



XALI
GOLD CORP

NEWS RELEASE

**Xali Gold Enters Option to Acquire Sarape Project
Located Within Rio Sonora Valley, Mexico**

Vancouver, British Columbia – February 28th, 2025 - Xali Gold Corp. (TSXV:XGC) ("Xali Gold" or the "Company") is pleased to announce it has entered into a binding Letter of Intent ("LOI") to option the Sarape silver-gold Project ("Sarape" or the "Project"), in Northern Mexico from Advanced Lithium Corp. ("AALI"). This strategic move bolsters Xali Gold's Mexican portfolio of high-level, low-sulphidation epithermal precious metal assets, offering considerable exploration potential in a proven high-grade silver and gold district.

The 57 square kilometer Sarape Project is located in the Rio Sonora Valley of northern Mexico, an emerging gold-silver mining district that includes First Majestic Silver's Santa Elena Mine, Premier Gold Mines' Mercedes Mine and SilverCrest Metal's (TSX: SIL) Las Chispas Mine (recently purchased by Coeur Mining (NYSE: CDE) for C\$2.4 billion). The Project contains extensive gold and silver bearing vein systems with evidence that only high (shallow) levels of the system are present near the surface. These systems have not been tested at depths where boiling zones are expected to have precipitated high-grade gold and silver mineralization. The Project is located roughly 20 km northeast of the Las Chispas Mine and Xali Gold recognizes the Project's immense potential and plans to leverage our expertise in epithermal gold systems to unlock its full value.

"We are excited about the acquisition of the Sarape Project, which has potential to be very similar to SilverCrest's Las Chispas deposit and other robust deposits in Mexico and offers asymmetric upside potential for the discovery of silver and gold mineralization at depth," stated Joanne Freeze, CEO of Xali Gold. "This transaction provides a significant opportunity for our shareholders as we plan an accelerated exploration program at Sarape while underground work at El Oro advances to get us better access for drilling there."

Allan Barry Laboucan, CEO and President of AALI, said, "I am pleased to enter this option deal with Xali Gold, as they have a talented team and a great gold exploration project at El Oro that will complement the Sarape project well. Both are low-sulphidation epithermal vein systems. El Oro has a rich history, with past production of 8M ounces of gold-silver, averaging grades of 9 to 16 g/t gold equivalent and a drill proven stacked boiling system. Meanwhile, Sarape has an expansive 57 square kilometer land package just north of the spectacular Las Chispas Mine, which SilverCrest Metals brought into production a few years ago. Due to its high-grade silver-gold mineralization and low mining costs, Las Chispas recently attracted a C\$2.4 billion takeover. Las Chispas has a cluster of low-sulphidation epithermal veins within a northwest striking corridor that extends to the northern border of their claims. Next door on the Sarape property, there are two key veins (one 5,000 metres in strike, and the other 2,000 metres) with widespread gold and silver mineralization that have only been tested with 6 drill holes into the veins. If Xali Gold completes the 90% earn-in at Sarape, our shareholders will own approximately 50% of El Oro through shares in Xali Gold, as well as a direct 10% interest at Sarape. With drill targets ready, I'm very keen to see drilling at Sarape get underway as soon as permits can be obtained."

Sarape Project Highlights:

- **Prime Location:** Situated in a prolific mining district, in close proximity to major producing mines including SilverCrest's Las Chispas Mine and First Majestic's Ermitano Mine.
- **Extensive Mineralization:** The Sarape and Chiltepin veins, both delineated over *more than 2,000 meters* ("m") in length and up to 17m in true width, exhibit significant gold, silver, and antimony mineralization at what are believed to be high levels in their systems.
- **Favorable Geology:** The Project displays characteristics of low-sulphidation epithermal deposits, with promising geological features including breccia zones, banded quartz-calcite veining, bladed quartz textures and elevated antimony levels.
- **Evidence of Mineralization at Depth:** Breccia fragments contain sulfide rims and fine visible gold indicating that mineralization is associated with deeper levels of the system.
- **Significant Exploration Potential:** The shallow-level characteristics displayed within extensive vein systems and multiple exploration targets at Sarape offer significant upside potential for the discovery of boiling zones at depth.
- **Strong Infrastructure:** The Project benefits from existing area infrastructure, including roads and power, facilitating future development.

Additional information about the Sarape Project can be found on the AALI website at: <http://advancelithiumcorp.com/sarape-project/> and on the Xali Gold website at <https://xaligold.com/projects/mexico/overview/>.

As part of the option agreement, Xali Gold gains access to an additional skilled team and valuable technical knowledge that will be instrumental in the development and operation of the Sarape Project.

LOI Terms:

The LOI gives Xali Gold the right to earn 90% interest in the Sarape Project by:

- 1) Issuing 1,000,000 shares to AALI on signing a Definitive Agreement;
- 2) Paying a total of CDN\$450,000 in cash payments to AALI in stages upon closing financings to fund drilling at Sarape; not to exceed 10% of each financing;
- 3) Partial earn-in of 51% interest in Sarape once Xali Gold has completed 10,000m of drilling by issuing 26.6M shares (19% of shares outstanding *on date of signing*);
- 4) Second earn-in of 70% interest in Sarape by completing an additional 5,000m of drilling and issuing an additional 21M shares (15% of shares outstanding), and the full CDN\$450,000 has been paid;
- 5) A final interest of 90% in Sarape upon completing an additional 5,000m of drilling (cumulative total of 20,000m) and an additional 91.4M shares are issued (total of 140M, which is 50% of shares outstanding on date of signing);
- 6) All shares issued to AALI are subject to sale limitations and may be distributed to AALI shareholders when issued.

Xali Gold anticipates the timing for the earn-in of the 90% interest to be between 12-18 months post regulatory approval. The Project is subject to a 1.5% Net Smelter Return, with no current buyout option. All transactions are subject to applicable stock exchange approvals, third party consents and shareholder approvals for each of AALI and Xali Gold, as may be required.

A Definitive Agreement will replace the LOI.

Additional Updates:

After a thorough data analysis, the Company has chosen not to continue with an option on the Majo property (September 5, 2024 News Release) at this time, to focus on more advanced targets.

Following a rock and soil geochemical program, Barrick has chosen to terminate their option on the Tres Maria's Project located in southern Peru (see PR November 28, 2023). As per the Agreement, Barrick was to pay Xali Gold US\$175,000 over a 5-year period (US\$100,000 was received) and spend \$500,000 in exploration work to earn 100% of the Property subject to Xali Gold retaining a 1.5% Net Smelter Return ("NSR") Royalty. The Company understands that the high-grade silver and gold mineralization occurring in the Pataqueña vein was not tested by drilling or trenching indicating this could remain as an exploration target for smaller production scenarios than Barrick was targeting.

About Xali Gold

Xali Gold has gold and silver projects in Peru and Mexico. The Company's flagship project, El Oro, is a district scale historic producer of gold and silver. While the Company's main goal at El Oro is to make a new discovery, similar to the multi-million ounce ("oz") gold and silver ore bodies mined historically, the Company has entered into two agreements to bring in cash flow and open up underground access for drilling. Two third parties now have signed agreements with Xali Gold Corp. for the rights to produce gold and silver from the El Oro Project. Kappes, Cassiday & Associates ("KCA"), has the right to reprocess tailings which contain 1.27 million tonnes at a grade of 2.94 gpt gold and 75.12 gpt silver (3.85 gpt gold equivalent) containing 119,900 oz of gold and 3,061,200 oz of silver* and has formed a partnership with Starcore International Mines Ltd. for the reprocessing. Remedioambiente S.A. de C.V. ("RM") has the right to recover gold and silver from mineralized veins and backfill left behind in the historic mine workings. The agreements provide for Xali Gold to receive funds from net smelter returns ("NSRs") of up to 3% from each of these two agreements. In addition, the underground work by RM is expected to give the Company underground access for drilling the high-grade targets identified by Xali's previous drilling below the historic workings at El Oro and also assist in paying mineral rights fees.

Future exploration on the El Oro property will include 20 veins with past production and more than 57 veins in total, from which approximately 6.4M ozs of gold and 74M ozs of silver were reported to have been produced from just two of these veins (Ref. Mexico Geological Service Bulletin Nr. 37, Mining of the El Oro and Tlalpujahu Districts, by T. Flores in 1920). Modern understanding of epithermal vein systems indicates that several of the El Oro district's veins hold excellent discovery potential, particularly below and adjacent to the historic workings of the San Rafael Vein, which was mined to an average depth of only 200m.

With renewed interest in gold and silver exploration in South America, Xali Gold has recently been reviewing high sulphidation gold targets with features similar to Yanacocha and Pierina, within proven high sulphidation epithermal belts in Peru. The Company also still maintains other properties in Peru.

Xali Gold is dedicated to being a responsible community partner.

Joanne C. Freeze, P.Geo., President and CEO is the Qualified Person as defined by National Instrument 43-101 for the projects discussed above. Ms. Freeze has reviewed and approved the contents of this release. Neither the TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

On behalf of the Board of Xali Gold Corp.

“Joanne Freeze” P.Geo.
President, CEO and Director

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Forward-looking Information

This news release may contain forward-looking information (as such term is defined under Canadian securities laws) including but not limited to historical production records and resource estimates. While such forward-looking information is expressed by Xali Gold in good faith and believed by Xali Gold to have a reasonable basis, they may address future events and conditions and are therefore subject to inherent risks and uncertainties including those set out in Xali Gold’s MD&A. Factors that cause the actual results to differ materially from those in forward-looking information include, without limitation, gold prices, results of exploration and development activities, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, potential environmental issues, availability of capital and financing and general economic, market or business conditions. Xali Gold expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.