of common shares.

(p) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgments:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

Valuation of share-based payment transactions

The valuation of the Company's share-based payment transactions requires the use of estimates and valuation techniques. Measurement of the Company's RSUs that contain market-based conditions is based on a Monte Carlo pricing model which uses various inputs and assumptions. Changes in these assumptions result in changes in the fair value of these instruments and a corresponding change in the amount recognized in profit or loss. Judgment is also required in determining grant date and in estimating when non-market performance conditions are expected to be met.

Mineral reserves and mineral resources

Proven and probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Company estimates its proven and probable mineral reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as estimates of commodity prices, foreign exchange rates, future capital requirements and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral ore body. Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of the property, plant and equipment, asset retirement obligations, recognition of deferred tax amounts and depreciation, depletion, and amortization.

4. Significant accounting policies (continued)

Critical accounting estimates and judgments: (continued)

Depreciation and amortization

Mobile and other equipment is generally depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment but does not exceed the estimated life of mine based on proven and probable reserves. Changes in estimates can be the result of actual future production differing from current forecasts of future production and/or expansion of mineral reserves through exploration activities.

Valuation of long-lived assets

The assessment of fair values, including those of the CGUs for purposes of testing long-lived assets for potential impairment or reversal of impairment, require the use of assumptions and estimates for recoverable production, future capital requirements and operating performance, as contained in the Company's technical reports, as well as future and long-term commodity prices, discount rates, and foreign exchange rates. Changes in any of the assumptions or estimates used in determining the fair value of long-lived assets could impact the impairment analysis.

Provision for restoration, rehabilitation, and environmental remediation

The Company assesses its provision for restoration, rehabilitation, and environmental remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting or restoration, rehabilitation, and environmental remediation obligations requires management to make estimates of the future costs the Company will incur to complete the restoration, rehabilitation, and environmental remediation work required to comply with existing laws and regulations at each mining operation. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration, rehabilitation, and environmental remediation work required to be performed by the Company. Increase in future costs could materially impact the amounts charged to operations for restoration, rehabilitation, and environmental remediation. The provision represents management's best estimate of the present value of the future restoration, rehabilitation, and environmental remediation obligation. The actual future expenditures may differ from the amounts currently provided.

4. Significant accounting policies (continued)

Critical accounting estimates and judgments: (continued)

(q) New standard and interpretations adopted by the Company

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment ("IAS 16"), to prohibit the crediting to property, plant and equipment of amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and related costs must be recognized in profit or loss. The amendment requires companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The Company adopted the revision to IAS 16 when it became effective on January 1, 2022 with no impact on its historical accounting.

(r) New standard and interpretations not yet adopted by the Company

Standards	Description	Effective on
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The amendments establish requirements for the classification of a liability as current or non-current. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.	January 1, 2024, retrospective application.
Definition of Accounting Estimates – Amendments to IAS 8	According to the amendments to IAS 8, the definition of "change in accounting estimate" no longer exists. Instead, a definition was established for the term "accounting estimates": monetary values in the consolidated financial statements that are subject to measurement uncertainty. The amendments are not expected to have a material impact on the Company's consolidated financial statements.	January 1, 2023, prospective application

5. Cash and cash equivalents

Cash and cash equivalents include the following:

December 31,	2022	2021
Cash	$ 39,546	$ 154,305
Finance investments[(a)]	56,808	—
Cash and cash equivalents		
	$ 96,354	**$ 154,305**

[(a)] Finance investments refers to a fixed income investment indexed to the Brazilian interbank deposit certificate "CDI" with immediate liquidity.

6. Prepaid expenses and other assets

Prepaid expenses and other assets include the following:

December 31,	2022	2021
Current		
Prepaid interest [(a)]	**$ 9,614**	**$ —**
Prepaid insurance	**3,214**	**330**
Sales tax receivable	**419**	**468**
Prepaid land lease and advance (note 12)	**12**	**11**
Total Current	**13,259**	**809**
Non-current		
Prepaid land lease and advance (note 12)	**204**	**92**
Total prepaid expenses and other assets	**$ 13,463**	**$ 901**

Relates to 12 months of interest which has been paid in advance on the export prepayment agreement as described in note 13.

7. Property, plant and equipment

Cost	Assets Under Construction (a)	Right-of-use assets	Pilot plant	Other assets	Total
Balance, January 1, 2021	**$ —**	**$ 293**	**$ 215**	**$ 371**	**$ 879**
Additions (note 2)	8,803	2,225	—	33	11,061
Transfers (note 8)	22,071	—	—	—	22,071
Asset retirement cost	162	—	—	—	162
Cumulative translation adjustment	(985)	(60)	(31)	(25)	(1,101)
Balance, December 31, 2021 (restated note 2)	**$ 30,051**	**$ 2,458**	**$ 184**	**$ 379**	**$ 33,072**
Additions	118,187	1,416	—	111	119,714
Asset retirement cost	2,652	—	—	—	2,652
Write-off	—	—	(202)	—	(202)
Cumulative translation adjustment	3,878	314	18	48	4,258
Balance, December 31, 2022	**$ 154,768**	**$ 4,188**	**$ —**	**$ 538**	**$ 159,494**

Accumulated Depreciation/Amortization	Assets Under Construction	Right-of-use assets	Pilot plant	Other assets	Total
Balance, January 1, 2021	**$ —**	**$ 59**	**$ 33**	**$ 102**	**$ 194**
Depreciation	—	164	19	38	221
Cumulative translation adjustment	—	(17)	(3)	(7)	(27)
Balance, December 31, 2021 (restated note 2)	**$ —**	**$ 206**	**$ 49**	**$ 133**	**$ 388**
Depreciation	—	483	20	49	552
Write-off	—	—	(75)	—	(75)
Cumulative translation adjustment	—	33	6	16	56
Balance, December 31, 2022	**$ —**	**$ 722**	**$ —**	**$ 198**	**$ 920**

Net Book Value	Assets Under Construction	Right-of-use assets	Pilot plant	Other assets	Total
Balance, December 31, 2021 (restated note 2)	**$ 30,051**	**$ 2,252**	**$ 135**	**$ 246**	**$ 32,684**
Balance, December 31, 2022	**$ 154,768**	**$ 3,466**	**$ —**	**$ 340**	**$ 158,574**

a. Capitalized stock-based compensation

The assets under construction include $2,404 capitalized related to RSUs during the year ended December 31, 2022 (year ended December 31, 2021 - $nil).

b. Assets Under Construction

During the year ended December 31, 2021, the project´s Xuxa Mine transitioned from the exploration and evaluation stage (under IFRS 6) to the development stage and, as a result, $22,071 of exploration and evaluation expenditures were transferred from exploration and evaluation assets to property, plant and equipment.

7. Property, plant and equipment (continued)

c. Royalty

The Company is subject to the following third-party royalties:

i. 2.0% Compensação Financeira pela Exploração de Recursos Minerais (CFEM), a royalty on mineral production levied by the Brazilian government, payable on the gross revenue from sales of minerals extracted from the Lithium Properties.

ii. The Amilcar Royalty Agreement is a royalty of the gross revenues from sales of minerals extracted from the Lithium Properties, less all taxes and costs incurred in the process of extraction, production, processing, treatment, transportation, and commercialization of the products sold ("Net Revenues"). Sigma Brazil has the option to repurchase the Amilcar Royalty Agreement, exercisable at any time, for US $3,800. The holder (currently Amilcar de Melo Afgouni ("Amilcar")) has the option to require the repurchase of the Amilcar Royalty Agreement for the same price, exercisable: (i) if Sigma Brazil enters into commercial production and reaches production of 40,000 tonnes of lithium concentrate per year; or (ii) if the original controlling group of Sigma Holdings ceases to have an indirect interest of at least 30% in Sigma Brazil on a fully diluted basis.

   Due to the advancement of the Company's project and significant spend as well as assessed likelihood of reaching production and exercising the option, the Company recognized the fair value of the royalty agreement call option of US$3,800 as at June 30, 2022. As a result, the Company recorded a current liability in the consolidated statement of financial position and an expense in the consolidated statement of net loss and comprehensive loss, in the amount of US$3,800 ($4,892). As of December 31, 2022, the current liability related to the royalty agreement call option was $5,081.

   The Company exercised the Amilcar Royalty Agreement call option on April 13, 2023.

iii. A royalty (currently held by LRC LP I, an unrelated party) of 1% of Net Revenues from sales of minerals extracted from the Lithium Properties.

8. Exploration and evaluation assets

A summary of exploration costs is set out below:

	December 31, 2022	December 31, 2021 (Restated - note 2)
Opening balance	**$ 7,771**	**$ 18,354**
Additions [(a)]	**23,220**	**11,413**
Asset Retirement Cost (note 14)	**3,670**	**—**
Transfer to property, plant and equipment (note 7)	**—**	**(22,071)**
Cumulative translation adjustment	**975**	**75**
Closing balance	**$ 35,636**	**$ 7,771**

(a) The additions include $8,528 related to RSUs during the year ended December 31, 2022 (year ended December 31, 2021 - $1,653).

9. Deferred revenue

On August 22, 2022, the Company paid US$ 3,900 ($5,055) to Mitsui & Co Ltd ("Mitsui") to terminate the binding heads of agreement, originally signed with Mitsui. The termination cost of $1,048 was recorded in the consolidated statement of net loss and comprehensive loss.

The binding heads of agreement under which Mitsui would prepay the Company US$ 30 million towards the purchase of 80,000 tonnes of battery grade lithium concentrate annually (the "Mitsui Pre-Payment") was signed on March 26, 2019 and had a single and initial deposit payment of US$3,000 ($4,007) to the Company on April 4, 2019.

10. Note payable

In December 2017, Sigma Holdings acquired the 11% interest in Sigma Brazil that it did not previously own from Arqueana Empreendimentos e Participações S.A. ("Arqueana"), a related party (note 12), for R$20,200 ($7,650). The price of the acquisition was denominated in Brazilian Reais and accrued interest in Brazilian Reais according to the monthly variation of the CDI (the Brazilian Interbank rate) from December 11, 2017 to the due date of their respective payments. Interest on overdue payments accrued at 1% per month plus a 10% penalty.

	2022	2021
Opening balance as of December 31,	**$ 270**	**$ 2,204**
Accretion (adjustment to present value)	—	37
Interest	15	18
Unrealized foreign exchange (gain)/loss	41	(113)
Repayment of interest	(63)	(274)
Principal repayment	(263)	(1,602)
Closing balance as of December 31,	**$ —**	**$ 270**

11. Lease liabilities

The lease liabilities are primarily related to land leases of surface properties owned by Miazga Participações S.A., ("Miazga"), a related party and Arqueana, a related party, (note 12) with the remaining land, apartments and houses, commercial rooms and vehicle leases with third parties.

The lease agreements have terms between 1 year to 12 years and the liability was measured at the present value of the lease payments discounted using interest rates with a weighted average rate of 8.37% (2021: 7.73%) which was determined to be the Company's incremental borrowing rate. The continuity of the lease liabilities are presented in the table below:

	(Restated note 2)
Lease liabilities at January 1, 2021	**$ 252**
Additions	**2,252**
Interest expense	**182**
Lease payments	**(319)**
Cumulative translation adjustment	**(46)**
Lease liabilities at December 31, 2021	**2,321**
Additions	**1,415**
Interest expense	**329**
Lease payments	**(688)**
Cumulative translation adjustment	**292**
Lease liabilities at December 31, 2022	**$ 3,669**
As of December 31, 2022	
Lease obligations	**$ 3,669**
Less current portion	**680**
Non-current portion	**$ 2,989**

Maturity analysis – contractual undiscounted cash flows

As at December 31, 2022	
Less than one year	**715**
Year 2	**671**
Year 3	**609**
Year 4	**609**
Year 5	**609**
More than 5 years	**2,094**
Total contractual undiscounted cash flows	**5,307**

12. Related party transactions

The Company's related parties include:

Related Party	Nature of relationship
A10 Group	A10 Group is composed of A10 Serviços Especializados de Avaliação de Empresas Ltda. ("A10 Advisory") and A10 Investimentos Ltda. ("A10 Investimentos"). The companies are controlled and indirectly controlled, respectively, by a director of the Company, Marcelo Paiva. The CEO, Ana Cabral-Gardner (Co-CEO on December 31, 2022), has a minority stake at A10 Advisory and A10 Investimentos.
Miazga	Miazga Participações S.A is a land administration company in which the CEO of the Company (Co-CEO on December 31, 2022), Ana Cabral-Gardner, and director of the Company, Calvyn Gardner, who was Co-CEO on December 31, 2022, have an indirect economic interest.
Arqueana	Arqueana Empreendimentos e Participações S.A. is a land administration company in which the CEO of the Company (Co-CEO on December 31, 2022), Ana Cabral-Gardner, and director of the Company, Calvyn Gardner, who was Co-CEO on December 31, 2022, have an indirect economic interest.
R-TEK	R-TEK Group Pty Ltd is a corporation in which the Chief Operating Officer of the Company, Brian Talbot, is a controlling shareholder.
Key management personnel	Includes the directors of the Company, executive management team and senior management at Sigma Brazil.

a. Transactions with related parties

The related party transactions are recorded at the exchange amount transacted as agreed between the Company and the related party. All the related party transactions have been reviewed and approved by the independent directors of the Company.

Cost sharing agreement ("CSA"): The Company has a CSA with A10 Advisory where A10 Advisory is reimbursed for secondment staff 100% allocated to the Company, including legal, financial and business development personnel and 50% of shared secretarial administrative personnel.

Leasing Agreements: The Company has right-of-way agreements with Miazga and Arqueana.

Note Payable: The Company fully repaid the amount of $326 to Arqueana in March 2022 (Note 10).

Loan Agreement: Sigma Brazil entered into a loan agreement dated September 21, 2022 with Miazga to fund Miazga's purchase of property located in the area of interest of the Grota do Cirilo Project (the "Property"). The loan agreement provides for the loan of an amount up to Brazilian Reais ("R$") $0.8 million ($0.2 million), which is the amount spent on the purchase of the Property.

The purchase agreement and the loan are divided into two installments, with the first installment being paid at December 31, 2022.

12. Related party transactions (continued)

a. Transactions with related parties (continued)

Independent Consultant Service Agreement: The Company entered into an independent consultant service agreement with R-TEK where R-TEK's principal, agreed to provide exclusively the roles, responsibilities and obligations equivalent of a Chief Operating Officer.

Commission fees: The Company had an agreement with A10 Advisory for acting as the financial advisor to locate equity investors in non-brokered private placements, conducted as part of a consortium of financial advisors. The Company paid finders' fee of 7% of the gross proceeds received from these investors (note 15).

Amounts due from related party: The Company paid for drilling services provided by a third-party that were performed on Arqueana's land. These amounts are unsecured and are non-interest bearing. Subsequent to December 31, 2022, the amounts were repaid (note 27).

b. Outstanding balances and expenses

Years ended December 31,	2022			2021 (restated -note 2)		
	Pre-payments/ Receivable	Accounts Payable/ Debt	Expenses/ Payments	Pre-payments	Accounts Payable/ Debt	Expenses/ Payments
	$	$	$	$	$	$
A10 Advisory						
CSA	—	—	122	—	—	189
Revolving credit facility	—	—	—	—	—	2,756
Commission fees (note 15 (b))	—	—	—	—	—	8,317
Warrants (note 15 (b))	—	—	—	—	—	827
Miazga						
Lease agreements (note 2)	—	42	7	—	38	50
Prepaid land lease offset	103	13	51	104	—	12
Loan agreement	113	—	—	—	—	—
Arqueana						
Lease agreements (note 2)	—	225	43	—	216	32
Due from related party	4,881	—	—	—	—	—
Note payable	—	—	326	—	270	1,934
R-TEK						
Services provision	—	242	1,142	—	—	—

12. Related party transactions (continued)

c. Key management personnel:

The compensation paid or payable to key management for employee services is shown below:

Years ended December 31,	2022	2021
	$	$
Stock-based compensation, included in operating expenses	95,398	20,872
Salaries, benefits and director's fees, included in general and administrative expenses	1,966	1,116
Severance costs	46	—
Salaries, benefits and stock-based compensation capitalized in property, plant and equipment and in exploration and evaluation assets	3	5
Total Compensation	**97,413**	**21,993**

Key management includes the directors of the Company, executive management team and senior management at Sigma Brazil.

13. Export Prepayment Agreement

On December 13, 2022, the Company, through Sigma Brazil, entered into an export prepayment agreement in the amount of USD $100 million ("Loan"), with annual interest payment based on the 12 month Bloomberg short-term bank yield index "BSBY" plus 6.95% per annum and maturing on December 13, 2026. On December 13, 2022, Sigma Brazil drew down USD $60 million. The balance of USD $40 million was disbursed in two subsequent draw downs of USD $20 million each, on February 28, 2023 and on March 16, 2023.

The Company paid $10,194 of interest in advance, an amount equal to twelve months of payable interest, and an upfront fee of $3,665. Such amount of interest in advance is an estimate for the 12-month period, and shall be compared with the actual monthly accrued interest throughout the period. Any difference between the two calculated interest amounts (estimate vs accrued), positive or negative, shall be settled on the first anniversary of the export prepayment agreement.

Beginning on November 18, 2023, principal repayments of the Loan are due 48 days after the end of the Company's first and third quarters ending March 31 and September 30, respectively. Repayments will be determined based on an amount equivalent to 50% of its net cash generated from operating activities plus net cash generated from investing activities for the prior 6 month period ended March 31 and September 30. Considering the Company's estimated 2023 production, using a spodumene price of US$3,200/ton, it is expected that the Company will not be required to repay the Loan in 2023, and, therefore, has been classified as a non-current liability as at December 31, 2022.

The Loan contains an embedded prepayment feature, whereby Sigma Brazil has to pay an early prepayment premium of 4% during the first year of the Loan, reducing proportionately from 4% to 1% after the first anniversary, finishing at 1% at the end of the fourth year. This fair value of this embedded derivative has been estimated at a nominal amount.

The Loan is secured by a first ranking interest in favor of Synergy Acquisitions Holding Ltd. ("Synergy") on Sigma Brazil's assets, rights, licenses, receivables, contracts (with flexibility to enter/terminate/amend offtake agreements) and a pledge of 100% of Sigma Lithium Holdings Inc's share interest in Sigma Brazil. The security will rank first in respect to all existing and future indebtedness of Sigma, except in relation to permitted indebtedness of up to US$100,000; and the pledge of equipment financed by Development Bank of Minas Gerais ("BDMG") in the amount of $3,084 (note 27).

13. Export Prepayment Agreement (continued)

Balance at January 1, 2022	**$ —**
Addition	**82,318**
Interest expense	**155**
Foreign exchange	**(416)**
Transactions costs	**(3,951)**
Cumulative translation adjustment	**(668)**
Balance at December 31, 2022	**$ 77,438**
As of December 31, 2022	
Loan obligations	**$ 77,438**
Non-Current portion	**$ 77,438**

14. Asset retirement obligation

The Company has estimated its asset retirement obligation to be $ 6,547 as at December 31, 2022 (December 31, 2021 - $162), representing the present value of estimated future rehabilitation costs to remediate disturbances at December 31, 2022. The estimate is based on estimated future rehabilitation costs of $10,928, a nominal discount rate of 12.6% (December 31, 2021 – 11.3%), an inflation rate of 6.3% (December 31, 2021 – 4.0%), resulting in a real discount rate of 6.3% (December 31, 2021 – 7.0%).

Of the $6,547 of asset retirement obligation, $2,877 relates to the Xuxa Mine which is classified within property, plant and equipment with the remaining $3,670 relating to the Barreiro mine classified within exploration and evaluation assets.

Asset retirement obligation, December 31, 2020	**—**
Additions	**$ 162**
Asset retirement obligation, December 31, 2021	**162**
Accretion	**18**
Additions	**6,243**
Cumulative translation adjustment	**124**
Asset retirement obligation, December 31, 2022	**$ 6,547**

15. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued by the Company:

	Common shares (#)	Amount
Balance, January 1, 2022	**99,377,349**	**$ 224,820**
Exercise of warrants (note 17)	532,860	3,218
Exercise of RSUs (note 22)	4,759,833	48,504
Exercise of stock options (note 26)	40,000	169
Balance, December 31, 2022	**104,710,042**	**$ 276,711**

15. Share capital (continued)

b) Common shares issued by the Company (continued):

	Common shares (#)	Amount
Balance, January 1, 2021	**77,782,757**	**$ 53,911**
Private placement [(1)(2)]	21,179,592	178,701
Cost of private placement [(1)(2)]	—	(9,015)
Agents warrants issued	—	(873)
Exercise of RSUs (note 22)	385,000	1,917
Exercise of warrants (note 17)	30,000	179
Balance, December 31, 2021	**99,377,349**	**$ 224,820**

(1) On February 12, 2021, the Company completed a non-brokered private placement of 9,545,455 common shares at a price of $4.40 per share for aggregate gross proceeds of $42 million. In connection with the offering, the Company paid aggregate placement agent fees of $2,620 and issued 562,860 Common Share purchase warrants having an exercise price of $4.40 per share and exercisable until February 12, 2022. In connection with this offering A10 Advisory,a related party (note 12) who was part of the Company's financial advisors engaged in such non-brokered private placement, received $2,345 of such placement agent fees and 532,860 of such common share purchase warrants.

(2) On December 23, 2021, the Company completed a non-brokered private placement of 11,634,137 common shares at a price of $11.75 per share for aggregate gross proceeds of $136.7 million. In connection with the offering, the Company paid placement agent fees of $5,972 to A10 Advisory,a related party (note 12), who was the Company's financial advisors engaged in such non-brokered private placement.

16. Net loss per common share

The basic and diluted net loss per common share for the year ended December 31, 2022 was $1.26 (year ended December 31, 2021: $0.39).

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $127,210 (year ended December 31, 2021 - loss of $34,075) and the weighted average number of common shares outstanding of 101,017,241 (year ended December 31, 2021 of 86,586,505). Diluted loss per share for each of the periods presented did not include the effect of RSU's, stock options and warrants as they are anti-dilutive.

17. Warrants

During the year ended December 31, 2022, warrants were exercised for proceeds of $ 2,345 (year ended December 31, 2021 - $132).

The following table shows the continuity of warrants during the year:

	Warrants	Weighted average Exercise price
Balance, December 31, 2020	**—**	**$ —**
Issued [1]	562,860	4.40
Exercised	(30,000)	(4.40)
Balance, December 31, 2021	**532,860**	**$ 4.40**
Exercised	(532,860)	(4.40)
Balance, December 31, 2022	**—**	**$ —**

[1] The fair value of the 562,860 Common Share purchase warrants of $ 873 was estimated using the Black-Scholes option pricing model calculation with the following inputs: the market price on valuation date of $4.40; expected dividend yield of 0%; expected volatility of 66.61% using the historical price history of the Company; risk-free interest rate of 0.17%; and an expected average life of one year.

18. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

The fair values of cash and cash equivalents, accounts payable, export prepayment agreement, due from related party and note payable approximate their carrying values due to the short term to maturity of these financial instruments.

a. Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. The Company's cash and cash equivalents are held with established institutions for which management believes the risk of loss to be remote.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity or debt funding.

18. Financial risk management (continued)

b. Liquidity risk (continued)

As of December 31, 2022, the carrying amount of financial liabilities, measured using the amortized cost method are described below. Their corresponding maturities are evidenced below:

Contractual obligations	one year	2-3 years	more than 3 years	Total
Accounts payable and accrued liabilities	$28,202	—	—	**$28,080**
Export prepayment agreement (Note 13)	—	81,389	—	**81,389**
Lease liabilities	680	722	2,267	**3,669**

c. Market risk

Market risk is the risk of loss that may arise from changes in market such as interest rates and foreign exchange rates.

i. Interest rate risk

The Company has cash and cash equivalents balances. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts.

The Company had debt instruments, as disclosed in note 10. The debt instruments on December 31, 2021, were exposed to interest as per the CDI (Brazilian Interbank rate).

Additionally, on December 13, 2022 the Company entered into an export prepayment agreement exposed to interest BSBY + 6.95%, as disclosed in note 13.

- Sensitivity to a plus or minus 10% change in the interest rate of the export prepayment agreement would affect the Company's consolidated statements of net loss and comprehensive loss by approximately $1,008.

ii. Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company also has significant balances in Brazilian Reais and United States dollars that are subject to foreign currency risk as follows:

18. Financial risk management (continued)

c Market risk (continued)

ii. Foreign currency risk (continued)

Balance, December 31,		2022	2021 (Restated note 2)
Brazilian Reais			
Current assets	**Reais**	**291,915**	**4,279**
Current liabilities	**Reais**	**(116,874)**	**(11,692)**

Balance, December 31,		2022	2021
United States Dollar			
Cash in banks	**US**	**28,704**	**67,088**
Current liabilities	**US**	**(3,800)**	**—**
Non-current liabilities	**US**	**(60,114)**	**—**

	December 31, 2022		December 31, 2021	
Denominated Currencies	**Amount in denominated currency**	**Equivalent Amount in Canadian $**	**Amount in denominated currency**	**Equivalent Amount in Canadian $**
Deposits in Brazilian Reais	223,635	**$ 57,325**	3,051	**$ 699**
Deposits in United States Dollars	28,704	**38,886**	67,088	**84,760**
	—	**$ 96,211**	**—**	**$ 85,459**

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, receivables, export prepayment agreement, accounts payable, accrued liabilities and other liabilities denominated in Brazilian Reais and US dollars:

- Sensitivity to a plus or minus 10% change in the foreign exchange rate of the Brazilian Reais compared to the Canadian dollar would affect the Company's consolidated statements of net loss and comprehensive loss by approximately $3,999 with all other variables held constant.
- Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar compared to the Canadian dollar would affect The Company's consolidated statements of net loss and comprehensive loss by approximately $4,770 with all other variables held constant.

19. Capital management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives, including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder, returns through enhancing its share value.

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive loss and deficit, which at December 31, 2022 totaled $183,106 (December 31, 2021 - $184,902). The Company's capital management objectives, policies and processes remained unchanged during the year ended December 31, 2022.

20. General and administrative expenses

Years ended December 31,	2022	2021
Salaries and benefits	(4,037)	(1,232)
Legal	(2,135)	(615)
Travel	(1,366)	(143)
A10 Advisory - Cost Sharing Agreement	(122)	(185)
Business development and investor relations	(1,427)	(1,244)
Accounting	(449)	(106)
Auditing	(864)	(927)
Insurance	(1,518)	(380)
Tax expenses	(1,115)	(115)
Financial expenses	—	(37)
Accrual for contingencies	(388)	—
Other	(3,083)	(616)
General and administrative expenses	**$ (16,504)**	**$ (5,600)**

21. Financial income and expenses

Years ended December 31,	2022	2021
Interest expense – including Leasing IFRS 16 (note 11)	(329)	(327)
Bank expenses	(82)	—
Accretion and interest on notes payable (note 10)	(15)	(55)
Foreign exchange gain (loss)	6,879	(1,646)
Financial income	463	—
Financial income and expenses	**$ 6,916**	**$ (2,028)**

22. Restricted share units

The Board has adopted the Equity Incentive Plan. The Equity Incentive Plan received majority (and majority of disinterested) shareholder approval in accordance with the policies of the TSXV at the annual and special meeting of the Company's shareholders held on June 28, 2019. The Equity Incentive Plan is available to (i) the directors of the Company, (ii) the officers and employees of the Company and its subsidiaries and (iii) designated service providers who spend a significant amount of time and attention on the affairs and business of the Company or a subsidiary thereof (each, a "Participant"), all as determined by the Board or a committee appointed by the Board to administer the Equity Incentive Plan (the "Plan Administrators").

Under the Equity Incentive Plan, selected participants are granted restricted share units ("RSUs"), where each RSU represents the right to receive one common share upon achievement of any applicable vesting conditions. As per the Equity Incentive Plan, no RSUs will be exercisable more than 10 years after the grant date.

	Number of RSUs
Balance , January 1, 2021	**687,334**
Granted [1][2][3][8]	7,120,333
Exercised	(385,000)
Balance, December 31, 2021	**7,422,667**
Granted [4][5][6][7][8][9][10]	3,429,832
Exercised	(4,759,833)
Balance, December 31, 2022	**6,092,666**

(1) On March 4, 2021, the Board approved the grant of 1,381,333 RSUs to key employees, directors and designated service providers of the Company.

(2) On September 3, 2021, the Compensation Committee, delegated by the Board, approved the grant of 739,000 fully vested RSUs to directors of the Company.

(3) On September 8, 2021, the Board granted an aggregated 5,000,000 RSUs to the CEO and to a director, who was Co-CEO on December 31, 2022, of the Company (2,500,000 RSUs to each), which vested in four tranches upon the achievement of specified market capitalization targets as follows:

Tranche	Number of RSUs	Market Conditions Vesting Milestones
a.	1,000,000	Increase of market cap to $ 1.3 billion
b.	1,000,000	Increase of market cap to $ 1.55 billion
c.	1,000,000	Increase of market cap to $ 1.8 billion
d.	2,000,000	Increase of market cap to $ 2 billion
	5,000,000	

An additional aggregate of 1,000,000 RSUs will vest (500,000 RSUs to the CEO and 500,000 to the director, who was Co-CEO on December 31, 2022, of the Company) upon approval by the Board of the plan to achieve a net zero carbon target and its subsequent successful execution. Since the Board has not yet approved the plan to achieve the net zero carbon target, the Company has not accrued the additional aggregate of 1,000,000 RSUs.

22. Restricted share units (continued)

These RSUs contain a market condition, and therefore the Company has used a Monte Carlo Simulation methodology to determine the grant date fair value of the RSUs which incorporated the following assumptions:

Risk-free rate	0.85 %
Expected equity volatility	60 %
Share price	10.25
Expected dividend rate	0.00 %
Probability of success	33.88% - 61.42 %

The expense for these RSUs have been valued based on the Company's Monte Carlo Simulation, amortized over its estimated life.

(4) On April 5, 2022, the Compensation Committee, delegated by the Board, approved the grant of 50,000 fully vested RSUs to a key consultant of the Company.

(5) On July 20, 2022, the Board approved the grant of 1,000,000 RSUs to the COO of the Company. These RSUs vest upon the achievement of specific operational goals ("milestones"). These RSUs contain certain non-market performance conditions and were valued using the Company's share price on grant date. Such performance conditions relate to the achievement of the plant commissioning within a specific forecast, as well as the production of spodumene concentrate with detailed specification throughout a certain period of time. The Company considers that the likelihood of achievement of the milestones is probable, as result such RSUs have been fully accounted for and valued using the share price on the grant date.

(6) On August 5, 2022, the Company entered into a consulting agreement with an individual, where a total amount of 250,000 RSUs were awarded, being 120,000 immediately vested RSUs, 65,000 RSUs vesting on October 10, 2023 and 65,000 RSUs vesting on October 10, 2024, all of which are subject to Board approval and confirmation by the Compensation Committee, delegated by the Board.

(7) On October 28, 2022, the Compensation Committee, delegated by the Board, approved the grant of 1,332,332 fully vested RSUs to key employees, directors and designated service providers of the Company. These RSUs were previously accounted for and adjusted once the Compensation Committee approved the grant.

(8) On December 1, 2022, the Company entered into compensation agreements with four of its directors, where they were awarded a total of 295,000 RSUs. Out of this total, 235,000 RSUs were subject to time based vesting and 60,000 RSUs will vest on the achievement of an increase in the market capitalization of the Company to US$ 4 billion, conditional on the approval by the Compensation Committee, as delegated by the Board. Therefore, the Company has used a Monte Carlo Simulation methodology to determine the grant date fair value of the 60,000 RSUs which incorporated the following assumptions:

Risk-free rate	2.83 %
Expected equity volatility	73.33 %
Share price	44.84
Expected dividend rate	0.00 %
Probability of success	85.42 %

22. Restricted share units (continued)

(9) For the year ended December 31, 2022, the weighted average grant date fair value of RSUs amounted to $36.34 (December 31, 2021 - $7.55).

(10) For 2,382,332 RSUs, upon receiving Board of Directors and Compensation Committee approval, the Company revised the earlier fair value estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value. As 1,047,500 of RSUs are subject to Board of Directors and Compensation Committee approval, the Company valued the RSUs based on fair value at December 31, 2022. Once a grant date under IFRS has been established, the Company will revise the earlier estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value.

During the year ended December 31, 2022 the Company recorded $ 121,040 (year ended December 31, 2021 - $28,041) in relation to RSUs in stock-based compensation, being recorded as stock-based compensation expense $110,108 (year ended December 31, 2021 - $ 26,389) and the remaining portion recorded in exploration and evaluation assets was $8,528 (year ended December 31, 2021 - $ 1,653) and property, plant and equipment was $2,404 (year ended December 31, 2021 - $ nil) (notes 8 and 7).

23. Commitments

The Company entered into short-term agreements for the acquisition of machinery and services. The agreements have termination clauses for non-compliance with essential obligations. There is no provision for contract default, therefore there are no liabilities recorded in the Company's consolidated financial statements.

At December 31, 2022 and 2021, total commitments, measured at nominal value according to the contracts are $31 million and $ 8.5 million, respectively.

24. Legal claim contingency

Sigma Brazil is a party to a labour proceeding filed against Sigma Brazil and the estimated payout is $ 1.6 million (R$6 million) should the final judgment be favorable to the claimant against Sigma Brazil. The proceeding is at its appeal stage. Sigma Brazil has been advised by its legal counsel that the likelihood of loss is possible, but not probable. Accordingly, no provision for any liability has been made in these consolidated financial statements.

25. Income tax

A reconciliation between income tax expense and the product of accounting profit (loss) multiplied by the Company's statutory tax rate is provided below:

Years ended December 31,	2022	2021 (restated)
Loss before Income Tax	$ (127,210)	$ (34,075)
Statutory Tax Rate	27 %	27 %
Expected income tax recovery based on statutory rate	(34,347)	(9,200)
Impact of foreign income tax rate differential	1,825	(113)
Permanent and other differences	30,326	7,168
Non-deductible expenses	103	—
True-up	(100)	—
Tax benefits not recognized	813	2,146
Impact of Brazilian tax credits	1,380	—
Income tax expense (recovery)	$ —	$ —

Gross deductible temporary differences have not been recognized in respect of the following items:

December 31,	2022	2021
Share issue costs and property and equipment	$ 6,309	$ 8,434
Loss carryforward - Canada	15,338	14,640
Loss carryforward / Pre-operational expenditure tax pool - Brazil	21,153	7,340
Other Assets	36	107
	$ 42,836	$ 30,521

(b) Non-capital losses

The following table summarizes the Company's non-capital losses that can be applied against future taxable profit:

Country	Amount	Expiry date
Canada	$ 15,338	2037 and 2042
Brazil	21,153	indefinite

The tax loss carry forward in Brazil can be carried forward indefinitely, however only 30% of taxable income in one year can be applied against the loss carry-forward balance.

(c) Recognized deferred tax assets (liabilities).

The following table summarizes the type of recognized deferred tax assets and liabilities:

December 31,	2022	2021
Non-capital losses carried forward	$ 400	$ 15
Note payable	—	(15)
Intercompany loan	(327)	—
ROU assets/Lease liabilities	(73)	—
	$ —	$ —

26. Stock options

On April 12, 2022, the Company entered into an investor relations agreement with a service provider, where a total of 100,000 stock options were awarded, which have not yet received Board approval, or confirmation by the Compensation Committee, delegated by the Board. The Company has used a Black-Scholes valuation methodology to determine the fair value of the stock options throughout the period, with the following assumptions:

Risk-free rate	2.52 %
Expected equity volatility	57.63 %
Average share price	32.18
Expected dividend rate	0.00 %

Movements in stock options are summarized below:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2020 and December 31, 2021	**50,000**	**$ 2.23**
Exercised(1)	**(40,000)**	**2.23**
Granted(2)	**100,000**	**14.65**
Balance, December 31, 2022	**110,000**	

(1) 30,000 options were exercised on May 4, 2022 when the market price was $ 22.21, and 10,000 options were exercised on September 26, 2022 when the market price was $33.21.

(2) Such amount has not yet received Board approval, or confirmation by the Compensation Committee, delegated by the Board.

The following table reflects the stock options issued and outstanding as of December 31, 2022:

Expiry date	Exercise price ($)	Weighted average remaining exercisable life (years)	Number of options outstanding	Number of options Vested (exercisable)	Grant date (exercisable) fair value
April 12, 2027	14.65	4.3	100,000 (1)	—	$ 1,465
August 28, 2028(2)	2.23	5.7	10,000 (3)	—	$ 100.2

(1) 50,000 exercisable on December 31, 2022

(2) Such amount has not yet received Board approval, or confirmation by the Compensation Committee, delegated by the Board.

(3) 10,000 exercisable on December 31, 2022

During the year ended December 31, 2022 the Company recorded $ 1,472 (year ended December 31, 2021 - $ nil) in relation to stock-options in stock-based compensation expense.

27. Subsequent events

On January 13, 2023, the Company received an amount of R$ 11,731 thousand ($3,084) arising from a financing contract entered into with BDMG on November 14, 2022. The financing has monthly interest payments and a grace period of 24 (twenty-four) months for the principal repayment. The principal repayment is made in 60 (sixty) monthly installments, with the first installment due on December 15, 2024. The financing cost is 3.75% per year.

On February 23, 2023, the Board approved the granting of a credit facility, to be provided by Sigma Brazil, of up to US$ 12 million (the “Credit Facility”) to Tatooine Investimentos S.A. (“Tatooine”), a related party to the Company controlled by the CEO. The Credit Facility aims to fund the acquisition of real estate properties located in areas of interest of the Company’s project in Brazil (“Real Estate Properties”), granting that Tatooine leases the Real Estate Properties to Sigma Brazil for as long as required to comply with the Company’s projects. On April 20, 2023, the Company concluded the first disbursement, of R$ 12,384 thousand ($3,333), as requested by Tatooine.

On March 31, 2023, Sigma Brazil received R$ 28,713 thousand ($7,665)from Arqueana, a related party to the Company, referring to the payment of amounts receivable related to drilling services rendered of R$ 19,043 ($4,881) and additional costs incurred subsequent to December 31, 2022 of R$ 9,670 ($2,784).

EXHIBIT 99.4

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ana Cabral-Gardner, certify that:

1. I have reviewed this annual report on Form 40-F of Sigma Lithium Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 12, 2023

/s/ Ana Cabral-Gardner
Signature

Chief Executive Officer
Title

EXHIBIT 99.5

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rodrigo Menck, certify that:

1. I have reviewed this annual report on Form 40-F of Sigma Lithium Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 12, 2023

/s/ Rodrigo Menck
Signature

Chief Financial Officer
Title

EXHIBIT 99.6

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Sigma Lithium Corporation. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 40-F for the fiscal year ended December 31, 2022 (the "Report").

I, Ana Cabral-Gardner, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ana Cabral-Gardner
Name: Ana Cabral-Gardner
Title: Chief Executive Officer

Date: June 12, 2023

EXHIBIT 99.7

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Sigma Lithium Corporation. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 40-F for the fiscal year ended December 31, 2022 (the "Report").

I, Rodrigo Menck, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rodrigo Menck
Name: Rodrigo Menck
Title: Chief Financial Officer

Date: June 12, 2023

Exhibit 99.8

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Sigma Lithium Corporation

We consent to the use of:

- our report dated June 12, 2023 on the consolidated financial statements of Sigma Lithium Corporation (the "Entity") which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, the related consolidated statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively the "consolidated financial statements"), and
- our report dated June 12, 2023 on the effectiveness of internal control over financial reporting as of December 31, 2022

each of which is included in the Annual Report on Form 40-F of the Entity for the fiscal year ended December 31, 2022.

We also consent to the incorporation by reference of such reports in the Registration Statement (No. 333-260787) on Form F-10 of the Entity.

We also consent to the reference to our firm under the heading "Experts" in the Registration Statement.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 12, 2023
Toronto, Canada

Exhibit 99.9

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Marc-Antoine Laporte
Marc-Antoine Laporte, P.Geo., M.Sc.
June 12, 2023

Exhibit 99.10

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Jarrett Quinn
Jarrett Quinn, P.Eng., Ph.D.
June 12, 2023

Exhibit 99.11

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Porfirio Cabaleiro Rodriguez
Porfirio Cabaleiro Rodriguez, B.Sc., M.Eng.
June 12, 2023

Exhibit 99.12

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Homero Delboni, Jr.
Homero Delboni, Jr., B.E., M.Eng.Sc., Ph.D.
June 12, 2023

Exhibit 99.13

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Wes Roberts
Wes Roberts, P.Eng.
June 12, 2023

Exhibit 99.14

CONSENT OF QUALIFIED PERSON

The undersigned hereby consents to the use of their report(s), and the information derived therefrom, as well as the reference to their name, in each case where used or incorporated by reference in the Annual Report on Form 40-F of Sigma Lithium Corporation, including in the Annual Information Form filed as an exhibit thereto, being filed with the United States Securities and Exchange Commission, and any amendments thereto.

/s/ Noel O'Brien
Noel O'Brien, BE(Met), MBA, FAusIMM
June 12, 2023