



**SIGMA LITHIUM RESOURCES CORPORATION  
CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Sigma Lithium Resources Corporation and subsidiaries (the "Company") are the responsibility of management and have been approved by the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management on a going concern basis in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards. 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 judgements. 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 of Directors 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 the majority of its members are independent directors. The Audit Committee meets periodically with management, as well as the external auditors, 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 auditors' 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.

"Calvyn Gardner"  
*Chairman and Chief Executive Officer*

"Guilherme Guimarães"  
*Chief Financial Officer*

## NOTICE TO READER

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed financial statements for the three-month period ended March 31, 2019 and the period ended March 31, 2018 have not been reviewed by the Company's auditors.

**Sigma Lithium Resources Corporation**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 642,758	\$ 4,160,792
Receivables and other assets (note 5)	441,132	354,382
<b>Total current assets</b>	<b>1,083,890</b>	<b>4,515,174</b>
<b>Non-current assets</b>		
Receivables and other assets (note 5)	74,703	109,244
Exploration and evaluation assets (note 6)	16,085,549	13,822,524
Property and equipment (note 7)	584,582	629,714
Right-of-use assets (note 8)	355,107	-
<b>Total assets</b>	<b>\$ 18,183,831</b>	<b>\$ 19,076,656</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Suppliers and other liabilities (notes 9 and 11)	\$ 3,568,290	\$ 2,389,814
Payroll and other taxes	273,655	254,894
Note payable (note 10)	2,399,824	2,737,333
Lease liability (note 8)	38,844	-
<b>Total current liabilities</b>	<b>6,280,613</b>	<b>5,382,041</b>
<b>Long-term liabilities</b>		
Note payable (note 10)	1,270,926	2,302,686
Lease liability (note 8)	320,660	-
Provision (note 14)	9,994	10,026
<b>Total liabilities</b>	<b>7,882,193</b>	<b>7,694,753</b>
<b>Shareholders' equity</b>		
Share capital (note 15)	32,941,966	32,232,166
Contributed surplus	5,695,604	5,865,293
Accumulated other comprehensive loss	(277,722)	(112,322)
Accumulated deficit	(28,058,210)	(26,603,234)
<b>Total shareholders' equity</b>	<b>10,301,638</b>	<b>11,381,903</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 18,183,831</b>	<b>\$ 19,076,656</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

**Nature of operations** (note 1)

**Basis of presentation and going concern** (note 2)

**Related parties** (notes 11 and 13)

**Event after the reporting period** (notes 3 and 23)

**Approved on behalf of the Board:**

(Signed) "Calvyn Gardner" \_\_\_\_\_, Director

(Signed) "Marcelo Paiva" \_\_\_\_\_, Director

## Sigma Lithium Resources Corporation

### Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

Three months ended March 31,	2019	2018
<b>Operating expenses</b>		
General and administrative expenses (note 20)	\$ 1,072,919	\$ 443,920
Accretion	36,381	43,436
Interest on note payable	80,969	-
Foreign exchange loss (gain)	234,525	(39,406)
Loss on derivative (note 12)	-	1,623,518
Depreciation	30,182	5,080
<b>Net loss</b>	<b>(1,454,976)</b>	<b>(2,076,548)</b>
<b>Other comprehensive loss</b>		
<b>Amounts that may be reclassified subsequently to profit and loss</b>		
Cumulative translation adjustment	(165,400)	(49,027)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,620,376)</b>	<b>\$ (2,125,575)</b>
<b>Loss per common share</b>		
<b>Equity holders of the Company</b>		
Basic and diluted net loss per common share	\$ (0.02)	\$ (3.10)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>66,991,768</b>	<b>669,675</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

**Sigma Lithium Resources Corporation**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)  
(Unaudited)

Three months ended March 31,	2019	2018
<b>Operating activities</b>		
Net loss for the period	\$ (1,454,976)	\$ (2,076,548)
Adjustments for:		
Depreciation	30,182	5,080
Stock-based compensation (notes 21 and 22)	2,575	-
Provision (note 14)	(32)	-
Accretion and interest	117,350	43,436
Loss on derivative	-	1,623,518
Unrealized foreign exchange gain (loss) on note payable	(90,810)	-
Changes in non-cash working capital items:		
Receivables and other assets	(52,209)	(92,201)
Amounts payable and other liabilities	993,006	221,314
Payroll and other taxes	18,761	(16,691)
<b>Net cash used in operating activities</b>	<b>(436,153)</b>	<b>(292,092)</b>
<b>Investing activities</b>		
Addition to lithium properties	(1,892,576)	(177,609)
Repayment of minority interest payable (note 10)	(1,254,906)	(11,362)
Lease payments (note 8)	(22,488)	-
<b>Net cash used in investing activities</b>	<b>(3,169,970)</b>	<b>(188,971)</b>
<b>Financing activities</b>		
Bridge loan (note 13)	-	683,658
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>683,658</b>
<b>Effect of exchange rate changes on cash held in foreign currency</b>	<b>88,089</b>	<b>(49,027)</b>
<b>Net (decrease) / increase in cash</b>	<b>(3,518,034)</b>	<b>153,568</b>
<b>Cash, beginning of period</b>	<b>4,160,792</b>	<b>280,833</b>
<b>Cash, end of period</b>	<b>\$ 642,758</b>	<b>\$ 434,401</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

## Sigma Lithium Resources Corporation

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of common shares	Share capital	Contributed Surplus	Accumulated other comprehensive income (loss)	Deficit	Total
<b>Balance, December 31, 2017</b>	<b>669,675</b>	<b>\$ 697,582</b>	<b>\$ 221,244</b>	<b>\$ 81,508</b>	<b>\$(16,153,101)</b>	<b>\$(15,152,767)</b>
Net loss for the period	-	-	-	-	(2,076,548)	(2,076,548)
Other comprehensive loss for the period	-	-	-	(49,027)	-	(49,027)
<b>Balance, March 31, 2018</b>	<b>669,675</b>	<b>\$ 697,582</b>	<b>\$ 221,244</b>	<b>\$ 32,481</b>	<b>\$(18,229,649)</b>	<b>\$(17,278,342)</b>
<b>Balance, December 31, 2018</b>	<b>66,967,501</b>	<b>\$ 32,232,166</b>	<b>\$ 5,865,293</b>	<b>\$ (112,322)</b>	<b>\$(26,603,234)</b>	<b>\$ 11,381,903</b>
Exercise of RSUs (note 21)	364,000	709,800	(709,800)	-	-	-
Stock-based compensation (notes 21 and 22)	-	-	515,002	-	-	515,002
Fair value adjustment on modification of note payable	-	-	25,109	-	-	25,109
Net loss for the period	-	-	-	-	(1,454,976)	(1,454,976)
Other comprehensive loss for the period	-	-	-	(165,400)	-	(165,400)
<b>Balance, March 31, 2019</b>	<b>67,331,501</b>	<b>\$ 32,941,966</b>	<b>\$ 5,695,604</b>	<b>\$ (277,722)</b>	<b>\$(28,058,210)</b>	<b>\$ 10,301,638</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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# Sigma Lithium Resources Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

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### 1. Nature of operations

Sigma Lithium Resources Corporation (the "Company") is a Canadian based lithium exploration and development company incorporated under the *Canada Business Corporations Act*. Its shares have been listed on the TSX Venture Stock Exchange (the "TSXV") under the symbol SGMA since May 9, 2018 and on the American stock exchange Over-the-Counter QB ("OTCQB") under the symbol SGMLF. The head office of the Company is at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5.

The Company has one direct wholly-owned subsidiary and one indirect wholly-owned subsidiary. Sigma Lithium Holdings Inc. (formerly Sigma Lithium Resources Inc.) ("Sigma Holdings") is domiciled in Canada and incorporated under the Business Corporations Act (British Columbia) by Articles of Incorporation dated April 13, 2017. Its registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Sigma Holdings was incorporated for the purpose, through its wholly-owned Brazilian incorporated subsidiary Sigma Mineração S.A. ("SMSA"), of developing SMSA's lithium properties located in the State of Minas Gerais, Brazil. SMSA holds a 100% interest in four mineral properties: Genipapo, Grota do Cirilo, Santa Clara and São Jose, located in the cities of Araçuaí and Itinga, in the Vale do Jequitinhonha, State of Minas Gerais, Brazil (together, the "Lithium Properties").

On April 30, 2018, the Company closed its Qualifying Transaction with Sigma Holdings in a reverse take over (the "RTO"). The RTO was based on an exchange ratio whereby each Sigma Holdings share was exchanged for 9.9997 common shares of the Company (the "Share Exchange"). All equity instruments have been adjusted in the financial statements for the exchange ratio and for the Share Consolidation (as defined below). Following the RTO, a share consolidation and name change were approved at the annual general and special meeting of shareholders held on June 18, 2018. The Company's name was changed to "Sigma Lithium Resources Corporation" and the outstanding common shares were consolidated on a 1:10 basis (the "Share Consolidation"). Margaux Red Capital Inc. ("Margaux", the Company's former name) was classified as a Capital Pool Company as defined in Policy 2.4 of the TSXV. Margaux's principal purpose was to complete a Qualifying Transaction within 24 months from the date of its listing on the TSXV.

### 2. Basis of presentation and going concern

These condensed consolidated interim financial statements ("interim financial statements") of the Company and its subsidiaries have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These interim financial statements do not contain all of the required annual disclosures and should be read in conjunction with the Company's December 31, 2018 annual consolidated financial statements. The financial statements as at, and for the three months ended March 31, 2019 have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be capable of fulfilling in the next 12 (twelve) months, the payment of its outstanding liabilities at March 31, 2019 and its ongoing operations, which include the salaries and related charges of its employees, suppliers and notes payable.

The Company is presently in the stage of mineral exploration and evaluation of the Lithium Properties and, therefore, is subject to risks and challenges similar to other companies in comparable stages of exploration and evaluation. The Company has a working capital deficit of \$5,196,723 at March 31, 2019 (working capital deficit of \$866,867 at December 31, 2018). For the three months ended March 31, 2019, the Company incurred a net loss of \$1,454,976 and had net cash outflows from operations of \$436,153. For the year ended December 31, 2018, the Company incurred a net loss of \$10,450,133 and had net cash outflows from operations of \$3,472,325. Additional financings will be required to develop the Lithium Properties, complete a feasibility study, start project construction and implementation and continue to finance its operations. While there is no assurance these funds can be raised, the Company believes such financings will become available as required. Although the Company entered into the Pre-Payment financing with Mitsui on March 26, 2019, the advancement of the full amount of the Pre-Payment amount is subject to certain conditions, some of which are beyond the control of the Company. The Company received US\$3 million from Mitsui on April 4, 2019 as the first installment of the Pre-Payment (note 6). The balance of the Pre-Payment is to be used for long lead items and other capital expenditures to construct the Lithium Properties project, and will only provide a portion of the funding required for such construction.

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**Sigma Lithium Resources Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

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**2. Basis of presentation and going concern (continued)**

These unaudited condensed consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and project implementation considering the availability of sources of additional financing cannot be assured at this time and, accordingly, these material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities, which could be material, that might be necessary should the Company be unable to continue as a going concern.

**3. Strategic alliance with Mitsui & Co. Ltd. ("Mitsui")**

On March 26, 2019, the Company signed a binding heads of agreement (the "HOA") with Mitsui. Mitsui will prepay the Company the amount of US\$30,000,000 for battery grade lithium concentrate supply of up to 55,000 tonnes annually (the "Pre-Payment") over six years, extendable for another five years, at the option of Mitsui.

An initial tranche payment of US\$3,000,000 was received by the Company on April 4, 2019, while the disbursements of the remaining tranches are subject to certain conditions, such as the approval of a feasibility report by Mitsui and approval of environmental licenses.

As part of the total Pre-Payment amount, for the Company to meet its construction timetable, an amount of up to US\$7,000,000 will be made available that will be used for the deposits required to purchase long lead items for the construction of the commercial production plant. Such payments are subject to Mitsui's approval and will be credited towards the overall Pre-Payment amount.

**4. Significant accounting policies**

*Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual consolidated financial statements required by IFRS as issued by the IASB.

The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2018, except as noted below.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on May 30, 2019.

*New accounting policies*

**Leases and right-of-use assets**

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16" – effective January 1, 2019), replacing IAS 17 Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted IFRS 16. Upon adoption, the Company recognized \$330,230 of Right-of-Use ("ROU") assets and an equal amount of lease obligations with no adjustment required to retained earnings.



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**Sigma Lithium Resources Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars, unless otherwise indicated)**  
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**4. Significant accounting policies (continued)**

*New accounting policies (continued)*

Leases and right-of-use assets (continued)

The Company has adopted IFRS 16 using the modified retrospective approach. Under this approach, the comparative information has not been restated and the reclassifications and adjustments arising from the new leasing rules are recognized in the opening statement of financial position on January 1, 2019.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; or
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

See note 8.

**Sigma Lithium Resources Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**5. Receivables and other assets**

	March 31, 2019	December 31, 2018
<b>Current</b>		
Prepaid land lease (note 11)	\$ 105,526	\$ 67,514
Due from related parties (note 11)	1,322	-
Prepaid expenses	121,796	182,280
Sales tax receivable	187,112	92,008
Travel advances (note 11)	25,376	12,580
	<b>\$ 441,132</b>	<b>\$ 354,382</b>
<b>Long-term</b>		
Prepaid land lease (note 11)	\$ 74,703	\$ 109,244
	<b>\$ 515,835</b>	<b>\$ 463,626</b>

**6. Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of capitalizing 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.

A summary of explorations costs is summarized below:

	March 31, 2019	December 31, 2018
<b>Opening balance</b>	<b>\$ 13,822,524</b>	<b>\$ 2,580,260</b>
Personnel costs	815,279	3,400,413
Geological costs	673,140	1,100,623
Drilling	40,812	4,606,553
Environmental	31,983	681,606
Engineering	988,857	1,722,291
Other	46,753	73,281
Cumulative translation adjustment	(333,799)	(342,503)
<b>Closing balance <sup>(a)</sup></b>	<b>\$ 16,085,549</b>	<b>\$ 13,822,524</b>

<sup>(a)</sup> The exploration and evaluation assets include \$512,426 (year ended December 31, 2018 - \$2,268,914) in RSU expenses, capitalized in personnel costs.

## Sigma Lithium Resources Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2019

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

#### 7. Property and equipment

Cost	Furniture	Building	Machinery	Fixtures	Pilot plant	Total
Balance, December 31, 2018	\$ 59,329	\$ 17,514	\$ 140,146	\$ 290,793	\$ 168,117	675,899
Cumulative translation adjustment	(1,418)	(430)	(3,369)	(6,976)	(3,578)	(15,771)
<b>Balance, March 31, 2019</b>	<b>\$ 57,911</b>	<b>\$ 17,084</b>	<b>\$ 136,777</b>	<b>\$ 283,817</b>	<b>\$ 164,539</b>	<b>\$ 660,128</b>

Accumulated amortization	Furniture	Building	Machinery	Fixtures	Pilot plant	Total
Balance, December 31, 2018	\$ 937	\$ 7,901	\$ 30,937	\$ 6,410	\$ -	\$ 46,185
Depreciation	2,930	574	2,381	14,418	9,879	30,182
Cumulative translation adjustment	(22)	(193)	(749)	143	-	(821)
<b>Balance, March 31, 2019</b>	<b>\$ 3,845</b>	<b>\$ 8,282</b>	<b>\$ 32,569</b>	<b>\$ 20,971</b>	<b>\$ 9,879</b>	<b>\$ 75,546</b>

Net book value	Furniture	Building	Machinery	Fixtures	Pilot plant	Total
Balance, December 31, 2018	\$ 58,392	\$ 9,613	\$ 109,209	\$ 284,383	\$ 168,117	\$ 629,714
<b>Balance, March 31, 2019</b>	<b>\$ 54,066</b>	<b>\$ 8,802</b>	<b>\$ 104,208</b>	<b>\$ 262,846</b>	<b>\$ 154,660</b>	<b>\$ 584,582</b>

#### 8. Leases

##### Right-of-use assets

IFRS 16 adoption - right-of-use asset recognition	\$ 330,230
<b>Right-of-use assets at January 1, 2019</b>	<b>330,230</b>
Additions	49,231
Depreciation	(13,950)
Cumulative translation adjustment	(10,404)
<b>Balance, March 31, 2019</b>	<b>\$ 355,107</b>

Right-of-use assets consist of land usage for mine development and office spaces for employees.

##### Maturity analysis – contractual undiscounted cash flows

###### As at March 31, 2019

Less than one year	\$ 87,430
Year 2	87,430
Year 3	67,478
Year 4	45,928
More than 5 years	486,067
<b>Total undiscounted lease obligation</b>	<b>\$ 774,333</b>

**Sigma Lithium Resources Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2019**  
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**(Unaudited)**

**8. Leases (continued)**

**Lease obligations**

At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 10-15.3%, which is the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below:

Opening lease commitment at December 31, 2018	\$ 565,521
Recognition exemption for short term rentals	(42,612)
Contracts not in scope of IFRS 16	(239,106)
Discounting using the incremental borrowing rate as at January 1, 2019	(93,577)
Extension options reasonably certain to be exercised	140,004
<b>Lease liability at January 1, 2019</b>	<b>330,230</b>
Additions	49,231
Interest expense	13,063
Lease payments	(22,488)
Cumulative translation adjustment	(10,532)
<b>Lease liability at March 31, 2019</b>	<b>\$ 359,504</b>

**As at March 31, 2019**

Lease obligations	\$ 359,504
Less current portion	38,844
<b>Non-current portion</b>	<b>\$ 320,660</b>

**9. Suppliers and other liabilities**

Amounts payable to suppliers and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	March 31, 2019	December 31, 2018
Suppliers	\$ 2,927,578	\$ 1,927,271
Accrued interest on note payable	456,845	375,876
Accrued liabilities	183,867	86,667
<b>Total amounts payable and other liabilities</b>	<b>\$ 3,568,290</b>	<b>\$ 2,389,814</b>

**10. Note payable**

In December 2017 Sigma Holdings acquired, through transactions involving Rix Mineração e Consultoria S.A. ("Rix"), a related party, and Arqueana Empreendimentos e Participações S.A. ("Arqueana"), the 11% interest in SMSA that it did not previously own. As a result, Sigma Holdings consolidated the ownership of 100% of the Lithium Properties, for \$7,650,245 (20,200,000 Reais) to be paid in six installments.

**Sigma Lithium Resources Corporation**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars, unless otherwise indicated)**  
**(Unaudited)**

**10. Note payable (continued)**

In connection with these transactions, Sigma Holdings and SMSA entered into the following agreements:

- An agreement for stock purchase and sale and other covenants (the “SMSA Stock Purchase Agreement”) dated December 15, 2017,
- The Amilcar Royalty Agreement, and
- The Rix Royalty Agreement.

If the Sigma Holdings principals, defined as Calvyn Gardner, Marcelo Paiva, Alvaro Barbosa, Ana Cristina Cabral, Tadeu Carneiro, Itamar Resende, and A10 Investimentos Fundo de Investimento de Ações Investimento no Exterior, cease to have an aggregate indirect interest of at least 30% in SMSA on a fully-diluted basis, any remaining installments will become due immediately.

The Amilcar Royalty Agreement provides for a net smelter return, calculated at the rate of 1% of the gross revenues of SMSA, less all taxes and costs incurred in the process of extraction, production, processing, treatment, transportation and commercialization of the products sold. SMSA has a purchase option on the Amilcar Royalty Agreement, exercisable anytime, for the price of US\$3,800,000. Amilcar has a put option on the Amilcar Royalty Agreement, for the same price, exercisable (i) in case SMSA enters into commercial production and reaches the threshold of 40,000 tonnes of mineral products concentrates per year; or (ii) the SMSA original controlling group ceases to have an indirect interest of at least 30% in SMSA on a fully diluted basis. The Rix Royalty Agreement provides for a net smelter return calculated at the rate of 1%, over the gross revenues of SMSA, less taxes, returns and sale commissions.

The following is the installment payment schedule as of March 31, 2019. The installments are subject to interest as per the monthly variation of the CDI of approximately 6.5% per annum (the “Brazilian Interbank rate”) from December 15, 2017 to the due date of their respective payments. Interest on overdue payments accrues at 1% per month plus a 10% penalty.

Due date	Reais (undiscounted)	Canadian equivalent to Reais	Carrying value March 31, 2019
September 15, 2019 <sup>(1)</sup>	4,159,309	\$ 1,426,522	\$ 1,404,567
March 15, 2020	3,000,000	1,028,912	995,257
March 15, 2021	3,000,000	1,028,912	961,376
March 28, 2022	1,000,000	342,971	309,550
			<b>\$ 3,670,750</b>
<b>Carrying value</b>			<b>March 31, 2019</b>
<b>Current</b>			\$ 2,399,824
<b>Long-term</b>			1,270,926
			<b>\$ 3,670,750</b>

<sup>(1)</sup> During the first quarter of 2019, the Company paid third parties on behalf of Arqueana, towards the SMSA Stock Purchase Agreement installment originally due on March 15, 2019 the amounts of \$26,298 (73,700 Reais), \$39,711 (111,294 Reais), \$80,574 (235,476 Reais) and \$1,108,953 (3,250,562 Reais).

On March 29, 2019, the Company and Arqueana signed the Second Amendment of the SMSA Stock Purchase Agreement, where an installment, due on March 15, 2019, was divided into two tranches, being one of \$1,255,536 (3,671,032 Reais) that has been satisfied in full and the second of \$1,426,522 (4,159,309 Reais) due on September 15, 2019.

**Sigma Lithium Resources Corporation**  
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**10. Note payable (continued)**

The following Installments that were due as of December 31, 2018 are outlined below. The Installments were subject to interest as per the CDI (the "Brazilian Interbank rate") accrued from December 15, 2017.

Due date	Reais denominated	Canadian translated	Carrying value December 31, 2018
March 15, 2019	7,830,341	2,751,350	\$ 2,737,333
March 15, 2020	3,000,000	1,054,111	1,011,288
March 15, 2021	3,000,000	1,054,111	976,862
March 28, 2022	1,000,000	351,370	314,536
<b>Total</b>			<b>\$ 5,040,019</b>
			<b>December 31, 2018</b>
<b>Carrying value</b>			
<b>Current</b>			\$ 2,737,333
<b>Long-term</b>			2,302,686
			<b>\$ 5,040,019</b>

**11. Related party transactions**

(a) For the three months ended March 31, 2019, the Company paid for shared office maintenance costs and secretarial administrative personnel to A10 Investimentos Ltda. (a company owned by certain Directors of the Company) through a Cost Sharing Agreement in the amount of \$5,787 (16,405 Reais) (three months ended March 31, 2018 - \$nil). The amounts were recognized at the exchange amount which was the contract amount.

(b) As of March 31, 2019, the Company prepaid land leases to Miazga Participações S.A. (a land administration company owned by certain Directors of the Company) ("Miazga") for an amount of \$152,950 (December 31, 2018 \$176,758) and to Arqueana in the amount of \$27,729 (December 31, 2018 \$nil). The Company also paid a car lease advance to Rix Mineração e Consultoria S.A. (a company owned by certain Directors of the Company) ("Rix") of \$1,322. The amounts paid by the Company to Miazga and Rix (which are related parties to the Company) are Miazga's and Rix's actual costs with no mark-up. The amounts were recognized at the exchange amount which was the contract amount.

(c) During the three months ended March 31, 2019, the Company incurred lease expenses with Miazga of \$20,142 (three months ended March 31, 2018 - \$17,519) and Arqueana \$8,484 (three months ended March 31, 2018 - \$8,759) for the Lithium Properties, and expenses with Rix of \$2,117 (three months ended March 31, 2018 - \$2,337) for a car rental. The amounts were recognized at the exchange amount which was the contract amount.

(d) For the three months ended March 31, 2019, the Company paid travel advances of \$25,376 (three months ended March 31, 2018 - \$12,580) to its management. These advances were incurred in the normal course of operations for the Company and are to be offset by expense reports. The amounts were recognized at the exchange amount which was the contract amount.

(e) Share-based compensation issued to key management personnel for the three months ended March 31, 2019 was valued at \$1,469,631 (three months ended March 31, 2018 - \$nil).

(f) On March 31, 2019, the Company owed McCarthy Tétrault LLC, a law firm where one of the Company's directors is a partner and another of the Company's director is legal counsel, \$533,937 (December 31, 2018 \$300,526) in legal fees. Legal fees incurred for the period ended March 31, 2019 were \$233,000. The amounts were recognized at the exchange amount which was the contract amount.

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**12. Convertible debentures**

On August 17, 2017 Sigma Holdings closed a private placement of convertible senior unsecured debentures ("Sigma Holdings Debentures") in the aggregate principal amount of \$2,800,000, convertible into common shares of Sigma Holdings at a conversion price of \$0.50 per share.

On April 30, 2018, as part of closing the RTO, the Sigma Holdings Debentures were converted into 5,880,000 Sigma Holdings shares (prior to the Share Exchange and Share Consolidation), with a fair value of \$11,760,000 calculated at \$2.00 per share. 280,000 penalty shares were included in the 5,880,000 Sigma Holdings shares as the RTO was not completed prior to March 31, 2018. After consideration of the Share Exchange and the Share Consolidation, there are 5,879,807 outstanding shares of the Company issued as a result of the conversion of the Sigma Holdings Debentures.

In connection with the private placement of the Sigma Holdings Debentures, Sigma Holdings entered into an agency agreement with the agent pursuant to which Sigma Holdings (i) paid an agency fee of \$137,700 and (ii) issued warrants to acquire 275,390 Sigma Holdings shares. Each such warrant was exercisable for one common share of Sigma Holdings at an exercise price of \$0.50 per share with an expiry date of August 18, 2019.

The Sigma Holdings warrants were exchanged for Company warrants in accordance with the terms of the RTO. After the completion of the RTO as outlined in note 8 of the audited December 31, 2018 consolidated financial statements and the Share Exchange and Share Consolidation, as outlined in note 8 of the audited December 31, 2018 consolidated financial statements. The terms of the new warrants are as follows: 275,390 warrants outstanding with an exercise price of \$0.50 per warrant with an expiry date of August 18, 2019.

For accounting purposes, the Sigma Holdings Debentures were separated into their liability, derivative and warrant components using the residual method. Total costs of \$245,433 were incurred for the private placement of the Sigma Holdings Debentures. The Sigma Holdings Debentures were separated into liability component of \$2,546,530, derivative component of \$950, and warrant component of \$7,016 on the date of issue. As an active market was not available for the Sigma Holdings Debentures, the fair value was determined using the most appropriate valuation model. For the Sigma Holdings warrants, the following weighted average assumptions were used in the Black-Scholes valuation model:

Risk free rate	1.22%
Expected life	2.0 Years
Expected dividend yield	nil
Estimated volatility	81%

The value assigned to the 275,400 Sigma Holdings warrants was determined to be \$11,244. The derivative component was revalued using a valuation model creating a loss of \$1,063,518. This derivative loss in addition to a \$560,000 loss on the penalty shares as noted below is disclosed in the statement of loss as a loss on derivative for the three months ended March 31, 2018 totaling \$1,623,518.

**13. Bridge loans**

On March 15, 26 and 29, 2018, A10 Serviços Especializados de Avaliação de Empresas Ltda., provided bridge loans to SMSA of 500,000 Reais (\$170,500), 520,000 Reais (\$177,320) and 727,600 Reais (\$248,112), respectively, with interest calculated pursuant to the CDI (Brazilian Interbank Rate) plus a 4% per annum spread, accrued from the date of their respective disbursements. The bridge loans had due dates on April 30, and May 30, 2018 automatically renewable on a rolling basis.

On July 18, 2018, \$641,635 was paid to A10 Serviços Especializados de Avaliação de Empresas Ltda. (a company owned by certain Directors of the Company) to satisfy the bridge loans and interest in full.

# Sigma Lithium Resources Corporation

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### 14. Provision

	March 31, 2019	December 31, 2018
Provision for legal claims (a)	\$ 9,994	\$ 10,026

(a) Refers to sundry infraction notices from the National Mineral Agency (ANM) (formerly called Department for Mineral Production (DNPM)) due to the following aspects:

- Mining right deposits in disagreement with the payment of licenses, in the period from 2009 to 2011 in the amount of 29,368 Reais (\$9,994) (December 31, 2018 - 29,368 Reais (\$10,026)).

### 15. Share capital

#### a) Authorized share capital

The authorized share capital consisted 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

	Number of common shares	Amount
<b>Balance, December 31, 2017 and March 31, 2018</b>	<b>669,675</b>	<b>\$ 697,582</b>
<b>Balance, December 31, 2018</b>	<b>66,967,501</b>	<b>\$ 32,232,166</b>
Exercise of RSUs (note 21)	364,000	709,800
<b>Balance, March 31, 2019</b>	<b>67,331,501</b>	<b>\$ 32,941,966</b>

### 16. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2019 was based on the loss attributable to common shareholders of \$1,454,976 (three months ended March 31, 2018 - loss of \$2,076,548) and the weighted average number of common shares outstanding of 66,991,768 (three months ended March 31, 2018 - 669,675). 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.



# Sigma Lithium Resources Corporation

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### 17. Warrants

	Number of warrants	Grant date fair value
Balance, December 31, 2017 and March 31, 2018	275,400	\$ 11,244
Balance, December 31, 2018 and March 31, 2019	523,752	\$ 635,861

The following table reflects the actual warrants issued and outstanding as of March 31, 2019:

Expiry date	Exercise price	Warrants outstanding
August 18, 2019	\$0.50	275,390
March 29, 2020	2.00	248,352
		523,742

### 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).

#### (i) 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 receivables. Cash is held with a Canadian chartered bank and a financial institution in Brazil, from which management believes the risk of loss to be minimal.

Receivables consists of amounts due from management and related parties (see notes 5 and 11). Receivables are in good standing as of March 31, 2019. Management believes that the credit risk with respect to these amounts receivable is minimal.

#### (ii) 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.

See note 3 - going concern.

The Company's cash is currently invested in business accounts with high-credit quality financial institutions which are available on demand by the Company.

The Company's financial obligations consist of accounts payable and other liabilities and the contractual value of the accounts payable and other liabilities and note payable. The maturity analysis of financial liabilities as at March 31, 2019 is as follows:

	Less than one year	1-3 years	3-5 years	More than 5 years	Total
Accounts payable and other liabilities	\$ 3,568,290	\$ -	\$ -	\$ -	\$ 3,568,290
Discounted lease payments	38,844	72,070	18,333	230,257	359,504
Note payable	2,399,824	1,270,926	-	-	3,670,750

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# Sigma Lithium Resources Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2019

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### 18. Financial risk management (continued)

#### (iii) 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.

##### (a) Interest rate risk

The Company has cash 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. As at March 31, 2019, the Company did not have any surplus cash. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

The Company also had debt instruments, as disclosed in notes 10, 12, and 13. The debt instruments as at March 31, 2019 and December 31, 2018 are exposed to interest as per the CDI ("Brazilian Interbank rate").

##### (b) 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 Real that are subject to foreign currency risk.

The Company had the following balances in the prescribed currencies:

		March 31, 2019	December 31, 2018
<b>(SMSA non-consolidated financial statements denominated in Brazilian Reais)</b>			
<b>Brazilian Reais</b>			
Current assets	Reais	1,213,304	446,358
Current liabilities	Reais	(5,719,634)	(3,651,476)
<b>(Company's non-consolidated financial statements denominated in US Dollars)</b>			
<b>United States Dollar</b>			
Cash in banks	USD	404,392	2,590,951

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and other liabilities denominated in Brazilian Real and US dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the Brazilian Reais compared to the Canadian dollar would affect net loss by approximately \$112,000 with all other variables held constant.

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**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 return through enhancing the share value.

The Company monitors its capital structure and makes adjustments 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 of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive income and deficit, which at March 31, 2019, totaled a deficit of \$28,058,210 (December 31, 2018 - deficit of \$26,603,234). The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2019.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to the Lithium Properties.

**20. General expenditures**

<b>Three months ended March 31,</b>	<b>2019</b>	<b>2018</b>
Stock-based compensation	\$ 2,575	\$ -
Administration	224,622	69,034
Professional fees	88,488	40,852
Accounting	25,600	-
Consulting	-	19,919
Salaries and benefits	187,711	45,203
Business development	49,521	13,586
Legal	256,600	198,471
Travel	237,802	17,711
Freight and transportation	-	26,992
Maintenance	-	5,009
Utilities	-	7,143
<b>Total general expenditures</b>	<b>\$ 1,072,919</b>	<b>\$ 443,920</b>

## Sigma Lithium Resources Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2019

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#### 21. Restricted share units

	Number of RSUs
<b>Balance, December 31, 2017 and March 31, 2018</b>	-
<b>Balance, December 31, 2018</b>	<b>3,692,000</b>
Forfeited <sup>(1)</sup>	(1,008,000)
Granted <sup>(2)</sup>	1,118,000
Exercised	(364,000)
<b>Balance, March 31, 2019</b>	<b>3,438,000</b>

<sup>(1)</sup> On January 7, 2019, 1,008,000 RSUs were forfeited.

<sup>(2)</sup> During the first quarter of 2019, the Company granted 1,118,000 RSUs to an officer and key employees of the Company, of which 364,000 were exercised on March 25, 2019.

#### 22. Stock options

	Number of stock options	Weighted average exercise price
<b>Balance, December 31, 2017 and March 31, 2018</b>	-	\$ -
<b>Balance, December 31, 2018</b>	<b>524,000</b>	<b>\$2.18</b>
Forfeited	(50,000)	2.23
Cancelled	(174,000)	2.23
<b>Balance, March 31, 2019</b>	<b>300,000</b>	<b>\$2.14</b>

The following table reflects the actual stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
August 28, 2028	2.23	9.42	150,000	-
November 2, 2028	2.05	9.60	150,000	-
		9.51	300,000	-

#### 23. Events after the reporting period

On April 4, 2019, the Company received the initial US\$3 million installment of the Pre-Payment from Mitsui (note 3).

On May 1, 2019, 1,242,000 common shares were issued related to the exercise of RSUs.

On May 22, 2019, 50,000 RSUs were cancelled.