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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Plaintiff,

v.

ATLAS LITHIUM CORPORATION,
MARC FOGASSA, GUSTAVO
AGUIAR, and ARELI NOGUEIRA,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Douglas Salomon (“Plaintiff”), individually and on behalf of all
2 others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s
3 complaint against Defendants, alleges the following based upon personal knowledge
4 as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other
5 matters, based upon, *inter alia*, the investigation conducted by and through
6 Plaintiff’s attorneys, which included, among other things, a review of the
7 Defendants’ public documents, conference calls and announcements made by
8 Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”)
9 filings, wire and press releases published by and regarding Atlas Lithium
10 Corporation (“Atlas Lithium” or the “Company”), analysts’ reports and advisories
11 about the Company, and information readily obtainable on the Internet. Plaintiff
12 believes that substantial, additional evidentiary support will exist for the allegations
13 set forth herein after a reasonable opportunity for discovery.

14 **NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of a class consisting
16 of all persons and entities other than Defendants that purchased or otherwise
17 acquired Atlas Lithium securities between March 25, 2022 and May 3, 2023, both
18 dates inclusive (the “Class Period”), seeking to recover damages caused by
19 Defendants’ violations of the federal securities laws and to pursue remedies under
20 Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange
21 Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of
22 its top officials.

23 2. Atlas Lithium is a mineral exploration and development company with
24 lithium projects and exploration properties in other critical and battery minerals,
25 including nickel, rare earths, graphite, and titanium. The Company, formerly known
26 as Brazil Minerals, Inc. (“Brazil Minerals”), was founded by its Chief Executive
27

1 Officer (“CEO”) Marc Fogassa (“Fogassa”) and initially operated as a diamond and
2 gold miner. In 2013, Brazil Minerals went public via a reverse merger (the
3 “Reverse Merger”) that was underwritten by, among others, Hunter Wise
4 Securities, LLC (“Hunter Wise”), of which Fogassa was a Managing Director at the
5 time.

6 3. Shortly after the Reverse Merger, Brazil Minerals conducted a stock
7 promotion budgeted at \$1.6 million in which the Company issued hard mailer
8 promotion materials, entitled “Diamonds are an investor’s best friend,” to investors.
9 In addition to touting the profitability of the diamond mining industry, the
10 promotional materials projected that Brazil Minerals' stock price would reach \$18.90
11 per share over the long term. However, in May 2013, Company insiders began
12 dumping a significant number of shares into the market. Thereafter, contrary to the
13 Company’s positive representations, Brazil Minerals’ stock fell approximately **90%**¹
14 over the course of the year following the promotion.

15 4. After generating just \$1.4 million in revenue from 2013 to 2021, the
16 Company pivoted its purported focus from diamonds to lithium and officially
17 changed its name to Atlas Lithium in October 2022. In connection with this
18 transition, Atlas Lithium issued press releases to highlight, *inter alia*, the Company’s
19 purported success in lithium drilling and the nature of its mineral rights in Brazil.
20 Hoping to capitalize on its new business model, Atlas Lithium conducted a second
21 stock promotion in January 2023, engaging the bank EF Hutton to raise money for
22 the Company leading up to a public offering of 675,000 shares priced at \$6.00 per
23 share (the “January 2023 Offering”). In January 2024, Blecker Street Research (“Blecker Street”)
24 published a report entitled “Atlas Lithium (ATLX): First Comes The Pump... Now
25 Here Comes the Dump” (the “Blecker Street Report”). The Blecker Street Report

26
27 ¹ All emphases included herein are added unless otherwise indicated.

1 described Atlas Lithium as a “pretender” and stated that “it resembles many of the
2 characteristics of a pump and dump.” The report alleged that Atlas Lithium’s
3 “predecessor company did a similar promotion before bagging retail investors”;
4 that “Atlas Lithium’s CEO was previously associated with Hunter Wise
5 Securities, a broker fined \$105 million for claiming to sell physical gold that it
6 didn’t have”; and that “[EF Hutton, a] similarly disastrous bank[,] handled
7 AT LX’s most recent offering and uplisting in early January.”

8 6. On this news, Atlas Lithium’s stock price fell \$12.95 per share, or
9 43.34%, to close at \$16.93 per share on May 4, 2023.

10 7. Throughout the Class Period, Defendants made materially false and
11 misleading statements regarding the Company’s business, operations, and
12 prospects. Specifically, Defendants made false and/or misleading statements and/
13 or failed to disclose that: (i) the Company overstated the success of its lithium
14 mining and misrepresented the nature of its Brazilian mineral rights; (ii) in
15 connection with these misrepresentations, Atlas Lithium conducted deceptive
16 promotions to artificially inflate the value of the Company’s stock; (iii) the
17 foregoing conduct was designed to allow CEO Fogassa and other Company
18 insiders to sell shares back into the market for a profit before the true nature of
19 Atlas Lithium’s business was revealed; and (iv) as a result, Defendants’ public
20 statements were materially false and/or misleading at all relevant times.

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

JURISDICTION AND VENUE

1
2 9. The claims asserted herein arise under and pursuant to Sections 10(b)
3 and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5
4 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

5 10. This Court has jurisdiction over the subject matter of this action
6 pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

7 11. Venue is proper in this Judicial District pursuant to Section 27 of the
8 Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Pursuant to Atlas
9 Lithium's most recently filed Quarterly Report with the SEC, as of May 15, 2023,
10 there were 9,706,126 shares of the Company's common stock outstanding. Atlas
11 Lithium's shares trade on the Nasdaq Capital Market ("NASDAQ"). Accordingly,
12 there are presumably hundreds, if not thousands, of investors in Atlas Lithium's
13 securities located within the U.S., some of whom undoubtedly reside in this Judicial
14 District.

15 12. In connection with the acts alleged in this complaint, Defendants,
16 directly or indirectly, used the means and instrumentalities of interstate commerce,
17 including, but not limited to, the mails, interstate telephone communications, and the
18 facilities of the national securities markets.

PARTIES

19
20 13. Plaintiff, as set forth in the attached Certification, acquired Atlas
21 Lithium securities at artificially inflated prices during the Class Period and was
22 damaged upon the revelation of the alleged corrective disclosures.

23 14. Defendant Atlas Lithium is a Nevada corporation with principal
24 executive offices located at Rua Bahia, 2463, Suite 205, Belo Horizonte, Minas
25 Gerais, Brazil. Atlas Lithium's common stock trades in an efficient market on the
26 NASDAQ under the ticker symbol "ATLX".
27
28

1 15. Defendant Fogassa has served as the Company’s CEO at all relevant
2 times.

3 16. Defendant Gustavo Aguiar (“Aguiar”) has served as the Company’s
4 Chief Financial Officer at all relevant times.

5 17. Defendant Areli Nogueira (“Nogueira”) has served as the Company’s
6 Vice President of Mineral Exploration at all relevant times.

7 18. Defendants Fogassa, Aguiar, and Nogueira are sometimes referred to
8 herein as the “Individual Defendants.”

9 19. The Individual Defendants possessed the power and authority to control
10 the contents of Atlas Lithium’s SEC filings, press releases, and other market
11 communications. The Individual Defendants were provided with copies of Atlas
12 Lithium’s SEC filings and press releases alleged herein to be misleading prior to or
13 shortly after their issuance and had the ability and opportunity to prevent their
14 issuance or to cause them to be corrected. Because of their positions with Atlas
15 Lithium, and their access to material information available to them but not to the
16 public, the Individual Defendants knew that the adverse facts specified herein had
17 not been disclosed to and were being concealed from the public, and that the positive
18 representations being made were then materially false and misleading. The
19 Individual Defendants are liable for the false statements and omissions pleaded
20 herein.

21 20. Atlas Lithium and the Individual Defendants are collectively referred
22 to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

21. Atlas Lithium is a mineral exploration and development company with lithium projects and exploration properties in other critical and battery minerals, including nickel, rare earths, graphite, and titanium. The Company's purported current focus is on developing its hard-rock lithium project located in Minas Gerais State in Brazil and intends to produce and sell lithium concentrate.

Materially False and Misleading Statements Issued During the Class Period

22. The Class Period began on March 25, 2022, when the Company filed an Annual Report on Form 10-K with the SEC, reporting the Company's financial and operating results for the year ended December 31, 2021 (the "2021 10-K"). In providing an overview of the Company's business, the 2021 10-K stated, in relevant part:

We are primarily focused on advancing and developing our hard-rock lithium project located in the state of Minas Gerais, Brazil, where some of our high-potential mineral rights are adjacent to or near large lithium deposits that belong to a large, publicly traded competitor. Our Minas Gerais Lithium Project is our largest endeavor and consists of 44 mineral rights spread over 45,456 acres (184 km²) and predominantly located within the Brazilian Eastern Pegmatitic Province which has been surveyed by the Brazilian Geological Survey and is known for the presence of hard rock formations known as pegmatites which contain lithium-bearing minerals such as spodumene and petalite. In general, lithium derived from pegmatites is less costly to purify for uses in high technology applications than lithium obtained from brine. Such applications include the battery supply chain for electric vehicles ("EVs"), an area of expected high growth for the next several decades.

We believe that we can materially increase our value by the acceleration of our exploratory work and quantification of our lithium mineralization. Our initial commercial goal is to be able to enter production of lithium-bearing concentrate, a product which is highly sought after in the battery supply chain for EVs.

We also have 100%-ownership of early-stage projects and properties in other minerals that are needed in the battery supply chain and high technology applications such as rare earths, titanium, nickel, and cobalt.

1 Our goal is to become “the Mineral Resources Company for the Green
2 Energy Revolution”. We believe that the shift from fossil fuels to
battery power will yield long-term opportunities for us not only in
lithium but also in such other minerals.

3 ***

4 LITHIUM

5 **Market**

6 Lithium is on the list of the 35 minerals considered critical to the
7 economic and national security of the United States, as first published
by the U.S. Department of the Interior on May 18, 2018. In June 2021,
8 the U.S. Department of Energy published a report titled “National
Blueprint for Lithium Batteries 2021-2030” (henceforth, the “NBLB
9 Report”) which was developed by the Federal Consortium for
Advanced Batteries (“FCAB”), a collaboration by the U.S.
10 Departments of Energy, Defense, Commerce, and State. According to
the Report, one of the main goals of this U.S. government effort is to
11 “secure U.S. access to raw materials for lithium batteries.” In the NBLB
Report, Ms. Jennifer M. Granholm, the U.S. Secretary of Energy, states:
12 *“Lithium-based batteries power our daily lives from consumer
electronics to national defense. They enable electrification of the
13 transportation sector and provide stationary grid storage, critical to
developing the clean-energy economy.”*

14 The NBLB Report summarizes as follows the U.S. government’s views
15 on the needs for lithium and the expected growth of the lithium battery
market:

- 16 • **“A robust, secure, domestic industrial base for lithium-based
17 batteries requires access to a reliable supply of raw, refined,
and processed material inputs...”**
- 18 • **“The worldwide lithium battery market is expected to grow
19 by a factor of 5 to 10 in the next decade.”**

20 (Emphasis in original.)
21

22 23. Further, in discussing the Company’s market opportunities, the 2021
23 10-K stated, in relevant part:

24 Minas Gerais Lithium Project

25 Our Minas Gerais Lithium Project currently encompasses 44 mineral
26 rights spread over approximately 45,456 acres (184 km²). Several of
our mineral rights are located adjacent to or near mineral rights that
27 belong to a large publicly traded competitor company (“Competitor”)

1 which has demonstrated through extensive drilling the presence of
2 lithium deposits totaling over 20 million tons, according to its publicly-
3 available filings.

4 ***

5 Our exploratory work to date in some mineral rights in our Minas
6 Gerais Lithium Project, including trenching and drilling with
7 subsequent geochemical analysis of samples, has determined the
8 existence of hard rock pegmatites with lithium mineralization. Given
9 the proximity to areas of economically significant lithium deposits from
10 the Competitor, our technical experts believe that one or more areas of
11 our Minas Gerais Lithium Project may also contain similar lithium
12 deposits.

13 We are currently focused on expanding and accelerating our
14 exploration program leading to the identification and quantitative
15 measurement of our prospective lithium deposits. Our exploratory
16 program at the Minas Gerais Lithium Project is supervised by two
17 lithium experts which meet the “Qualified Persons” definition under
18 Regulation S-K 1300.

19 24. Appended to the 2021 10-K as an exhibit was a signed certification
20 pursuant to the Sarbanes Oxley Act of 2002 (“SOX”) by Defendant Fogassa,
21 attesting that “the information contained in the [2021 10-K] fairly presents, in all
22 material respects, the financial condition and results of operations of the Company.”

23 25. On August 22, 2022, the Company issued a press release entitled
24 “Brazil Minerals Substantially Increases the Size of its Main Lithium Exploration
25 Area.” The press release stated, in relevant part:

26 Brazil Minerals, Inc. [. . .] is pleased to announce that it has acquired
27 four lithium mineral rights (the “Lithium Mineral Rights”) totaling
28 3,811.23 hectares (~ 9,418 acres) owned by a group of six persons, all
unrelated to the Company. In particular, Brazil Minerals acquired one
mineral right which is immediately north and two mineral rights which
are immediately south of one of its premier claims, the Neves Area
 (“Neves”), part of the Company’s 100%-owned Minas Gerais Lithium
Project. Brazil Minerals is currently drilling on Neves and has identified
multiple hard rock pegmatites with attractive lithium concentrations;
several of such pegmatitic ore bodies continue to the north and south
into the newly acquired mineral rights. These claims expand the Neves
project area footprint from 67.50 hectares (~ 167 acres) to 2,683.90
hectares (~ 6,632 acres) or almost 40 times its previous surface area
(please see the attached map). This is a transformative acquisition for
two main reasons: a) it creates the possibility of operationally
developing Neves into a producing lithium mine of significant size, and

1 b) the large additional area gives the Company the opportunity for
increased lithium resources.

2 [Defendant] Fogassa [. . .] commented, “This highly significant
3 transaction is the result of months of hard-fought negotiations as these
4 lithium areas attracted interest from multiple companies. We were
5 successful in large part for having developed a solid local reputation for
quality execution in our exploration programs. The Neves expansion is
strategically critical and immediately brings our overall Minas Gerais
Lithium Project to the next level.”

6
7 26. On September 7, 2022, the Company issued a press release entitled
8 “Brazil Minerals Files Initial Exploration Technical Report on its Neves Lithium
9 Property.” The press release stated, in relevant part:

10 Brazil Minerals, Inc. [. . .] is pleased to announce that it has filed with
11 the Securities and Exchange Commission an initial exploration report
12 prepared by SLR International Corporation for the Company’s Neves
13 property (the “SLR Report”), which is part of Brazil Minerals’ 100%-
owned Minas Gerais Lithium Project.

14 ***

15 Brazil Minerals is very encouraged by the SLR Report and these latest
16 results as the Company continues to systematically explore the
17 potential of the original Neves area through a combination of geological
18 mapping, surface trenching, and diamond drilling. The two pegmatite
19 bodies that have been drill tested so far remain open at depth and in
20 both directions along strike. Company geologists have also identified
six more outcropping pegmatite bodies in the area which remain
untested by drilling. Moreover, the three recently acquired mineral
rights surrounding the original Neves area offer additional potential
which has yet to be explored. The Company estimates that less than 5%
of Neves has been drilled to date; the drilling program should soon be
accelerated with the addition of a second drill rig.

21 ***The SLR Report brings the necessary background and credibility to***
22 ***Brazil Minerals’ lithium program. It also contributes greatly towards***
23 ***the Company’s goal of uplisting its common stock to the Nasdaq***
24 ***Capital Market.*** As commonly seen with exploration companies, Brazil
Minerals anticipates forthcoming updates to the SLR Report as drilling
continues at Neves, and as it commences exploring its broader portfolio
of lithium mineral properties in the region.

25 [Defendant] Fogassa [. . .] added, “We have surpassed our expectation
26 on the validation of our lithium project by a world-renowned and
27 independent expert firm. Using very little capital, it has now been
demonstrated that we have quality spodumene and that it can be

1 concentrated to a commercial lithium product. It is an exciting time for
2 us, and we look forward to continued progress on the field and in other
fronts.”

3 27. On November 2, 2022, Atlas Lithium issued a press release providing
4 a Q3 2022 corporate update. The press release quoted Defendant Fogossa, stating,
5 in relevant part:

6 “We are executing upon our flagship Minas Gerais Lithium Project
7 with the continuation of our drilling program being our primary focus
8 in the second half of 2022[.]” [. . .] “Our Neves Area, one of the 52
9 mineral rights that comprise this exploration project, has yielded very
10 promising results for lithium mineralization with potential for future
11 production of commercial-grade lithium concentrate. We also made
several recent additions to our executive team that will be critical to our
continued delineation of our mineral resources and development of our
projects.

12 “As part of our strategy to capitalize on the accelerated worldwide
13 demand for battery minerals used in electric vehicles, we have begun
14 discussions with large, global companies seeking to secure our lithium
15 supply. Given Atlas Lithium owns the largest footprint of lithium areas
in Brazil, we are uniquely positioned to establish Atlas Lithium as a
leader in one of the world’s premier regions for lithium[.]”

16 28. On January 10, 2023, Atlas Lithium filed a prospectus on form 424B4
17 with the SEC in connection with the January 2023 Offering, which contained
18 substantively similar descriptions of the Company’s business overview and market
19 opportunity as discussed, *supra*, in ¶¶ 22-23.

20 29. On February 6, 2023, Atlas Lithium issued a press release providing a
21 corporate update. The press release quoted Defendant Fogossa, stating, in relevant
22 part, “We are quickly progressing on our desired strategic roadmap,” and “Our
23 recent site visits at our flagship, 100%-owned lithium project were quite productive,
24 allowing us to showcase our hard-rock lithium assets and ongoing drilling campaign.
25 ***Our successful uplisting to Nasdaq and enhancement of our balance sheet allows***
26 ***us to continue to execute on our operational goals.***”

1 Lithium's CEO was previously associated with Hunter Wise Securities,
2 a broker fined \$105 million for claiming to sell physical gold that it
3 didn't have. Hunter Wise raised funds for Atlas Lithium (then called
4 Brazil Minerals). A similarly disastrous bank handled ATX's most
5 recent offering and uplisting in early January. Retail investors have bit
6 hook, line, and sinker for the story, professing their hopes for a future
7 acquisition. We share the other side of the story below.

- 8 • Atlas Lithium's CEO was previously a broker at a firm fined
9 \$105 million for misrepresenting that they had the physical gold
10 they were selling.
- 11 • At the same time that he was working there, he was the CEO of
12 Brazil Minerals, which is the predecessor to Atlas Lithium.
13 Brazil Minerals used an infamous and now-barred stock
14 promoter to promote its stock, then quickly turned around and
15 did an offering into this stock promotion.
- 16 • Atlas Lithium's CEO did not disclose that he participated in this
17 offering while working as a broker and was terminated in 2012,
18 a year before the CFTC charges came down.
- 19 • After years of (unprofitably) mining for gold and diamonds in
20 Brazil, while their CEO lived in Beverly Hills, California, Brazil
21 Minerals changed its name to Atlas Lithium and began to focus
22 on lithium mining.
- 23 • Atlas' "Proven or Inferred" Reserves are only 80,000 tons of
24 Lithium Carbonate Equivalent (LCE), and they are contained in
25 a formation that averages just 0.22% Li₂O, well below the
26 economic viability of 1%.

27 ***

28 **The playbook for Atlas Lithium is almost exactly the same as Brazil
Minerals. With Brazil Minerals, there was a reverse merger, then
stock promotion, and then came the dump. With Atlas Lithium,
there was a name and business change and stock promotion. And
we will have to wait and see if this time is different.**

Why We Think Atlas Lithium Is Set Up For A Similarly Drastic Decline

Fogassa, after years of striking out in the precious metals sector, pivoted
into Lithium in 2021. The company submitted an application with the
Brazilian state mining agency in June 2021 to begin exploratory
drilling. At this point, spot prices of Lithium Carbonate had nearly

1 tripled from the 2020 Covid low of 37,000 RMB/ton to 108,000 RMB
2 (\$15,706)

3 Lithium plays in subsurface formations can share a lot of similarities
4 with gold mining. Proven reserves with concrete surface and mineral
5 rights are purchased by large companies at a premium and developed
6 over years. However, marginal plays are cheaper because exploratory
7 geology still needs to be completed, and the value of the minerals in the
8 formation is unknown and wildly variable.

9 ***

10 **So Why Doesn't Atlas Lithium Share Their Reserves?**

11 In our view, the simple answer to this is that management doesn't want
12 to disclose the numbers. So we acquired records from Brazil's
13 Government agency (ANM) that manages mineral rights.

14 As verified in government records, Atlas' only completed research
15 confirms that mining rights associated with the company are only
16 85,370 tons of 6% CIF ore, with an additional inferred 170,740 tons
17 possible.

18 ***

19 **Atlas Lithium Has Misrepresented The Nature of its Mineral 20 Rights**

21 We were struck by the language used by Atlas Lithium throughout
22 investor communications and SEC filings. The company refers to
23 "Mineral Rights" in a context that leads one to infer that these rights are
24 immutable, transferable and, most importantly: a tangible asset held by
25 the company. This couldn't be further from the truth.

26 In the United States, Mineral Rights are generally associated with
27 ownership of the land containing minerals, oils or other natural
28 resources. These rights are usually permanent, transferable and
represent an effectively permanent claim on the rights to exploit the
resources. Brazil does not operate under this framework. All mineral
rights in the nation are considered owned by the government. Mineral
extraction and processing occur via a licensure and royalty scheme.

The way it works is as follows: A company interested in exploiting
mineral and resource development first applies for a license to explore
the feasibility of extraction. This license is for a three-year term and is
granted by the National Mining Agency (ANM) on an auction or bid
basis. Following the license issuance, the interested company must
propose a research plan to study the resource. This includes a budget
and scope for exploratory drilling, geological surveys and economic
and environmental studies. Once the research and exploration study is

1 approved, the company must complete the study and submit results and
an application to begin extraction.

2 The use of the land itself is an entirely separate issue, as landowners
3 must negotiate with the mining company for surface rights following
approval of the extraction.

4 Only after all of this is complete can actual mining begin. Again, the
5 state owns the underlying mineral rights, and royalties must be paid in
perpetuity to the Brazilian government. Only after reserves have been
6 proven and Economic And Environmental Studies have been
completed are the rights transferred to the company beyond the three-
7 year research permit limit.

8 Atlas claims Lithium rights for two projects in Brazil: the Minas Gerais
project and the Northeastern Brazil Project. A description of each from
9 the company's website is shown below.

10 ***

11 **Atlas Lithium's technical document on its primary Lithium Mine**
12 **highlights financial unviability**

13 The company applied for and was subsequently granted approval to
14 complete a survey on the Minas Gerais play. The company proudly
displays the technical report, completed in August of last year, on its
15 website, but a closer look at the data further illustrates that this mine is
likely worth very little.

16 ***

17 **Conclusion**

18 EF Hutton's second round of stock promotion looks a little different
19 than the first round, but we think the result will be the same. Instead of
Hunter Wise in 2013, they have EF Hutton now, who raised money for
20 the company before its January uplisting. EF Hutton IPO's and deals
have followed a remarkably similar trajectory. A low-float stock goes
21 public, stock promotion happens, and then they tank. We have seen it
play out many times over the last several years, and have written about
22 several of these names.

23 Atlas Lithium is set up to massively disappoint the retail investors that
24 have bought into this story. We see little likelihood that Atlas Lithium
will get acquired. It is trading at a massive premium to other lithium
25 miners, and what little Lithium it does have in Brazil is low-grade. As
a result, we see substantial downside in the stock. Atlas Lithium is one
26 of the most overvalued lithium miners in the world, and that has come
in part because of an effective promotion organized by small banks.
27

1 Yesterday was just the beginning of a long downward spiral for Atlas
2 Lithium shares.

3 34. On this news, Atlas Lithium's stock price fell \$12.95 per share, or
4 43.34%, to close at \$16.93 per share on May 4, 2023.

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

8 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

9
10 36. Plaintiff brings this action as a class action pursuant to Federal Rule of
11 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who
12 purchased or otherwise acquired the Company's securities during the Class Period
13 (the "Class"); and were damaged upon the revelation of the alleged corrective
14 disclosures. Excluded from the Class are Defendants herein, the officers and
15 directors of the Company, at all relevant times, members of their immediate families
16 and their legal representatives, heirs, successors or assigns and any entity in which
17 Defendants have or had a controlling interest.

18 37. The members of the Class are so numerous that joinder of all members
19 is impracticable. Throughout the Class Period, Atlas Lithium securities were actively
20 traded on the NASDAQ. While the exact number of Class members is unknown to
21 Plaintiff at this time and can be ascertained only through appropriate discovery,
22 Plaintiff believes that there are hundreds or thousands of members in the proposed
23 Class. Record owners and other members of the Class may be identified from records
24 maintained by Atlas Lithium or its transfer agent and may be notified of the
25 pendency of this action by mail, using the form of notice similar to that customarily
26 used in securities class actions.

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

4 39. Plaintiff will fairly and adequately protect the interests of the members
5 of the Class and has retained counsel competent and experienced in class and
6 securities litigation. Plaintiff has no interests antagonistic to or in conflict with
7 those of the Class.

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

- 11 • whether the federal securities laws were violated by Defendants' acts
12 as alleged herein;
- 13 • whether statements made by Defendants to the investing public during
14 the Class Period misrepresented material facts about the business,
15 operations and management of Atlas Lithium;
- 16 • whether the Individual Defendants caused Atlas Lithium to issue false
17 and misleading financial statements during the Class Period;
- 18 • whether Defendants acted knowingly or recklessly in issuing false and
19 misleading financial statements;
- 20 • whether the prices of Atlas Lithium securities during the Class Period
21 were artificially inflated because of the Defendants' conduct
22 complained of herein; and
- 23 • whether the members of the Class have sustained damages and, if so,
24 what is the proper measure of damages.

25 41. A class action is superior to all other available methods for the fair and
26 efficient adjudication of this controversy since joinder of all members is
27 impracticable. Furthermore, as the damages suffered by individual Class members
28 may be relatively small, the expense and burden of individual litigation make it

1 impossible for members of the Class to individually redress the wrongs done to them.

2 There will be no difficulty in the management of this action as a class action.

3 42. Plaintiff will rely, in part, upon the presumption of reliance established
4 by the fraud-on-the-market doctrine in that:

- 5 • Defendants made public misrepresentations or failed to disclose
6 material facts during the Class Period;
- 7 • the omissions and misrepresentations were material;
- 8 • Atlas Lithium securities are traded in an efficient market;
- 9 • the Company's shares were liquid and traded with moderate to heavy
10 volume during the Class Period;
- 11 • the Company traded on the NASDAQ and was covered by multiple
12 analysts;
- 13 • the misrepresentations and omissions alleged would tend to induce a
14 reasonable investor to misjudge the value of the Company's securities;
and
- 15 • Plaintiff and members of the Class purchased, acquired and/or sold
16 Atlas Lithium securities between the time the Defendants failed to
17 disclose or misrepresented material facts and the time the true facts
18 were disclosed, without knowledge of the omitted or misrepresented
facts.

19 43. Based upon the foregoing, Plaintiff and the members of the Class are
20 entitled to a presumption of reliance upon the integrity of the market.

21 44. Alternatively, Plaintiff and the members of the Class are entitled to the
22 presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens*
23 *of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as
24 Defendants omitted material information in their Class Period statements in violation
25 of a duty to disclose such information, as detailed above.
26

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

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

46. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

47. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Atlas Lithium securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Atlas Lithium securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

48. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities

1 analysts and the media that were designed to influence the market for Atlas Lithium
2 securities. Such reports, filings, releases and statements were materially false and
3 misleading in that they failed to disclose material adverse information and
4 misrepresented the truth about Atlas Lithium's finances and business prospects.

5 49. By virtue of their positions at Atlas Lithium, Defendants had actual
6 knowledge of the materially false and misleading statements and material
7 omissions alleged herein and intended thereby to deceive Plaintiff and the other
8 members of the Class, or, in the alternative, Defendants acted with reckless disregard
9 for the truth in that they failed or refused to ascertain and disclose such facts as
10 would reveal the materially false and misleading nature of the statements made,
11 although such facts were readily available to Defendants. Said acts and omissions
12 of Defendants were committed willfully or with reckless disregard for the
13 truth. In addition, each Defendant knew or recklessly disregarded that
14 material facts were being misrepresented or omitted as described above.

15 50. Information showing that Defendants acted knowingly or with reckless
16 disregard for the truth is peculiarly within Defendants' knowledge and control. As
17 the senior managers and/or directors of Atlas Lithium, the Individual Defendants
18 had knowledge of the details of Atlas Lithium's internal affairs.

19 51. The Individual Defendants are liable both directly and indirectly for
20 the wrongs complained of herein. Because of their positions of control and
21 authority, the Individual Defendants were able to and did, directly or indirectly,
22 control the content of the statements of Atlas Lithium. As officers and/or directors
23 of a publicly-held company, the Individual Defendants had a duty to disseminate
24 timely, accurate, and truthful information with respect to Atlas Lithium's
25 businesses, operations, future financial condition and future prospects. As a result
26 of the dissemination of the aforementioned false and misleading reports, releases
27 and public statements, the market price of Atlas Lithium securities was artificially
28 inflated throughout the Class

1 Period. In ignorance of the adverse facts concerning Atlas Lithium's business and
2 financial condition which were concealed by Defendants, Plaintiff and the other
3 members of the Class purchased or otherwise acquired Atlas Lithium securities at
4 artificially inflated prices and relied upon the price of the securities, the integrity of
5 the market for the securities and/or upon statements disseminated by Defendants,
6 and were damaged thereby.

7 52. During the Class Period, Atlas Lithium securities were traded on an
8 active and efficient market. Plaintiff and the other members of the Class, relying on
9 the materially false and misleading statements described herein, which the
10 Defendants made, issued or caused to be disseminated, or relying upon the integrity
11 of the market, purchased or otherwise acquired shares of Atlas Lithium securities at
12 prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the
13 other members of the Class known the truth, they would not have purchased or
14 otherwise acquired said securities, or would not have purchased or otherwise
15 acquired them at the inflated prices that were paid. At the time of the purchases
16 and/or acquisitions by Plaintiff and the Class, the true value of Atlas Lithium
17 securities was substantially lower than the prices paid by Plaintiff and the other
18 members of the Class. The market price of Atlas Lithium securities declined
19 sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff
20 and Class members.

21 53. By reason of the conduct alleged herein, Defendants knowingly or
22 recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act
23 and Rule 10b-5 promulgated thereunder.

24 54. As a direct and proximate result of Defendants' wrongful conduct,
25 Plaintiff and the other members of the Class suffered damages in connection with
26 their respective purchases, acquisitions and sales of the Company's securities during
27

1 the Class Period, upon the disclosure that the Company had been disseminating
2 misrepresented financial statements to the investing public.

3 **COUNT II**
4 **(Violations of Section 20(a) of the Exchange Act Against the Individual**
5 **Defendants)**

6 55. Plaintiff repeats and re-alleges each and every allegation contained in
7 the foregoing paragraphs as if fully set forth herein.

8 56. During the Class Period, the Individual Defendants participated in the
9 operation and management of Atlas Lithium, and conducted and participated,
10 directly and indirectly, in the conduct of Atlas Lithium's business affairs. Because
11 of their senior positions, they knew the adverse non-public information about Atlas
12 Lithium's misstatement of income and expenses and false financial statements.

13 57. As officers and/or directors of a publicly owned company, the
14 Individual Defendants had a duty to disseminate accurate and truthful information
15 with respect to Atlas Lithium's financial condition and results of operations, and to
16 correct promptly any public statements issued by Atlas Lithium which had become
17 materially false or misleading.

18 58. Because of their positions of control and authority as senior officers,
19 the Individual Defendants were able to, and did, control the contents of the various
20 reports, press releases and public filings which Atlas Lithium disseminated in the
21 marketplace during the Class Period concerning Atlas Lithium's results of
22 operations. Throughout the Class Period, the Individual Defendants exercised their
23 power and authority to cause Atlas Lithium to engage in the wrongful acts
24 complained of herein. The Individual Defendants, therefore, were "controlling
25 persons" of Atlas Lithium within the meaning of Section 20(a) of the Exchange
26 Act.

1 In this capacity, they participated in the unlawful conduct alleged which artificially
2 inflated the market price of Atlas Lithium securities.

3 59. Each of the Individual Defendants, therefore, acted as a controlling
4 person of Atlas Lithium. By reason of their senior management positions and/or
5 being directors of Atlas Lithium, each of the Individual Defendants had the power
6 to direct the actions of, and exercised the same to cause, Atlas Lithium to engage in
7 the unlawful acts and conduct complained of herein. Each of the Individual
8 Defendants exercised control over the general operations of Atlas Lithium and
9 possessed the power to control the specific activities which comprise the primary
10 violations about which Plaintiff and the other members of the Class complain.

11 60. By reason of the above conduct, the Individual Defendants are liable
12 pursuant to Section 20(a) of the Exchange Act for the violations committed by Atlas
13 Lithium.

14 **PRAYER FOR RELIEF**

15 **WHEREFORE**, Plaintiff demands judgment against Defendants as follows:

16 A. Determining that the instant action may be maintained as a class action
17 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the
18 Class representative;

19 B. Requiring Defendants to pay damages sustained by Plaintiff and the
20 Class by reason of the acts and transactions alleged herein;

21 C. Awarding Plaintiff and the other members of the Class prejudgment and
22 post-judgment interest, as well as their reasonable attorneys' fees, expert fees and
23 other costs; and

24 D. Awarding such other and further relief as this Court may deem just and
25 proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

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