

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____, Individually and On
Behalf of All Others Similarly Situated,

Plaintiff,

v.

SIGMA LITHIUM CORPORATION,
CALVYN GARDNER, ANA CABRAL,
MARCELO PAIVA, and FELIPE PERES,

Defendants.

Case No.

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

LAW OFFICES OF HOWARD G. SMITH

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Sigma Lithium Corporation (“Sigma” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Sigma; and (c) review of other publicly available information concerning Sigma.

NATURE OF THE ACTION AND OVERVIEW

1. This is a class action on behalf of persons and entities that purchased or otherwise acquired Sigma securities between January 23, 2023 and October 5, 2023, inclusive (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Sigma is a Canada-based global lithium producer which operates several mining properties in Brazil.

3. On August 22, 2023, *Reuters* reported that Sigma had filed a lawsuit against Defendant Calvyn Gardner (“Gardner”), who until approximately January 23, 2023, was Sigma’s co-Chief Executive Officer (“CEO”) with Defendant Ana Cabral (“Cabral”). The suit also names Luisa Valim (“Valim”), Gardner’s daughter-in-law, as a defendant. *Reuters* reported that the suit alleges that “Valim downloaded and shared with Gardner about 80,000 confidential documents from a data room” in order to “interfere” with a possible buyout of Sigma and “for leverage and revenge” after Defendant Gardner learned he might not be legally entitled to half the marital assets in his divorce with Cabral.

4. On this news, the Company's share price fell \$1.62, or 4.7%, to close at \$32.93 per share on August 22, 2023.

5. Then, on September 28, 2023, *Reuters* reported that “[a] Brazilian court injunction is halting the sale or mining of two plots of land where takeover target Sigma Lithium is planning open pits” and that “[t]he couple’s ongoing divorce touched off at least five lawsuits over the businesses they built, including a dispute over some of the mineral rights where Sigma plans to build mining pits.”

6. The next day Sigma issued a press release that stated “recent media reports” had “incorrectly denominated as an ‘injunction’ certain conditions established upon the approval by the Brazilian Courts” and the transfer of rights would not impact its future operations, nor would it appeal the judge’s decision in the lawsuit. *Reuters* reported on the Company’s rebuttal near the close of trading at approximately 3:20 PM EDT on September 29, 2023.

7. On this news, the Company’s shares fell \$2.11, or 6.5%, to close at \$30.33 on the next trading day, October 2, 2023.

8. Then, on October 5, 2023, *Reuters* reported midday that Brian Talbot (“Talbot”), who had been the Company’s Chief Operating Officer (“COO”), had resigned months ago, in July 2023, which became effective September 29th, and that this was never reported by the Company. This was the fourth major departure in a period of less than a year, including two Chief Financial Officers, a CEO and now COO.

9. On this news, Sigma’s share price fell \$2.13, or 7.1%, to close at \$27.75 per share on October 5, 2023.

10. Finally, on October 6, 2023 Sigma confirmed the resignation of their COO, with Defendant Marcelo Paiva (“Paiva”) stating they had “agreed to respect Mr. Talbot's decision

regarding the timing to make his resignation public.” However, that same day, *Reuters* reported that Talbot told them that Paiva’s comments were “factually incorrect as there has been no request to withhold from the investors the fact that I resigned in July.”

11. On this news, Sigma’s share price fell \$0.19, or 1%, to close at \$27.56 on October 6, 2023.

12. Throughout the Class Period, Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and prospects, including: (1) that Gardner and Cabral’s divorce was spawning personal and legal issues that were likely to negatively affect Sigma’s continuing operations; (2) that, as a result of such legal disputes, a Brazilian court was likely to enter an injunction halting the sale or mining of two plots of land where Sigma was planning open pits; (3) that Gardner had acquired confidential documents from Sigma that could that might interfere with a possible buyout of Sigma; (4) that, as a result of the foregoing, members of the executive team that Sigma relied on for its operational success were leaving the Company; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

13. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

14. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

15. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

16. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

17. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

18. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased Sigma securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

19. Defendant Sigma is incorporated under the laws of the Canada with its principal executive offices located in Columbia, Canada. Sigma's Common Shares trade on the Nasdaq under the symbol "SGML."

20. Defendant Gardner was the Company's Co-CEO from approximately September 8, 2021 until approximately January 23, 2023.

21. Defendant Cabral has been the Company's CEO since approximately January 23, 2023 and was the Company's Co-CEO from approximately September 8, 2021 until approximately January 23, 2023.

22. Defendant Felipe Peres (“Peres”) was the Company’s Chief Financial Officer (“CFO”) from approximately September 8, 2021 until approximately January 23, 2023 and has been the Company’s Senior Financial Advisor since January 23, 2023.

23. Defendant Paiva was the Company’s Co-Chairman of Sigma and director of the board at all relevant times.

24. Defendants Paiva, Peres, Cabral and Gardner (together, the “Individual Defendants”), because of their positions with the Company, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

SUBSTANTIVE ALLEGATIONS

Background

25. Sigma is a Canada-based global lithium producer which operates several mining properties in Brazil.

**Materially False and Misleading
Statements Issued During the Class Period**

26. The Class Period begins on January 23, 2023. On that day Sigma issued a press release indicating that then-co-CEO Defendant Gardner and then-CFO Defendant Peres were stepping aside (“January Press Release”). Specifically, the January Press Release stated:

- Brian Talbot, Sigma Lithium’s Chief Operating Officer, will continue to lead operations on site in Brazil.
 - *Mr. Talbot has been instrumental to the successful execution of the Greentech Plant optimized design and detailed engineering and has played a pivotal role in the construction and commissioning of the project since joining the Company in 2021.*

- Ana Cabral-Gardner continues to be the Chief Executive Officer of the Company and will continue as Co-Chair of the Board.
 - Ms. Cabral-Gardner has been sharing the helm of Sigma Lithium for the past five years during which she has and will continue to serve on the Finance, Technical and ESG committees of the Board.
 - She has led Sigma Lithium to become a global pioneer in environmental and social sustainability within the battery supply chain.

* * *

- *Rodrigo Menck has been named Chief Financial Officer of Sigma Lithium.*
 - *Mr. Menck will be working closely with Felipe Peres, the prior Chief Financial Officer, who will remain as part of the Finance Team leadership in the capacity of Senior Advisor to the Company.*
 - Mr. Menck joined the Company last year from Nexa Resources, a NYSE listed mining producer with assets in Brazil and other countries.

- *Calvyn Gardner, who had been Co-Chief Executive Officer and Co-Chair, will remain as a Director of the Company.*

27. The January Press Release continues, explaining:

Further, *in preparation for evolving financial reporting responsibilities as the Company transitions from developer to producer*, Rodrigo Menck, who joined the Company in 2022, has been named Chief Financial Officer of Sigma Lithium. Felipe Peres, former Chief Financial Officer, will continue to work closely with the Finance Team in the capacity of Senior Advisor to the Company.

* * *

Calvyn Gardner, who had been Co-CEO and Co-Chair of the Board, will remain on the Board of Directors.

“On behalf of the Company’s Board, employees and the entire Sigma team, I would like to thank Calvyn for his contributions to the Company. I have personally learned a great deal from Calvyn and I am truly honoured to have served by his side at Sigma for almost seven years”, said Ana Cabral-Gardner, Sigma Lithium CEO and Co-Chair.

28. On June 12, 2023, the Company announced its upcoming shareholder meeting in a Form 6-K filed with the SEC (“June Shareholder Circular”). The June Shareholder Circular stated:

Each Named Executive Officers provided a covenant and agreed not to disclose any confidential information to any person, other than to the directors, officers, employees, or service providers of the Corporation, that have a need to know such information, ***nor shall a Named Executive Officer use or exploit, directly or indirectly, such information for any purpose other than for the purposes of the Corporation, nor disclose or use for any purpose, other than for those of the Corporation,*** the private affairs of the Corporation, or any other information which such person may acquire during employment with the Corporation, with respect to the business and affairs of the Corporation.

29. The June Shareholder Circular further stated:

The Board shall be responsible to adopt a "Code of Business Conduct and Ethics" for the Corporation, and monitor compliance, with such code which shall address:

- (i) conflicts of interest;
- (ii) the protection and proper use of the Corporation's assets and opportunities;
- (iii) ***the confidentiality of information;***
- (iv) ***fair dealing*** with various stakeholders of the Corporation;
- (v) ***compliance with laws, rules and regulations;*** and
- (vi) the reporting of any illegal or unethical behaviour.

30. On June 13, 2023 the Company announced its annual filings for the year ended December 31, 2022 in an SEC Form 40-F which stated:

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

31. Then, after months of rumors of a potential buy out circulating, on July 28, 2023, the Company announced, in an interview with Ernest Scheyder of *Reuters* entitled “Exclusive: Sigma Lithium CEO says in talks with potential buyers” that Sigma was working with Bank of

America to coordinate talks with parties interested in acquiring it. During the interview Defendant Cabral stated:

"What I can confirm is that since the rumors started in February, the **management continues to work to understand strategic alternatives to strengthen Sigma's and Brazil's unique environmentally competitive position** on the midstream of the global supply chain,"

32. On August 11, 2023 Sigma announced its financial results including management's discussion and analysis for the three months ended March 31, 2023 in a Form 6-K filed with the SEC ("2023Q1 6-K").

33. The 2023Q1 6-K also stated the Company had again changed its CFO, stating in full:

During the first quarter of 2023, Sigma took steps to further strengthen both its Board and management, which are summarized below.

- On January 23, 2023, **Ana Cabral-Gardner was appointed to remain as CEO** and Co-Chairperson of the Board and Felipe Peres as Senior Financial Advisor to the Company.
- On June 30, 2023, Sigma held its Annual and Special Meeting of Shareholders where the shareholders of the Company approved the appointment of Bechara S. Azar, Cesar Chicayban, Lucas Melo and Alexandre Rodrigues as Independent Directors of the Board as well as the reappointment of Ana Cabral-Gardner as a Director and Chairperson of the Board and Marcelo Paiva as a Director of the of the Board. The previous independent Directors of the Company, including Gary Litwack, Frederico Marques and Dana M. Perlman, did not stand for reelection to the Board.
- **On July 28, 2023, the Company changed its Chief Financial Officer ("CFO"). Caio Araujo, who was hired on June 26, 2023 as Chief Controls Officer ("CCO") replaced the former CFO, and the Senior Financial Controller, Raphael Dias, hired on July 5, 2023, replaced Mr. Araujo as the new CCO.**

34. The 2023Q1 6-K states that the Company does "continue to show material weaknesses" and "the CEO and CFO evaluated that there is a material weakness in the design and operation of the Company's DC&P, which are deemed as ineffective."

35. The 2023Q1 6-K also reiterates that “[f]ailure to retain key officers, consultants and employees or to attract and, if attracted, retain additional key individuals with necessary skills could have a materially adverse impact upon the Company’s success.”

36. On August 11, 2023 the Company also issued a separate press release which touted its leadership success and announced the change of CFO in a press release which stated:

- Sigma Lithium ***significantly upgraded senior leadership at CFO office***, advancing its transformation into a producer and operating company by strengthening its financial department and internal controls:

- o ***Caio Araujo has been named Chief Financial Officer***. He has 33 years of experience in finance and controlling, having started his career at PwC.

37. The above statements identified in ¶¶ 26-36 were materially false and/or misleading, and failed to disclose material adverse facts about the Company’s business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that Gardner and Cabral’s divorce was spawning personal and legal issues that were likely to negatively affect Sigma’s continuing operations; (2) that, as a result of such legal disputes, a Brazilian court was likely to enter an injunction halting the sale or mining of two plots of land where Sigma was planning open pits; (3) that Gardner had acquired confidential documents from Sigma that might interfere with a possible buyout of Sigma; (4) that, as a result of the foregoing, members of the executive team that Sigma relied on for its operational success were leaving the Company; and (5) that, as a result of the foregoing, Defendants’ positive statements about the Company’s business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

38. The truth began to emerge on August 22, 2023, when *Reuters* published an article entitled “*Sigma Lithium, eyeing buyout, sues ex-CEO and daughter-in-law over trade secrets.*” (“August Reuters Report”). The August *Reuters* Report disclosed that Sigma “has sued a former

co-chief executive officer, accusing him of stealing trade secrets to undermine the company's effort to sell itself." The August Reuters Report continues:

The complaint was filed on Monday in federal court in Manhattan against Calvyn Gardner, who until January was Sigma's co-CEO with Ana Cabral-Gardner, who he is divorcing and who remains CEO. Luisa Valim, Gardner's daughter-in-law, is also a defendant.

* * *

The lawsuit said Cabral-Gardner and Gardner lead a fund, A10 Investimentos, with a 44% stake in the company, with Cabral-Gardner owning 76% of the fund and Gardner owning 24%.

According to Sigma, Valim hatched a scheme to steal proprietary information "for leverage and revenge" and to gain more favor with her father-in-law, after learning he might not be legally entitled to half the marital assets in the divorce.

Sigma said that soon after leaving the company in May, *Valim downloaded and shared with Gardner about 80,000 confidential documents* from a data room to which Bank of America (BAC.N), which has been working on talks with potential buyers of Sigma, coordinated access.

According to Sigma, these documents included industrial and mining documents that were the "secret sauce" of its business, and which if misappropriated would take away its key competitive advantage against lithium mining and processing rivals.

Sigma said Valim and *Gardner's actions were "designed to interfere" with a possible buyout, and Valim boasted to an A10 partner on a July 1 airplane flight that because of the scheme "the M&A process was 'over.'"*

The lawsuit seeks unspecified damages and the return of misappropriated property.

In a July 28 interview, Cabral-Gardner said Sigma has been looking to strengthen its "unique environmentally competitive position" in the global supply chain.

"The company is the asset," she said.

39. On this news, the Company's shares fell \$1.62, or 4.7%, to close at \$32.93 per share on August 22, 2023.

40. Nevertheless, on September 13, 2023, the Company issued a press release which described "potential strategic alternatives" the Company was considering:

The Companies received several proposals in relation to the Brazilian Company Sigma Mineração (“Sigma Brazil”), for the Canadian parent Sigma Lithium Corporation (together the “Companies” or separately the “Company”) as well as for the Grota do Cirilo Project (the “Project”). The proposals from the potential strategic partners differ in nature and structure and are subject to ongoing review and negotiations.

Ana Cabral, Co-Chairperson of the Board and CEO of Sigma Lithium, stated:

“Sigma Lithium is humbled and pleased by the strong strategic interest in our businesses from industry leaders in the energy, auto, battery and lithium refining industries. Our success is driven by the relentless commitment and tireless work ethic of our incredibly diverse team, who have been determined from the very beginning to build the most socially and environmentally sustainable producer of industrialized lithium materials in the world.

We are all very proud of our unique culture of teamwork and what we have accomplished for Brazil during the last six years. We inserted our country in the global lithium supply chain as one of the most sustainable lithium producers, while helping lift the people of our region, Vale do Jequitinhonha, by delivering and attracting billions of reais in investments. More importantly, our accomplishments reflect the mature regulatory, commercial rule of law and legal security for international investors in Brazil, built over decades of mining success and overall industrialization.

Our strategic review process coincides with our industry-first achievement of Triple Zero Green Lithium: zero carbon, zero tailings and zero hazardous chemicals. We recently disclosed the leaps in operational ramp-up at our Greentech lithium plant, including the success of our pioneer environmental tailings and water management industrial plant module, encompassing an innovative dry stacking of tailings coupled with water reuse.

Now as a full-fledged global producer, Sigma Lithium’s Board of Directors is conscious of its fiduciary duty and the responsibility involved in selecting our strategic partner, enabling Sigma Brazil to continue to take our country to the next level in securing its vital position within the global lithium supply chain.”

The Board of Directors and management team are committed to acting in the best interests of the Company, its public shareholders, its employees and its community. Each alternative will be thoroughly considered before any strategic partner is selected or any transaction is agreed. The decision regarding the outcome of the Strategic Process will be made at a shareholders’ meeting of Sigma Lithium, where a “majority of the minority shareholders” of Sigma Lithium will be required for the deciding vote.

41. The above statements identified in ¶¶ 26-36, 40 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that Gardner and Cabral's divorce was spawning personal and legal issues that were likely to negatively affect Sigma's continuing operations; (2) that, as a result of such legal disputes, a Brazilian court was likely to enter an injunction halting the sale or mining of two plots of land where Sigma was planning open pits; (3) that, as a result of the foregoing, members of the executive team that Sigma relied on for its operational success were leaving the Company; and (4) that, as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

42. On September 28, 2023, *Reuters* published an article entitled "Exclusive: Brazil mineral rights dispute casts shadow on Sigma Lithium expansion." The article reported:

A Brazilian court injunction is halting the sale or mining of two plots of land where takeover target Sigma Lithium (SGML.V) is planning open pits, according to court documents seen by Reuters.

Vancouver-based Sigma Lithium is one of the hottest names in Brazil's budding lithium sector – a pioneer in sustainable mining practices and, according to the firm, a potential acquisition target for some of the world's top carmakers.

But in recent months, Sigma has been embroiled in a legal battle between the husband-and-wife pair who ran the company together until earlier this year. The *couple's ongoing divorce touched off at least five lawsuits over the businesses they built, including a dispute over some of the mineral rights where Sigma plans to build mining pits.*

Reuters reviewed four previously unreported lawsuits in Brazil involving current Sigma Chief Executive Ana Cabral-Gardner and Calvyn Gardner, her husband and former co-CEO, who stepped down in January, when Sigma gave no reason for his exit.

* * *

In a June 27 ruling, a Sao Paulo state judge issued an injunction over that May mineral rights transfer, on the grounds that the free transfer of the rights may

harm Gardner's interests. While the judge did not reverse the transfer, the injunction froze Sigma's ability to sell, mine or use the two plots as collateral.

Reuters could not establish how or when the injunction may be lifted.

The disputed plots are located in the middle of two proposed mining pits planned for the second and third phases of Sigma's flagship Grota do Cirilo project, in Minas Gerais state, according to documents in the lawsuit submitted by Gardner's lawyers.

Sigma told Reuters the injunction would not hurt its expansion, as it said it can develop the area via a "waste sharing agreement" it signed with RI-X in August. The miner also said its dealmaking efforts were not affected.

"The dispute over these two small plots is not an impediment to Sigma's ability to conduct its strategic review of potential partners in the global energy, automobile, battery and lithium refining industries," the spokesperson said.

* * *

The couple's divorce has already cast a shadow over Sigma's plans to sell itself, according to the miner. Last month, Sigma sued Gardner in a New York court, accusing him of stealing trade secrets to undermine the miner's dealmaking efforts and "gain leverage in the divorce proceedings."

Sigma declined to comment on the New York lawsuit, and said ***"the divorce proceedings are a private, personal matter and have no impact on how Sigma Lithium conducts business."***

43. On September 29, 2023, Sigma issued a press release which stated:

- Sigma Lithium (SGML) ***vehemently denies inaccurate recent media reports that incorrectly denominated as an "injunction" certain conditions established upon the approval by the Brazilian Courts of the transfer of two Exploration Sub-Plots by RIX to Sigma Brazil.***

* * *

Sigma Lithium states as categorically incorrect recent media reports speculating that the status or conditions attached to the transfer are impediments to the Company's future operations and its ability to conduct its Phase 2 & 3 expansion.

Sigma Lithium believes the decision by the courts approving the transfer of the Exploration Sub-Plots by RIX with certain conditions was fair. The conditions are in line with the provisions within the Brazilian Mining Law. RIX did not appeal the Brazilian Courts decision.

44. *Reuters* reported on the Company's rebuttal at the close of the trading day on September 29, 2023 at approximately 3:20 PM EDT, stating:

Sigma Lithium (SGML.V) on Friday challenged a *Reuters* report that a Brazilian court had imposed an "injunction" on its ability to sell or mine two plots where it planned open pits, and reiterated that it saw no hurdle to its expansion plans.

* * *

In its report, *Reuters* cited Sigma's view that the ruling would not affect its plans, as it said it can develop the area via a "waste sharing agreement" it signed with RI-X in August.

"The injunction has no impact on our operations," a company spokesperson said on Tuesday in an initial statement to Reuters.

In subsequent comments later on Tuesday and on Wednesday, Sigma again referred to the judge's ruling as an "injunction."

Sigma's lawyers also described the decision as an injunction in the Portuguese-language court documents viewed by Reuters.

"The maintenance of the injunction ... affects the free development of Sigma Mineracao's business," they wrote in a Aug. 28 petition asking the judge to reverse his decision.

Asked on Friday why it had changed its characterization of the court decision, a Sigma press representative said the question would be referred to the company's legal counsel.

45. On this news, the Company's shares fell \$2.11, or 6.5%, to close at \$30.33 on October 2, 2023.

46. The above statements identified in ¶¶ 26-36, 40, 43 were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose: (1) that Gardner and Cabral's divorce was spawning personal and legal issues that were likely to negatively affect Sigma's continuing operations; (2) that, as a result of the foregoing, members of the executive team that Sigma relied on for its operational success were leaving the Company; and (3) that, as a result of the foregoing,

Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

Disclosures at the End of the Class Period

47. Then, on October 5, 2023 *Reuters* reported midday an exclusive, stating:

Sigma Lithium (SGML.V) Chief Operating Officer Brian Talbot left the company at the end of last month, he told Reuters on Thursday, sending shares of the Vancouver-based miner tumbling.

Talbot became COO last year, overseeing operations at Sigma's flagship Grota do Cirilo mine. His exit from Sigma, the poster child for Brazil's budding lithium sector, comes amid a legal battle between the husband-and-wife pair who ran the company together until earlier this year.

Talbot said he presented his resignation to Sigma in late July and his last day at the company was Friday, Sept. 29. He did not give a reason for his exit.

48. On this news, Sigma's share price fell \$2.13, or 7.1%, to close at \$27.75 per share on October 5, 2023.

49. On October 6, 2023 at the start of the trading day Sigma issued a press release which stated:

Brian Talbot Resigned for Health Reasons, Effective September 2023.

In addition, Sigma Lithium informs the resignation of Brian Talbot, following a period of intermittent personal leaves that required his extended absences from Brazil, starting at the end of June 2023. ***Brian advised the CEO and Board of Directors in July 2023 that he was to retire from his role as technical lead for health reasons.*** Mr. Talbot was not an officer nor a board member of Sigma Lithium.

Marcelo Paiva co-Chairman of Sigma Lithium states: "***We had agreed to respect Mr. Talbot's decision regarding the timing to make his resignation public.*** Mr. Talbot's departure and extended personal leaves since June have not brought any operational impact to Sigma, as demonstrated by our peak production levels previously announced on October 2, 2023, smoothly managed by Sigma Lithium CEO and the co-general managers."

50. Shortly after, midday October 6, 2023, *Reuters* then published a report on the Company's statement and further reporting:

In a statement, the miner's co-chairman Marcelo Paiva said the firm "had agreed to respect Mr. Talbot's decision regarding the timing to make his resignation public."

Talbot told Reuters that Paiva's comments were "factually incorrect as there has been no request to withhold from the investors the fact that I resigned in July."

51. On this news, Sigma's share price fell \$0.19, or 1%, to close at \$27.56 on October 6, 2023.

CLASS ACTION ALLEGATIONS

52. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Sigma securities between January 23, 2023 and October 5, 2023, inclusive, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest.

53. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Sigma's shares actively traded on the Nasdaq. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Millions of Sigma shares were traded publicly during the Class Period on the Nasdaq. Record owners and other members of the Class may be identified from records maintained by Sigma or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

54. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

55. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

56. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Sigma; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

57. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

58. The market for Sigma's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Sigma's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Sigma's securities relying upon the integrity of the market price of the Company's securities and market information relating to Sigma, and have been damaged thereby.

59. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Sigma's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Sigma's business, operations, and prospects as alleged herein.

60. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Sigma's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

LOSS CAUSATION

61. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

62. During the Class Period, Plaintiff and the Class purchased Sigma's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information

alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

63. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Sigma, their control over, and/or receipt and/or modification of Sigma's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Sigma, participated in the fraudulent scheme alleged herein.

APPLICABILITY OF PRESUMPTION OF RELIANCE (FRAUD-ON-THE-MARKET DOCTRINE)

64. The market for Sigma's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Sigma's securities traded at artificially inflated prices during the Class Period. On May 17, 2023, the Company's share price closed at a Class Period high of \$42.40 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Sigma's securities and market information relating to Sigma, and have been damaged thereby.

65. During the Class Period, the artificial inflation of Sigma's shares was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages

sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Sigma's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Sigma and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

66. At all relevant times, the market for Sigma's securities was an efficient market for the following reasons, among others:

(a) Sigma shares met the requirements for listing, and was listed and actively traded on the Nasdaq, a highly efficient and automated market;

(b) As a regulated issuer, Sigma filed periodic public reports with the SEC and/or the Nasdaq;

(c) Sigma regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Sigma was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

67. As a result of the foregoing, the market for Sigma's securities promptly digested current information regarding Sigma from all publicly available sources and reflected such information in Sigma's share price. Under these circumstances, all purchasers of Sigma's securities during the Class Period suffered similar injury through their purchase of Sigma's securities at artificially inflated prices and a presumption of reliance applies.

68. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or omissions. Because this action involves Defendants' failure to disclose material adverse information regarding the Company's business operations and financial prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

NO SAFE HARBOR

69. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-

looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Sigma who knew that the statement was false when made.

FIRST CLAIM

**Violation of Section 10(b) of The Exchange Act and
Rule 10b-5 Promulgated Thereunder
Against All Defendants**

70. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

71. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Sigma's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions set forth herein.

72. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Sigma's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

73. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Sigma's financial well-being and prospects, as specified herein.

74. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Sigma's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Sigma and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

75. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the

Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

76. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Sigma's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

77. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Sigma's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Sigma's securities during the Class Period at artificially high prices and were damaged thereby.

78. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Sigma was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Sigma securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

79. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

80. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

SECOND CLAIM

Violation of Section 20(a) of The Exchange Act Against the Individual Defendants

81. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

82. Individual Defendants acted as controlling persons of Sigma within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and their ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff

contends are false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

83. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

84. As set forth above, Sigma and Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: _____, 2023

By: _____
GLANCY PRONGAY & MURRAY LLP
Robert V. Prongay
Charles H. Linehan
Pavithra Rajesh
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
Telephone: (310) 201-9150
Facsimile: (310) 201-9160

LAW OFFICES OF HOWARD G. SMITH
Howard G. Smith
3070 Bristol Pike, Suite 112
Bensalem PA 19020
Telephone: (215) 638-4847
Facsimile: (215) 638-4867

Attorneys for Plaintiff _____

LAW OFFICES OF HOWARD G. SMITH