



**SIGMA LITHIUM CORPORATION
(FORMERLY SIGMA LITHIUM RESOURCES
CORPORATION)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards 34 Interim Financial Reporting of 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 the majority of its members are independent directors. The Audit Committee meets at least four times a year 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"
Co-Chairperson and Co-Chief Executive Officer

"Ana Cabral Gardner"
Co-Chairperson and Co-Chief Executive Officer

"Felipe Peres"
Chief Financial Officer

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

	September 30,	December 31,
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	\$ 35,486,829	\$ 13,543,024
Receivables and other assets (notes 5 and 12)	897,429	503,420
Total current assets	36,384,258	14,046,444
Non-current assets		
Receivables and other assets (notes 5 and 12)	96,881	111,098
Exploration and evaluation assets (note 7)	4,409,587	18,354,148
Property, plant and equipment (note 6)	25,651,557	686,308
Total assets	\$ 66,542,285	\$ 33,197,998
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,023,166	\$ 1,953,633
Revolving credit facility (note 8)	-	2,683,880
Payroll and other taxes	354,083	267,666
Note payable (note 10)	268,855	1,941,349
Lease liability (notes 11 and 12)	27,572	9,082
Other liabilities	-	72,127
Total current liabilities	2,673,676	6,927,737
Long-term liabilities		
Deferred revenue (note 9)	4,007,100	4,007,100
Note payable (note 10)	-	262,696
Lease liability (notes 11 and 12)	220,262	243,117
Total liabilities	6,901,038	11,440,650
Shareholders' equity		
Share capital (note 13)	92,646,319	53,910,946
Contributed surplus	21,896,165	3,930,885
Accumulated other comprehensive loss	(3,370,543)	(2,858,091)
Accumulated deficit	(51,530,694)	(33,226,392)
Total shareholders' equity	59,641,247	21,757,348
Total liabilities and shareholders' equity	\$ 66,542,285	\$ 33,197,998

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

Related parties (notes 5, 8, 11 and 12)

Approved on behalf of the Board:

(Signed) "Calvyn Gardner" _____, Director

(Signed) "Marcelo Paiva" _____, Director

Sigma Lithium Corporation

(Formerly Sigma Lithium Resources Corporation)

Condensed Interim Consolidated Statements of Net Loss and Comprehensive income (loss)

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating expenses				
General and administrative expenses (note 17)	\$ 11,150,053	\$ 330,834	\$ 18,097,480	\$ 1,201,501
Accretion and interest on notes payable (note 10)	5,823	51,547	49,105	218,007
Interest expense on revolving credit facility and suppliers (note 8)	19,479	87,787	145,140	144,897
Fair value adjustment on restructuring of note payable (note 10)	-	(39,029)	-	(29,052)
Foreign exchange gain	(279,968)	(115,307)	(29,143)	(960,537)
Depreciation	14,645	13,895	41,720	45,512
Net loss for the period	(10,910,032)	(329,727)	(18,304,302)	(620,328)
Other comprehensive loss				
Amounts that may be reclassified subsequently to profit and loss				
Cumulative translation adjustment	(541,854)	45,202	(512,452)	(2,399,148)
Net loss and comprehensive loss for the period	\$ (11,451,886)	\$ (284,525)	\$ (18,816,754)	\$ (3,019,476)
Loss per common share				
Equity holders of the Company				
Basic and diluted net loss per common share (note 14)	\$ (0.12)	\$ (0.00)	\$ (0.21)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	87,368,212	73,291,661	85,839,221	70,360,551

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

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

Nine months ended September 30,	2021	2020
Operating activities		
Net loss for the period	\$ (18,304,302)	\$ (620,328)
Adjustments for:		
Depreciation	41,720	45,512
Stock-based compensation (note 17)	15,596,207	278,995
Accretion and interest on notes payable (note 10)	49,105	218,007
Interest expense on credit revolver and suppliers (note 8)	145,140	144,897
Fair value adjustment on restructuring of note payable (note 10)	-	(29,052)
Unrealized foreign exchange gain on notes payable (note 10)	(108,719)	(975,210)
Unrealized foreign exchange gain	(264,927)	-
Provision	-	(9,465)
Changes in non-cash working capital items:		
Receivables and other assets	(394,454)	(12,773)
Accounts payable and other liabilities	20,345	(174,365)
Other taxes	100,603	15,478
Net cash provided by (used in) operating activities	(3,119,282)	(1,118,304)
Investing activities		
Addition to exploration and evaluation assets	(6,740,963)	(869,416)
Purchase of property, plant and equipment	(3,253,007)	-
Net cash used in investing activities	(9,993,970)	(869,416)
Financing activities		
Lease payments (notes 11 and 12)	(18,400)	(24,969)
(Repayment)/drawdown of revolving credit facility (note 8)	(2,755,906)	2,281,983
Repayment of note payable (note 10)	(1,875,576)	(868,474)
Proceeds from warrants exercised	132,000	-
Issue of common shares (note 13)	39,380,157	16,524,024
Net cash provided by financing activities	34,862,275	17,912,564
Effect of exchange rate changes on cash held in foreign currency	194,782	43,473
Net increase in cash	21,943,805	15,968,317
Cash, beginning of period	13,543,024	103,640
Cash, end of period	\$ 35,486,829	\$ 16,071,957

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

Sigma Lithium Corporation
(Formerly 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 loss	Deficit	Total
Balance, January 1, 2020	68,878,891	\$ 36,190,313	\$ 4,440,281	\$ (213,118)	\$(31,678,201)	\$ 8,739,275
Private placement (note 13)	8,285,200	17,813,180	-	-	-	17,813,180
Share issue costs (note 13)	-	(1,289,156)	-	-	-	(1,289,156)
Stock-based compensation (notes 18 and 19)	-	-	817,821	-	-	817,821
Net loss for the period	-	-	-	-	(620,328)	(620,328)
Other comprehensive loss for the period	-	-	-	(2,399,148)	-	(2,399,148)
Balance, September 30, 2020	77,164,091	\$ 52,714,337	\$ 5,258,102	\$ (2,612,266)	\$(32,298,529)	\$ 23,061,644
Balance, January 1, 2021	77,782,757	\$ 53,910,946	\$ 3,930,885	\$ (2,858,091)	\$(33,226,392)	\$ 21,757,348
Private placement (note 13)	9,545,455	42,000,000	-	-	-	42,000,000
Share issue costs (note 13)	-	(2,619,843)	-	-	-	(2,619,843)
Agent warrants issued (note 15)	-	(873,121)	873,121	-	-	-
Exercise of RSUs (note 18)	10,000	49,800	(49,800)	-	-	-
Exercise of warrants	30,000	178,537	(46,537)	-	-	132,000
Stock-based compensation (notes 18 and 19)	-	-	17,188,496	-	-	17,188,496
Net loss for the period	-	-	-	-	(18,304,302)	(18,304,302)
Other comprehensive income for the period	-	-	-	(512,452)	-	(512,452)
Balance, September 30, 2021	87,368,212	\$ 92,646,319	\$ 21,896,165	\$ (3,370,543)	\$(51,530,694)	\$ 59,641,247

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

Sigma Lithium Corporation
(Formerly Sigma Lithium Resources Corporation)
Notes to the Condensed Interim Consolidated Financial Statements
Nine Months Ended September 30, 2021 and 2020
(Expressed in Canadian Dollars, unless otherwise indicated)
(Unaudited)

1. Nature of operations

Sigma Lithium Corporation (formerly Sigma Lithium Resources Corporation) (the "Company") is a Canada mineral processing and development company incorporated under the Canada Business Corporations Act. The Company changed its name from Sigma Lithium Resources Corporation to Sigma Lithium Corporation on June 29, 2021 after receiving approval from shareholders at the Annual General Meeting. On September 13, 2021, the Company's common shares commenced trading on the Nasdaq Capital Market ("Nasdaq") under the symbol "SGML". Concurrent with the listing on the Nasdaq, the common shares ceased to be quoted on the Over-the-Counter QB and the symbol under which common shares are traded on the TSX Venture Exchange (the "TSXV") was also changed the symbol to SGML. The head office of the Company is at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6E 3E8.

These unaudited condensed interim 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 Holdings was incorporated for the purpose of developing the Company's lithium properties located in the State of Minas Gerais, 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. Basis of preparation

These unaudited condensed interim 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 (twelve) months and foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

The Company had approximately \$35.5 million cash and cash equivalents available as at September 30, 2021. As described in note 6, the Company has decided to proceed with development activities in preparation for the construction of the commercial production plant at the Lithium Properties (the "Production Plant"). Although the Company has sufficient cash and cash equivalents to fund its current contractual obligations in the next 12 months, the Company has not yet committed to all expenditures related to the construction of the Production Plant. The Company will require additional financing for future development activities and the construction of the Production Plant for expenditures not yet contractually committed to.

These financial statements were authorized for issuance by the Company's Board of Directors on November 16, 2021.

3. Significant Accounting Policies

Statement of compliance

The accounting policies and estimates applied in these condensed consolidated interim financial statements are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2020, except as described below. The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not contain all of the required disclosures as required under IFRS and should be read

Sigma Lithium Corporation
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in conjunction with the Company's December 31, 2020 audited annual consolidated financial statements.

Significant Accounting Policies (continued) Adoption of a new accounting policy

Property, plant, and equipment

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 its implied purchase price or 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 when the asset is ready for its intended use are capitalized.

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.

3. Cash and cash equivalents

Cash and cash equivalents include cash, immediately redeemable deposits and short-term investments with an insignificant risk of change in value. They are readily convertible to cash being comprised by different currency as follows:

	September 30, 2021		December 31, 2020	
	Amount in denominated currency	Equivalent Amount in Canadian Dollars	Amount in denominated currency	Equivalent Amount in Canadian Dollars
Denominated Currencies				
Deposits in Brazilian Reais	865,968	\$ 201,754	16,811	\$ 4,124
Deposits in United States Dollars	27,835,592	35,273,262	10,613,332	13,529,876
Deposits in Canadian Dollars	11,813	11,813	9,024	9,024
		\$ 35,486,829		\$ 13,543,024

Sigma Lithium Corporation
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Notes to the Condensed Interim Consolidated Financial Statements
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4. Receivables and other assets	September 30, 2021	December 31, 2020
Current		
Prepaid land lease (note 12(b))	\$ 11,449	\$ 12,055
Prepaid expenses	459,573	175,840
Sales tax receivable	418,056	313,803
Others	8,351	1,722
Total Current	897,429	503,420
Non-current - Prepaid land lease (note 12(b))	96,881	111,098
	\$ 994,310	\$ 614,518

Sigma Lithium Corporation
(Formerly Sigma Lithium Resources Corporation)

Notes to the Condensed Interim Consolidated Financial Statements

Nine Months Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars, unless otherwise indicated)

(Unaudited)

5. Property, plant and equipment

Cost	Vehicle	Furniture	Building	Machinery	Fixtures	Assets Under Construction	Pilot plant	Right-of-use assets	Total
Balance, December 31, 2020	\$ 5,888	\$ 41,423	\$ 12,220	\$ 106,566	\$ 204,756	\$ -	\$ 215,379	\$ 293,166	\$ 879,398
Additions	\$ 39,648	11,375	-	11,531	-	3,293,607	-	13,306	3,369,467
Transfer (note 3 and 7)	-	-	-	-	-	22,516,500	-	-	22,516,500
Disposal									
Cumulative translation adjustment	(571)	(2,163)	(615)	(5,442)	(10,302)	(812,705)	(28,815)	(13,255)	(873,868)
Balance, September 30, 2021	\$ 44,965	\$ 50,635	\$ 11,605	\$ 112,655	\$ 194,454	\$ 24,997,402	\$ 186,564	\$ 293,217	\$ 25,891,497

Accumulated amortization	Vehicle	Furniture	Building	Machinery	Fixtures	Assets Under Construction	Pilot plant	Right-of-use assets	Total
Balance, December 31, 2020	1,864	8,940	6,767	38,416	45,290	-	33,220	58,593	193,090
Depreciation	845	3,268	351	8,591	14,575	-	14,090	13,121	54,841
Cumulative translation adjustment	(100)	(472)	(343)	(1,992)	(2,381)	-	(1,770)	(932)	(7,991)
Balance, September 30, 2021	\$ 2,609	\$ 11,736	\$ 6,775	\$ 45,015	\$ 57,484	\$ -	\$ 45,540	\$ 70,782	\$ 239,940

Net book value	Vehicle	Furniture	Building	Machinery	Fixtures	Assets Under Construction	Pilot plant	Right-of-use assets	Total
Balance, December 31, 2020	\$ 4,024	\$ 32,483	\$ 5,453	\$ 68,150	\$ 159,466	-	\$ 182,159	\$ 234,573	\$ 686,308
Balance, September 30, 2021	\$ 42,356	\$ 38,899	\$ 4,830	\$ 67,640	\$ 136,970	\$ 24,997,402	\$ 141,024	\$ 222,436	\$ 25,651,557

- (a) Effective during Q2 2021, the Xuxa deposit (the "First Mine") has transitioned from the exploration and evaluation stage (under IFRS 6) to the development stage and, as a result, \$22,516,500 of the exploration and evaluation expenditures were transferred from exploration and evaluation assets to property, plant, and equipment (IAS 16). An impairment test was performed using a lithium price of US\$ 750.00 per ton, an exchange rate of BRL 5.20/US\$1.00 and a discount rate of 8%, which resulted in no impairment. The First Mine forms part of the Grota do Cirilo cash generating unit that also includes assets in the exploration and evaluation stage. Judgement is required in determining when an asset transitions from the exploration and evaluation to the development stage.

Sigma Lithium Corporation
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6. Exploration and evaluation assets

The Company has mineral properties in the exploration and evaluation stage with respect to its 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 set out below:

	September 30, 2021	December 31, 2020
Opening balance	\$ 18,354,148	\$ 19,388,092
Personnel costs ^(a)	2,422,648	933,045
Geological costs	1,696,245	292,701
Drilling	2,969,235	47,578
Environmental consulting ^(b)	190,524	321,710
Environmental compensation ^(c)	288,043	204,828
Development / Engineering services	707,387	3,501
Other	59,179	62,081
Cumulative translation adjustment ^(d)	238,679	(2,899,388)
Transfer to property, plant and equipment (notes 3 and 6)	(22,516,500)	-
Closing balance	\$ 4,409,587	\$ 18,354,148

^(a) The personnel costs include \$1,592,289 related to RSUs during the nine months ended September 30, 2021 (year ended December 31, 2020 - \$470,032).

^(b) Environmental consulting relates to maintenance, monitoring and licensing services.

^(c) Environmental compensation relates to conditioning factors required by environmental authorities.

^(d) Cumulative translation adjustment is the result of the exchange gain (loss) arising on the translation of exploration and evaluation assets held at Sigma Brazil, whose functional currency is the Brazilian Real, as a result of the appreciation of the Brazilian Real relative to the Canadian dollar during the nine month period ended September 30, 2021.

7. Revolving credit facility

On November 29, 2019, in order to fund its working capital, the Company entered into a US\$5,000,000 (\$6,300,000) unsecured revolving credit facility (the "A10 Credit Facility") with A10 Group (a related party – note 12). The A10 Credit Facility bore interest at 11% per annum, calculated in US Dollars from the day funds are drawn. The A10 Credit Facility was subject to a commitment and disbursement fee of 0.65% and a due diligence fee of 0.65% of the committed amount, which were offset against any interest payable on funds drawn. This credit facility had a one-year term, which was to be the repayment date for all funds drawn. Each draw on the A10 Credit Facility was subject to A10Group approval.

On November 28, 2020 and on May 29, 2021 A10 Group agreed to extend the maturity date by six and three months, without any penalties or additional charges.

On May 31 and on August 30, 2021, the Company repaid respectively US\$1,097,774 (\$1,330,579) and US\$ 1,126,601 (\$1,425,317) to A10 Group, which were the amount owing on the A10 Credit Facility.

Sigma Lithium Corporation
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Notes to the Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian Dollars, unless otherwise indicated)
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8. Revolving credit facility (continued)

The following balances were outstanding as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Principal ^(a)	\$ -	\$ 2,454,882
Accrued Interests and fees ^(b)	-	228,998
Total credit facility liability	\$ -	\$ 2,683,880

^(a) The amount in contractual currency was US\$nil (December 31, 2020 - US\$1,925,700)

^(b) The amount in contractual currency was US\$nil (December 31, 2020 – US\$179,634)

9. Deferred revenue

On March 26, 2019, the Company entered into a binding head of agreement with Mitsui & Co. Ltd. ("Mitsui") under which Mitsui will prepay the Company US\$30,000,000 for battery grade lithium concentrate supply of up to 80,000 tonnes annually (the "Mitsui Pre-Payment") over six years, extendable for another five years at the option of Mitsui.

An initial tranche payment of US\$3,000,000 (\$4,007,100) was received by the Company on April 4, 2019, while the receipt of the remaining tranches are subject to certain conditions, including the execution of related definitive offtake agreements with Mitsui and securing loan funding for the remaining amount of the capital expenditures for the construction of the Production Plant.

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

Other than the initial tranche payment described above, the Company did not request or receive any funds in 2020 and in the nine month period ended September 30, 2021.

10. Note payable

The outstanding balance of the note payable is herein presented at its carrying value of \$268,856, including principal of \$225,906 plus interest of \$42,950 as at September 30, 2021, calculated as follows:

	September 30, 2021	December 31, 2020
Opening balance	\$ 2,204,045	\$ 3,883,733
Accretion	32,941	167,477
Interest	16,164	98,831
Fair value adjustment	-	(29,052)
Unrealized foreign exchange gain	(108,719)	(890,992)
Repayment of interest	(273,882)	(125,176)
Repayment	(1,601,694)	(900,776)
Closing balance	\$ 268,855	\$ 2,204,045

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10. Note payable (continued)

The following payments schedules due at September 30, 2021 and December 31, 2020 are outlined below.

Due date	Reais (undiscounted)	Canadian equivalent to Reais (undiscounted)	Carrying value September 30, 2021
March 28, 2022	1,000,000	225,906	\$ 268,855
Total			\$ 268,855

Carrying value	September 30, 2021
Current	\$ 268,855
	\$ 268,855

Due date	Reais (undiscounted)	Canadian equivalent to Reais (undiscounted)	Carrying value December 31, 2020
January 31, 2021	3,859,309	\$ 946,582	\$ 1,101,470
March 15, 2021	3,000,000	735,817	839,879
March 28, 2022	1,000,000	245,272	262,696
			\$ 2,204,045

Carrying value	December 31, 2020
Current	\$ 1,941,349
Long-term	262,696
	\$ 2,204,045

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11. Lease liability

The lease liability is related to land leases of surface properties owned by Miazga Participações S.A., ("Miazga"), a related party (note 12) and Arqueana, a related party (note 12) and housing leases owned by third parties. The lease liability was measured at the present value of the lease payments. The lease payments were discounted using a weighted average interest rate of 11.33% (December 31, 2020 – 11.33%), which was determined to be the Company's incremental borrowing rate. The continuity of the lease liability is presented in the table below:

Lease liability at January 1, 2020	\$ 313,690
Additions	20,585
Interest expense	27,465
Lease payments	(35,231)
Cumulative translation adjustment	(74,310)
Lease liability at December 31, 2020	252,199
Remeasurement	15,583
Interest expense	20,378
Lease payments	(18,400)
Settlement of prepayment	(8,627)
Cumulative translation adjustment	(13,299)
Lease liability at September 30, 2021	\$ 247,834

As at September 30, 2021

Lease obligations	\$ 247,834
Less current portion	27,572
Non-current portion	\$ 220,262

Maturity analysis – contractual undiscounted cash flows

As at September 30, 2021

Less than one year	\$ 37,545
Year 2	37,545
Year 3	37,545
Year 4	37,545
More than 5 years	375,120
Total contractual undiscounted cash flows	\$ 525,300

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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 em Avaliação de Empresas Ltda. and A10 Investimentos Ltda., both companies are owned by one Co-CEO and a director of the Company.
Miazga	Miazga Participações S.A ("Miazga") is a land administration company in which two Co-CEOs of the Company have an indirect economic interest.
Arqueana	Arqueana Empreendimentos e Participações S.A. ("Arqueana") is a land administration company in which two Co-CEOs of the Company have an indirect economic interest.
Key management personnel	Includes the directors of the Company, executive management team and senior management at SMSA.

(a) Transactions with related parties

Cost sharing agreement ("CSA"): The Company entered in a CSA with A10 Group where A10 Group is reimbursed for secondment staff 100% allocated to the Company, including legal, financial and business development personnel and 50% of shared secretarial administrative personnel.

Revolving credit facility: The Company entered in a revolving credit facility agreement with A10 Group which allows the Company to raise short-term financing debt increasing its liquidity (note 8). This revolving credit facility terminated on August 29, 2021

Leasing Agreements: The Company has land lease agreements with Miazga and Arqueana (note 11). Part of these leases get offset by the prepaid land lease (note 5).

Share purchase agreement ("SPA"): The Company owes a note payable related to the SPA with Arqueana (note 10).

Commission fees: The Company entered into an agreement with A10 Group for acting as one of the Company's financial advisors to locate equity investors in non-brokered private placements. The Company paid finders' fee of up to 6% of the gross proceeds received from these investors (note 13).

The related party transactions are recorded at the exchange amount transacted as agreed between the Company and the related party. All of the related party transactions have been reviewed and approved by the independent directors of the Company.

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12. Related party transactions (continued)

(b) Outstanding balances and expenses with related parties

	2021			2020		
	September 30, Prepayments	September 30, Accounts Payable/ Debt	Nine Months Ended September 30, Expenses/ Payments	December 31, Prepayments	December 31, Accounts Payable/ Debt	Nine Months Ended September 30, Expenses/ Payments
	\$	\$	\$	\$	\$	\$
A10 Group						
CSA	-	-	120,639	-	-	86,992
Revolving credit facility	-	-	(2,683,880)	-	2,683,880	167,630
Commission fees	-	-	(3,171,168)	-	-	(948,573)
Miazga						
Lease agreements	-	78,069	37,127	-	82,514	49,279
Prepaid land lease offset	108,330	-	8,699	123,153	-	-
Arqueana						
Lease agreements	-	169,762	18,041	-	169,685	20,212
SPA	-	268,855	(1,935,190)	-	2,204,045	(1,025,952)
Management and Directors						
Travel cost reimbursement	-	-	-	-	72,127	-

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13. 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

	Common shares (#)	Amount
Balance, January 1, 2020	68,878,891	\$ 36,190,313
Private placement ⁽¹⁾	8,285,200	17,813,180
Cost of private placement ⁽¹⁾	-	(1,289,156)
Balance, September 30, 2020	77,164,091	\$ 52,714,337

	Common shares (#)	Amount
Balance, December 31, 2020	77,782,757	\$ 53,910,946
Private placement ⁽²⁾	9,545,455	42,000,000
Cost of private placement ⁽²⁾	-	(2,619,843)
Agent warrants issued	-	(873,121)
Exercise of RSUs (note 18)	10,000	49,800
Exercise of warrants (note 15)	30,000	178,537
Balance, September 30, 2021	87,368,212	\$ 92,646,319

⁽¹⁾ On August 13, 2020, the Company completed a non-brokered private placement of 8,285,200 common shares at a price of \$2.15 per share for aggregate gross proceeds of \$17.8 million. In connection with the offering, the Company paid aggregate placement agent fees of \$1,242,727. In connection with this offering A10 Group, a related party (note 12) who was part of the Company's financial advisors engaged in such non-brokered private placement, received \$948,573 of such placement agent fees.

⁽²⁾ 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 \$2,619,845 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 Group, a related party (note 12) who was part of the Company's financial advisors engaged in such non-brokered private placement, received \$2,344,584 of such placement agent fees and 532,860 of such warrants.

14. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2021 was based on the loss attributable to common shareholders of \$828,345 and \$18,286,439, respectively (three and nine months ended September 30, 2020 - loss of \$329,727 and \$620,328, respectively) and the weighted average number of common shares outstanding of 87,368,212 and 85,839,221, respectively (three and nine months ended September 30, 2020 of

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73,291,661 and 70,360,551, respectively). 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.

15. Warrants

	Number of Warrants	Grant date fair value
Balance, January 1, 2020	248,352	\$ 217,929
Expired	(248,352)	(217,929)
Balance, September 30, 2020	-	\$ -
Balance, December 31, 2020	-	\$ -
Issued ⁽¹⁾	562,860	873,121
Exercised (note 13)	(30,000)	(46,537)
Balance, September 30, 2021	532,860	\$ 826,584

⁽¹⁾ The fair value of the 562,860 Common Share purchase warrants of \$873,121 was estimated using a relative fair value method at the date of the grant. For this calculation the Company used 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 (note 13).

16. 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, accounts receivable, accounts payable, note payable and accrued liabilities approximate their carrying values due to the short term to maturity of these financial instruments.

17. General and administrative expenditures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock-based compensation	\$ 10,085,055	\$ 67,646	\$ 15,596,207	\$ 278,995
Salaries and benefits	291,315	59,903	647,553	227,226
Legal	22,106	1,637	136,298	21,637
Travel	13,845	-	35,641	44,413
Professional fees	125,519	15,175	186,358	36,376
A10 Group - CSA (note 12(a))	46,268	28,886	116,729	86,992
Business development and investor relations	253,551	73,517	543,207	229,611
Accounting	32,613	14,398	76,287	60,669
Auditing	97,837	29,537	371,632	78,157
Interest and tax	35,250	-	68,452	-
Other general and administration	146,695	40,135	319,117	137,425
Total general and administrative Expenditures	\$ 11,150,054	\$ 330,834	\$ 18,097,481	\$ 1,201,501

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18. Restricted share units

The Company's Board of Directors has adopted Equity Incentive Plan (the "Equity Incentive Plan"). The Equity Incentive Plan received 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 selected by the Company's Board of Directors or a committee appointed by the Company's Board of Directors to administer the Equity Incentive Plan.

	Number of RSUs
Balance, January 1, 2020	2,146,000
Cancelled	(840,000)
Balance, September 30, 2020	1,306,000

	Number of RSUs
Balance, January 1, 2021	687,334
Granted ^(1,2,3)	8,120,333
Exercised	(10,000)
Balance, September 30, 2021	8,797,667

- (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 granted 739,000 fully vested RSUs to directors of the Company.
- (3) On September 8, 2021, the Board granted an aggregated 6,000,000 RSUs to the Co-CEOs of the Company (3,000,000 RSUs to each Co-CEOs).

5,000,000 of the RSUs granted to the Co-CEOs (being 2,500,000 of the RSUs granted to a Co-CEO) will vest in four tranches upon the achievement of specified market capitalization targets as follows:

Tranche	No.RSUs	Marketing Condition Vesting Milestone
I	1,000,000	Increase of market cap to C\$ 1.3 billion
II	1,000,000	Increase of market cap to C\$ 1.55 billion
III	1,000,000	Increase of market cap to C\$ 1.8 billion
IV	1,000,000	Increase of market cap to C\$ 2 billion
	5,000,000	

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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 remaining aggregate 1,000,000 RSUs granted (500,000 RSUs per Co-CEO) will vest upon successful execution of a net zero plan which has to be approved by the Board of Directors.

The expense for these RSUs have been valued based on the Company's share price at the grant date.

Total stock based compensation for the three month and nine month periods ended September 30, 2021 were \$10,115,281 and \$17,188,496, respectively.

19. Stock options

Movements in stock options are summarized below:

	Number of stock options	Weighted average exercise price
Balance, January 1, 2020 and September 30, 2020	200,000	\$2.10
	Number of stock options	Weighted average exercise price
Balance, December 31, 2020 and September 30, 2021	50,000	\$2.23

The following table reflects the stock options issued and outstanding as of September 30, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining exercisable life (years)	Number of options outstanding	Number of options vested (exercisable)	Grant date (exercisable) fair value
August 28, 2028	2.23	6.92	50,000	30,000	\$ 100,200

These options vest in 5 tranches, being 20% on each anniversary of the grant date.