

SIGMA LITHIUM RESOURCES CORPORATION

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2019

Registered Office:

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Introduction

The following interim management's discussion & analysis (this "Interim MD&A") of the financial conditions and results of operations of Sigma Lithium Resources Corporation (the "Company") for the three months ended March 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last management's discussion & analysis, being the Management's Discussion & Analysis (the "Annual MD&A") for the year ended December 31, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This discussion should be read in conjunction with the Company's Annual MD&A, audited consolidated financial statements for the year ended December 31, 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim 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. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Information contained herein is presented as of May 30, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on the Company's website at www.sigmalithiumresources.com.

Cautionary Note Regarding Forward-Looking Information

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
The Company will be able to continue its business activities.	The operating, exploration and development activities of the Company for the year ending December 31, 2019, and the costs associated therewith, will be consistent with the Company's current expectations; and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of the estimation; changes in operating and exploration activities; changes in equipment prices; changes in economic conditions; timing of expenditures; equity and debt markets generally, and specific to the sector, geographic and other circumstances of the Company.
The Company's properties may contain economic deposits of minerals.	The actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of applicable commodities and applicable interest and exchange rates will be favourable to the Company; no title disputes exist or will arise with respect to the Company's properties; and the Company has or will obtain adequate property rights to support its exploration and development activities.	Commodity price volatility; uncertainties involved in interpreting geological data; inability to secure necessary property rights; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions.
The Company's anticipated business plans, including costs and timing for future exploration and development of its property in Brazil.	The exploration activities of the Company and the costs associated therewith, will be consistent with the Company's current expectations; equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company; financing will be available for the Company's exploration and development activities on favourable terms; the Company's operating, development and production costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; the price of applicable	Commodity price volatility; changes in the condition of debt and equity markets; timing and availability of external financing on acceptable terms may not be as anticipated; the uncertainties involved in interpreting geological data; inability to secure necessary property rights; the possibility that future exploration, development and production results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other applicable legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company may be unable to retain and attract skilled staff; receipt

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	commodities will be favourable to the Company; no title disputes exist or will arise with respect to the Company’s properties; and the Company has or will obtain adequate property rights to support its exploration and development activities.	of applicable permits is subject to governmental and/or regulatory approvals; the Company does not have control over the actions of its joint venture partners and/or other counterparties.
Asset values for the period then ended are recorded at the proper values	Management believes that no write-down is required for its plant and equipment and mineral properties.	If the results of the Company’s exploration and development programs do not prove positive, a decline in asset values could be deemed to be other than temporary, resulting in impairment losses.
Management’s outlook regarding future trends and exploration programs	Financing will be available for the Company’s exploration, development and operating activities; the price of applicable commodities will be favourable to the Company; foreign exchange rates against the Canadian dollar and prices of equity investments will not be subject to changes in excess of plus or minus 15%; the actual results of the Company’s exploration and development activities will be favourable; management is aware of all applicable environmental obligations.	Commodity price volatility; changes in the condition of debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; the possibility that future exploration results will not be consistent with the Company’s expectations; changes in environmental and other applicable legislation and regulation.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Company Business

The Company is developing a leading lithium hard-rock deposit with exceptional mineralogy at its Grota do Cirilo project in Brazil.

The Company started to produce battery-grade lithium concentrate on a pilot scale in 2018, shipping high quality coarse lithium concentrate samples to potential customers produced by the Company’s pilot production plant (the “Pilot Plant”). Based on the initial design being considered under the Company’s

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ongoing feasibility study (“DFS”), a larger scale lithium concentration commercial production plant will contemplate a capacity of 220,000 tonnes of battery-grade spodumene concentrate annually. If recommended in the DFS, installation license approved and required funding is obtained, the Company would seek to begin the construction phase in the third quarter of 2019 and to become a fully-operational sustainable lithium producer in 2020.

The Pilot Plant was commissioned at the Company's site in Itinga. The Pilot Plant has the capacity to produce up to 12,000 tonnes of lithium spodumene concentrate per year at the rate of 10 tonnes per hour. The Pilot Plant produced high quality coarse lithium concentrate samples with an average grade of 6.27% Li₂O and a size of 9.3mm and the Company shipped these samples to potential long-term offtake partners in Asia for validation.

Highlights

Highlights from January 1, 2019 to the date of this Interim MD&A include:

1. Significantly advanced the process to obtain the environmental licenses required for the construction and installation of its lithium concentration commercial production plant (the “Commercial Production Plant”). The Company received internal approval from SUPRAM, Superintendência Regional do Meio Ambiente, the environmental regulatory approval body (Superintendence of the Environment in Diamantina) and received formal approval from CPB, Câmara para Proteção de Biodiversidade (Chamber for the Protection of Biodiversity).
2. Commencement of metallurgical studies and test work for the Barreiro deposit to confirm that its lithium spodumene can be economically processed through the same dense medium separation processing circuit of the Commercial Production Plant designed to process the spodumene of the Xuxa deposit in the ongoing DFS.
3. Lithium spodumene concentrate samples were validated by several large customers in the chemical and cathode industries, who confirmed their exceptional quality with high grades above 6% and very low impurities, specifically low levels of alkaline elements and iron, both well below 1%. The Company has experienced robust demand for long-term offtake agreements to supply spodumene concentrate.
4. Certain tax incentives and exemptions were received under an economic development program administered by SUDENE, a Brazilian federal government agency. The main tax benefits under the SUDENE program include a 75% corporate income tax reduction for 10 years after the Company reaches more than 20% of its annual production capacity and incentivized accelerated depreciation of assets.
5. The definitive Water License for the construction of the Commercial Production Plant was granted by Agência Nacional de Águas, the Federal government water agency of Brazil. The water usage license is valid for 10 years. The Company will use advanced environmental equipment and techniques in the Commercial Production Plant, recirculating up to 90% of the water in the processing. As a result, the water license received is sufficient for the Company to process 1.5 million metric tonnes of spodumene per year, producing an expected 220,000 tonnes of 6% lithium concentrate as well as at a later stage, if confirmed by a feasibility study, double capacity to process 3 million metric tonnes of spodumene per year, producing an expected 440,000 tonnes of spodumene concentrate.
6. There has been unwavering public support from the community of Itinga in the Vale do Jequitinhonha, with the conclusion of the public consultation period of the environmental licenses without additional public hearings being requested by the community. Such support has been the result of intensive communication

and interactions maintained with the community during the licensing process by proactively holding frequent public hearings.

7. A binding heads of agreement (“HoA”), establishing the general terms and conditions of a strategic alliance with Mitsui & Co. Ltd. (“Mitsui”) including a production pre-payment, offtake rights and a strategic collaboration, as discussed in the Company’s press release dated April 5, 2019. On the terms and subject to the conditions set forth in the HoA, Mitsui would provide a US\$30,000,000 pre-payment facility for a portion of the funding required to advance the construction of the Company’s Commercial Production Plant, in exchange for offtake rights to purchase of up to 55,000 tonnes annually over six years, extendable for another five years, at the option of Mitsui. The 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 study report by Mitsui, the approval of environmental licenses and the negotiation of definitive documentation. 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 against the overall pre-payment amount.

8. The Company conducted with SGS Canada Geostat, its Grota do Cirilo property resource estimate update, tripling the size of the measured and indicated mineral resource to 45.7 million tonnes, as discussed in the Company’s press release dated January 10, 2019. The two deposits that will support the Company’s future production profile, Xuxa and Barreiro were increased to a combined measured and indicated resource of 37.9 million tonnes with an average grade of 1.48%, amongst the highest in the world. The technical report including the updated estimates was filed on February 25, 2019 at www.sedar.com.

Trends

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the lithium price will be favourable and is confident about the quality of the Company’s assets and work completed so far. The Company is following closely other macro economics, political and social changes that will affect the Company. Currently, access to capital to fund small companies, such as the Company, is difficult to obtain.

Apart from these and the risk factors referenced under the heading “Risk Factors”, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company’s business, financial condition or results of operations.

Lithium properties

The Company’s budget from April 2019 to December 31, 2019 is \$6.5 million. The construction budget for 2019 still depends on the results of the Company’s ongoing DFS.

NEXT STEPS FOR SIGMA DURING THE SECOND AND THIRD QUARTERS OF 2019

- Finalize its ongoing DFS (level 3, which includes the complete design of the Commercial Production Plant, including the itemization of the long-lead items and detailed mining plan).
- Select an engineering contractor to build its Commercial Production Plant, once the ongoing DFS is finalized. The Company has engaged global engineering firms to prepare a detailed engineering proposal based on the Commercial Production Plant design prepared by Primero for the ongoing DFS.

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- Complete the financing package for the construction of the Commercial Production Plant and continue discussions with financing institutions and strategic partners, including companies from the lithium, mining, chemicals, battery and automotive sectors.
- Complete the Environmental License approval process for the Commercial Production Plant.
- Continue ongoing discussions with offtake customers, in order to enter into binding off-take agreements.

See "Risk Factors".

Financial Performance

Three months ended March 31, 2019 compared to the three months ended March 31, 2018

The Company's net loss totaled \$1,454,976 for the three months ended March 31, 2019, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$2,076,548 with basic and diluted loss per share of \$3.10 for the three months ended March 31, 2018. The decrease in net loss of \$621,572 was principally because:

- General and administrative expenses amounted to \$1,072,919 for the three months ended March 31, 2019 (comparative period - \$443,920). The increase of \$628,999 is mainly attributable to higher support costs, increased personnel and activities for the Company's Brazilian operations. The Company continues to assess these costs to ensure that cost-effective choices are being made.
- Foreign exchange loss amounted to \$234,525 (comparative period – foreign exchange gain of \$39,406). The increase in loss of \$273,931 is mainly attributable to indexed liabilities to foreign currencies and fluctuations in the Brazilian reais.
- Accretion amounted to \$36,381 for the three months ended March 31, 2019 (comparative period - \$43,436). This amount was primarily due to the effective interest method being used on the note payable.
- During the three months ended March 31, 2019, 1,118,000 restricted share units ("RSUs") were granted compared to \$nil in the comparative period. The total fair value of awards for the period ended March 31, 2019 was \$515,001 (net of cancelations). Of this amount, \$512,426 was included in exploration and evaluation assets.
- Loss on derivative amounted to \$nil (comparative period - \$1,623,518) during the three months ended March 31, 2019. The loss on derivative was primarily due to the increase in the Company's share price in the comparative period.

On March 31, 2019, the Company's total assets amounted to \$18,183,831 (December 31, 2018 - \$19,076,656). Excluding receivables and other assets, which at March 31, 2019, totalled \$515,835 (December 31, 2018 - \$463,626), total assets are mostly composed of cash and cash equivalents, which at March 31, 2019, totalled \$642,758 (December 31, 2018 - \$4,160,792), and lithium properties, which at March 31, 2019, totalled \$16,085,549 (December 31, 2018 - \$13,822,524). The Company's total assets also included the amount of \$584,582 related to property and equipment (December 31, 2018 - \$629,714) and right-of-use assets of \$355,107 (December 31, 2018 - \$nil).

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Cash flow

At March 31, 2019, the Company had cash and cash equivalents of \$642,758, compared to \$4,160,792 at December 31, 2018. The decrease in cash of \$3,518,034 from the December 31, 2018 cash balance of \$4,160,792 was as a result of cash outflows in operating activities of \$436,153, cash outflows from investing activities of \$3,169,970, cash provided by financing activities of \$nil, and the effect of exchange rate changes on cash held in foreign currency of \$88,089. Operating activities were affected by adjustments of depreciation of \$30,182, accretion and interest of \$117,350, stock-based compensation of \$2,575, unrealized foreign exchange gain of \$90,810 and net increase in non-cash working capital balances of \$959,558 because of an increase in receivables and other assets of \$52,209, an increase in amounts payable and other liabilities of \$993,006 and an increase in payroll taxes and other taxes of \$18,761. Investing activities included addition to lithium properties in the amount of \$1,892,576, the repayment of note payable of \$1,254,906 and lease payments of \$22,488.

Liquidity and Capital Resources

The Company does not generate cash from mining operations. In order to fund its exploration work and administrative activities, the Company is dependent upon financing through the issuance of shares or debt sources. During the three months ended March 31, 2019, the Company had no financing activities.

The Company's aggregate operating, investing and financing activities during the three months ended March 31, 2019 resulted in a net cash and cash equivalents position of \$642,758 and a negative working capital of \$5,196,723. In total, the Company's shareholders' equity at March 31, 2019, was \$10,301,638, mainly as a result of share capital of \$32,941,966, contributed surplus of \$5,695,604, accumulated other comprehensive loss of \$277,722 offset by deficit of \$28,058,210.

The Company will continue to monitor its cash outflows. The Company will continue to minimize all costs, to the extent possible. The Company's use of cash is currently and is expected to continue to be focused on funding of its general corporate expenditures and the exploration and development of its lithium properties. The Company's total current liabilities at March 31, 2019 include accounts payable to suppliers and other liabilities of \$3,568,290, payroll and other taxes of \$273,655, lease liability of \$38,844 and the current portion of note payable in the amount of \$2,399,824. The Company believes that it will have sufficient working capital, which includes cash and cash equivalents of \$642,758 and current liabilities of \$6,280,613, in conjunction with the advance from Mitsui of US\$3,000,000 (received on April 4, 2019), and other funds to be raised to fund its planned expenditures for the financial year ending December 31, 2019. Mitsui will also support the Company in meeting its construction timetable by providing up to US\$7,000,000 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 from the overall pre-payment amount. However, further financings will be required to develop the Company's properties, to meet ongoing obligations and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of project costs and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of the lithium properties. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all, and funding for small companies remains challenging. See "Risk Factors".

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed

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interim consolidated financial statements; and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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

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course of operations for 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.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section titled "Risk Factors" in the Company's Annual MD&A dated May 2, 2019 available on SEDAR at www.sedar.com.

Events after the reporting period

On April 4, 2019, the Company received the initial US\$3 million installment of the pre-payment facility from Mitsui.

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.