

Sigma Announces the Signing of an Engineering Contract with Duro Felguera and a Letter of Intent from Spanish Export Credit Agency to Provide Financing

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VANCOUVER, July 21, 2020 - [Sigma Lithium Resources Corp.](#) (Sigma; or the Company) (TSX-V: SGMA) (OTC- QB: SGMLF) is pleased to announce the signing of a front-end engineering design contract (FEED Contract) with Duro Felguera S.A of Spain (DF) for the second phase of early contractor involvement (ECI) for the engineering, procurement and construction (EPC) of Sigma's Grota do Cirilo lithium project in Brazil (the Project).

Sigma and DF have received a letter of intent from the Spanish Export Credit Insurance Agency (CESCE) to provide financing for up to 85% of the amount of the FEED Contract.

Primero Group of Australia (Primero) will be the nominated engineering firm in the Contract. DF and Primero are expected to undertake the work between August 2020 and November 2020. Sigma is currently mobilizing to site geotechnical drilling companies. Sigma anticipates commencing construction of the Project in the fourth quarter of 2020.

Early Contractor Involvement and EPC Contract

The ECI Phase 2 Front End Engineering Design: DF and Primero will perform detailed engineering, enhancing and improving the design and efficiencies in the processing plant, thereby further reducing risk. DF and Primero will also perform all of the work involved in completing the EPC contract, targeting an improved EPC lump sum turnkey price for the construction.

DF offered Sigma its EPC services as a fully integrated package, provided that the final lump sum turnkey price is within the Multicurrency GMP, as defined below, and certain technical and commercial parameters are met during the second phase.

The ECI Phase 1 - Guaranteed Maximum Price: this phase was successfully completed by DF and Primero, as announced on June 15, 2020. DF provided a multicurrency guaranteed maximum price for the EPC of the Project, on a lump sum turnkey basis, in the combined amounts of US\$ 23 million and R\$ 182 million, totaling US\$ 58 million (at US\$ 1.00 = R\$ 5.20) (the Multicurrency GMP).

The Multicurrency GMP is lower than the US\$66 million estimated in the NI 43-101 Technical Report on Grota do Cirilo Project Feasibility Study filed on SEDAR on November 6, 2019. The approximate 40% devaluation of the Brazilian Real since then had the overall effect of decreasing the capital expenditures of the Project, a material portion of which is expected to be sourced domestically in Brazil and is, therefore, to be denominated in Brazilian Reals.

A Summary of The ECI Approach:

1. ECI Phase I – Guaranteed Maximum Price (Already Completed):
 - Review and assimilate all of the existing design and data
 - Stress test and optimize the design through reviews, specific value engineering and trade-off studies
 - Reconfirm quantities and pricing
 - Initiate selected engineering deliverables to achieve nominally 25% engineering definition
 - Formulate a Multicurrency GMP for the plant and associated process supporting infrastructure
 - Submit a proposal and schedule to progress to the next phase
2. ECI Phase II – Front End Engineering Design:
 - Progress and finalize a selected set of engineering deliverables to achieve nominally 30% engineering definition
 - Advance long lead, critical equipment and site preparation (civil works) packages to “Ready for Award” status
 - Complete the contracting strategy for construction
 - Optimize and reduce contingency applied to the Multicurrency GMP in order to formulate a Lump Sum Turnkey (“LSTK”) cost estimate for the EPC of the process plant and associated process infrastructure
 - Submit a complete and firm proposal with schedules to Sigma for the EPC LSTK contract
 - Finalize negotiation of the Terms and Conditions of the EPC Contract
 - Execution of the EPC LSTK Contract

Sigma’s Chief Executive Officer, Calvyn Gardner, said: “We are extremely pleased to have Duro Felguera and Primero as our EPC partners. The fixed price lump sum turnkey EPC Contract will mitigate cost overrun risks for our Grota do Cirilo Project. The combination of their significant experiences will help Sigma manage construction risk at the Project: DF has a successful track record of managing lump sum turnkey fixed price EPC contracts in Brazil and globally. Primero will bring its vast experience in building state of the art lithium processing plants in Australia.” He added: “Duro Felguera also brings to the Project the financial support of CESCE, the Spanish Export Credit Agency, enabling the commencement of detailed engineering and EPC work already in August”

ABOUT SIGMA LITHIUM

Sigma is a Canadian company producing environmentally sustainable battery-grade lithium concentrate, which it has done on a pilot scale since 2018, shipping high-quality above 6% Li₂O coarse lithium concentrate samples to potential customers in Asia. Based on the technical report titled “Grota do Cirilo Lithium Project, Ara?ua? and Itinga Regions, Minas Gerais, Brazil, National Instrument 43-101 Technical Report on Feasibility Study Final Report”, dated October 18, 2019 and with an effective date of September 16th, 2019, a larger-scale lithium concentration commercial production plant will contemplate a capacity of 220,000 tonnes annually of battery-grade low-cost lithium concentrate and Sigma will be amongst the lowest-cost producers of lithium concentrate globally.

To secure a leading position supplying the clean mobility and green energy storage value chain, Sigma has adhered to the highest standards of environmental practices in line with its core values and mission since starting activities in 2012. Sigma’s production process is powered by hydroelectricity and the Company utilizes state-of-the-art dry-stacking tailings management and water-recycling techniques in its beneficiation process. Its corporate mission is to execute its strategy while embracing strict ESG principles. Sigma’s shareholders include some of the largest ESG-focused institutional investors in the world.

FOR ADDITIONAL INFORMATION PLEASE CONTACT

[Sigma Lithium Resources Corp.](http://www.sigmalithiumresources.com)
www.sigmalithiumresources.com

Company Contact:
Anna Hartley
Director of Investor Relations
44 7866 458 093
anna.hartley@sigmaca.com

FORWARD-LOOKING STATEMENTS

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