



Condensed Consolidated Financial Statements
For the three months ended June 30, 2025 and 2024
(Expressed in United States dollars, unless otherwise noted)

NOTICE

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements, then these financial statements must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Xali Gold Corp.
Condensed Consolidated Statements of Financial Position
At June 30, 2025 and March 31, 2025
(expressed in United States dollars)

As at	Notes	June 30, 2025	March 31, 2025
Assets			
Current assets			
Cash		\$ 9,702	\$ 38,293
Amounts receivable		6,389	3,581
Prepaid expenses and deposits		16,867	9,845
		32,958	51,719
Non-current assets			
Unproven mineral right interests	4	1	1
Total non-current assets		1	1
Total assets		\$ 32,959	\$ 51,720
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,5,8	\$ 3,068,539	\$ 2,948,450
Loan payable		20,000	20,000
Loans payable to related parties	5	94,773	89,937
		3,183,312	3,058,387
Non-current liabilities			
Asset retirement obligations	6	91,900	91,900
Total liabilities		3,275,212	3,150,287
Shareholders' deficit			
Share capital	7	25,792,961	25,792,961
Reserves	7	6,129,083	6,200,695
Share subscription received	7	19,000	19,000
Deficit		(35,183,297)	(35,111,223)
Total shareholders' deficit		(3,242,253)	(3,098,567)
Total liabilities and shareholders' deficit		\$ 32,959	\$ 51,720
Nature of operations and going concern	1		

Approved for issuance on behalf of the Board of Directors on August 28, 2025

(signed) Larry Kornze
Director

(signed) George Elliott
Director

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

Xali Gold Corp.**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)****For the three months ended June 30, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

		Three months ended June 30,	
	Notes	2025	2024
Expenses			
Exploration expenses	10	\$ 44,538	\$ 90,440
General and administrative expenses	10	76,582	73,928
		121,120	164,368
Other expenses (income)			
Loss (gain) on foreign exchange		954	(371,784)
Other expense (income)	4	(50,000)	(25,000)
Total other expenses (income)		(49,046)	(396,784)
Net income (loss) for the period		\$ (72,074)	\$ 232,416
Other comprehensive income (loss)			
Foreign currency translation		(72,333)	48,570
Comprehensive income (loss) for the period		\$ (144,407)	\$ 280,986
Earnings (loss) per share, basic and diluted		\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding, basic and diluted		142,566,840	141,162,411

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

Xali Gold Corp.

Condensed Consolidated Statements of Changes in Shareholders' Deficit

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

	Share capital		Reserves					Share subscription received	Deficit	Total
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves				
Balance, March 31, 2024	139,489,840	\$ 25,682,237	\$ 6,072,919	\$ 52,046	\$ (137,824)	5,987,141	\$ -	\$ (36,380,053)	(4,710,675)	
Shares issued for services	2,927,000	107,099	-	-	-	-	-	-	107,099	
Share-based payments	-	-	203	-	-	203	-	-	203	
Net gain	-	-	-	-	-	-	-	232,416	232,416	
Foreign currency translation loss	-	-	-	-	48,570	48,570	-	-	48,570	
Balance at June 30, 2024	142,416,840	25,789,336	6,073,122	52,046	(89,254)	6,035,914	-	(36,147,637)	(4,322,387)	
Balance, March 31, 2025	142,566,840	\$ 25,792,961	\$ 6,185,970	\$ 56,303	\$ (41,578)	\$ 6,200,695	\$ 19,000	\$ (35,111,223)	\$ (3,098,567)	
Share-based payments	-	-	721	-	-	721	-	-	721	
Net income	-	-	-	-	-	-	-	(72,074)	(72,074)	
Foreign currency translation gain	-	-	-	-	(72,333)	(72,333)	-	-	(72,333)	
Balance, June 30, 2025	142,566,840	\$ 25,792,961	\$ 6,186,691	\$ 56,303	\$ (113,911)	\$ 6,129,083	\$ 19,000	\$ (35,183,297)	\$ (3,242,253)	

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

Xali Gold Corp.

Condensed Consolidated Statements of Cash Flows

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

	Three months ended June 30,	
	2025	2024
Operating activities		
Net income (loss) for the period	\$ (72,074)	\$ 232,416
Items not affecting cash:		
Foreign exchange	3,433	(351,224)
Share-based payments	721	203
Shares issued for consulting services	-	107,099
Changes in non-cash working capital items:		
Amounts receivable	(2,808)	6,035
Prepaid expenses and deposits	(8,409)	(146)
Accounts payable and accrued liabilities	50,546	(10,459)
Net cash used in operating activities	(28,591)	(16,076)
Financing activities		
Loan received	-	3,690
Proceeds received from related party loan	-	8,037
Repayment of related party loans	-	(3,288)
Net cash provided by (used in) financing activities	-	4,749
Net change in cash	(28,591)	(11,327)
Cash, beginning of period	38,293	16,299
Cash, end of period	\$ 9,702	\$ 4,972
Non-cash investing and financing activities:		
Shares issued for services	\$ -	\$ 107,099

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

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

1. Nature of operations and going concern

Xali Gold Corp. and its subsidiaries (the “Company”) are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporations Act of British Columbia. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol XGC.V. The Company’s office is located at Suite 1100, 1111 Melville Street, Vancouver, BC, V6E 3V6, Canada.

These interim condensed consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. For the three months ended June 30, 2025, the Company had no revenues, and incurred negative cash flow from operations of \$28,591. As at June 30, 2025, the Company has a working capital deficit of \$3,242,254, and an accumulated deficit of \$35,183,297. The continued operations of the Company are dependent on future profitable operations and the management’s ability to manage costs and raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of those adjustments to the consolidated financial statements could be material.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, the political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. Statement of compliance and basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards Board (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2025, which have been prepared in accordance with IFRS issued by the IASB.

3. Material accounting policy information

Accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s interim condensed consolidated financial statements.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests

As at June 30, 2025 and March 31, 2025, the Company's capitalized unproven mineral right interests costs are as follows:

	June 30 2025		March 31, 2025	
Peruvian Properties	\$	1	\$	1
Closing balance	\$	1	\$	1

Mexican Properties:

El Oro – Hardrock

On May 5, 2006, the Company acquired a 70% interest in the El Oro Project (“El Oro”) from Goldcorp Mexico S.A. de CV in exchange for 2,125,000 common shares (issued) and \$7,500,000 of exploration expenditures before November 30, 2013 (completed). On January 31, 2017, the Company acquired the remaining 30% interest in El Oro from Desarrollos Mineros San Luis, S.A. de C.V. (“DMSL”), a subsidiary of Newmont Corp. (formerly Goldcorp Inc.) (“Newmont”). As consideration for the acquisition of the remaining 30% interest, the Company issued an aggregate of 5,000,000 common shares of the Company with a fair value of \$1,343,305. The property consists of twenty-six claims and is subject to two 3% net smelter return (“NSR”) royalty agreements.

Commencing in January 2017, with the Company’s acquisition of the remaining 30% of the interest in El Oro, the bi-annual land holding payments previously made by Newmont reverted to the Company. As at June 30, 2025, the Company owed \$1,248,226 (March 31, 2025 - \$1,216,532) of outstanding mining fees to the Mexican Mining Bureau (“MMB”). On July 25, 2025, the Company was advised by the Company’s legal counsel that the Mexican Mining Bureau (“MMB”) had cancelled an additional seven mining concessions in El Oro. The Company understands that these cancellations were unlawful due to the fact that a 60 day resolution period must to be delivered to the concession owner prior to a cancellation for non-payment of outstanding mining fees.

El Oro – Mine Tailings Project

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro (“Municipality”) that provides the Company with the access and reprocessing rights to tailings deposits in El Oro, Mexico (the “Tailings Project”). Under the terms of the agreement, the Company will clean up currently unusable municipal land where the tailings were placed historically and will pay an 8% net profits interest (“NPI”) royalty to the Municipality on any products produced from the tailings material. The Company is entitled to retain the first \$1,500,000 of the 8% NPI payable to the Municipality.”

Agreement with Kappes, Cassiday & Associates (“KCA”)

On April 15, 2024, the Company signed a binding Letter of Intent to enter into a Purchase Agreement (the “LOI Agreement”) KCA on the Mexican Mine Tailings Reprocessing Project at El Oro (the “El Oro Tailings Project”) in Mexico.

In order to earn 100% interest in the El Oro Tailings Project, KCA has agreed to:

- (i) \$150,000 within six months after signing the LOI Agreement; (received) and
- (ii) Royalty payments of at least \$50,000 every six months beginning six months after the initial \$100,000 payment.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

Agreement with Kappes, Cassidy & Associates (“KCA”) (continued)

Once production begins, KCA will pay the Company a gross royalty equal to 4% of the sales income (“NSR”) received from the gold and silver produced from the El Oro Tailings Project, less any royalties due and payable to others, but in no case less than a 3% gross royalty.

KCA has the right at any time to buy a 1% royalty from the Company for \$1,000,000, which would lower the NSR from 4% to 3% of the sales income received from the gold and silver produced from the Project, less any royalties due and payable to others, but in no case less than a 2% royalty.

KCA is to make minimum royalty payments of \$50,000 every six months commencing six months from signing the LOI agreement, until a total royalty payment of \$1,000,000 has been paid to the Company, royalty payments on production will continue past that point. On April 16, 2025, the Company received the first royalty payment of \$50,000 related El Oro Tailings Project agreement with KCA.

KCA will also be obligated to pay the Municipality of El Oro an 8% Net Profits Interest (“NPI”) on production from the Tailings or renegotiate this with the Municipality, and the Company has the right to receive the first \$1,500,000 from the Municipality of El Oro’s 8% NPI.

Agreement with Remedioambiente S.A. de C.V. (“Remedioambiente”)

On January 28, 2025, the Company signed a definitive Agreement (the “Agreement”) with Remedioambiente S.A. de C.V. granting them the exclusive right to explore and extract gold, silver and any other economic minerals that may be found above the 2,400 meter level in five mining concessions, El Carmen, El Oro VII, Dos Estrellas 77 Fracc. 1, Dos Estrellas 77 and Dos Estrellas 77 Fracc. II (“El Oro 5 Concessions”) in exchange for payment of a 3% Net Smelter Return (“NSR”) to the Company on all gold and silver recovered by Remedioambiente.

The Agreement has a term of five years which may be extended for an additional five years providing the Company is receiving benefits totaling \$1,000,000 per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2,400 meter level.

As part of the Agreement, Remedioambiente shall maintain the concessions in good standing during this period by paying the semi-annual concession fees, incurring the minimum investments, and making all filings and royalty payments associated with the El Oro 5 Concessions. Remedioambiente is also obligated to pay past fees owing on the five concessions named above and may also pay the past fees for other claims that are part of the El Oro Property, and any payments made by Remedioambiente on past mining fees are subject to reimbursement by the Company in a future private placement offering

Sarape Project (“Sarape”)

In February 2025, the Company entered into a letter of intent (“LOI”) with Advance Lithium Corp. (“Advance”) to acquire up to 90% interest in the Sarape epithermal gold-silver project (“Sarape”) in Mexico in exchange for:

- issuance of 1,000,000 common shares of the Company on agreement date and approval from TSX Venture Exchange;

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests (continued)

- Cash payments of up to 10% of each financing completed by the Company, subject to a maximum payment of CDN\$450,000 over the lifetime of the agreement;
- Issuance of 26,600,000 common shares of the Company upon completion of 10,000 meters of drilling (for which the Company would earn 51% interest in Sarape);
- Issuance of 21,000,000 common shares of the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 70% interest in Sarape); and
- Issuance of 91,400,000 common shares of the Company upon completion of an additional 5,000 meters of drilling (for which the Company would earn a 90% interest in Sarape).

The agreement is subject to a 1.5% net smelter returns royalty ("NSR") with no buyout option. The LOI is subject to the parties finalizing a definitive agreement on or before April 30, 2025. In July 2025, the Company and Advance agreed to extend the timeframe to finalize a definitive agreement from April 30, 2025 to August 31, 2025.

Peruvian Properties:

Casua Property

In 2010, the Company acquired 100% interest in the Casua Property in Peru, from Golden Minerals Company ("Golden") in exchange for 60,000 shares of the Company and granting a 1.5% NSR royalty on the property.

During the year ended March 31, 2021, the Company impaired the carrying value of the property, as the Company had no plans to pursue exploration work on the property but maintain ownership rights to the mining concessions.

On November 28, 2023, the Company entered into an option agreement with Barrick Gold Corporation ("Barrick") on the Tres Marias Property for 100% interest in exchange for \$175,000 (payable over a five-year period, of which \$100,000 was received) and incurring \$500,000 of exploration expenditures on the property. The agreement allowed the Company to retain its 1.5% NSR royalty, of which Barrick could purchase 1% of the NSR for \$750,000. During the year ended March 31, 2024, Barrick elected to not continue with the option agreement.

During 2024, the Company bought back the 1.5% NSR royalty granted over the Casua Property from Minera Silex Peru S.R.L., a subsidiary of Golden in exchange for:

- i. cash payment of \$20,000 and issuance of 100,000 common shares of the Company on definitive agreement date;
- ii. issuance of 300,000 common shares upon successful completion of drilling at 10,000 meters, or on an earlier date mutually agreed upon by the parties; and
- iii. issuance of 600,000 common shares upon obtaining a Preliminary Economic Assessment or other positive engineering study over any part or all of the Property, or on an earlier date mutually agreed upon by the parties.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

5. Accounts payable and accrued liabilities

	June 30, 2025	March 31, 2025
Trade payables	\$ 538,162	\$ 424,014
Due to directors and officers (Note 8)	594,450	553,251
Due to Alta Copper Corp.	646,470	624,801
Accrued liabilities - mining fees - El Oro (Note 4)	1,248,226	1,216,532
Accrued liabilities - other	41,231	129,852
	\$ 3,068,539	\$ 2,948,450

6. Asset retirement obligation

The asset retirement obligation represents the estimated costs for required future reclamation and restoration activities. These activities include removal of site structures and infrastructure, recontouring and revegetation of previously used areas and the management of water and water quality in and around the site. As at June 30, 2025, the asset retirement obligation was \$91,900 (2025 - \$91,900).

7. Share capital and equity reserve

a. Shares authorized

The Company has an unlimited number of common shares with no par value.

b. Shares issued

As at June 30, 2025, the Company had 142,566,840 (March 31, 2025 – 142,566,840) common shares issued and outstanding.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

7. Share capital and equity reserve (continued)

c. Stock options

The Company has an incentive stock option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at discretion of the Board of Directors. Terms of each option award is fixed by the Board of Directors at time of grant. Share option awards have a maximum term of ten years.

As at June 30, 2025, the following stock options were exercisable and outstanding:

Expiry date	Outstanding		Exercisable	
	Exercise price (CAD\$)	Number of options	Exercise price (CAD\$)	Number of options
20-May-26	0.05	3,550,000	0.05	3,550,000
28-Feb-27	0.05	250,000	0.05	250,000
18-Jan-26	0.05	3,125,000	0.05	3,125,000
01-Apr-26	0.05	200,000	0.05	200,000
19-Oct-27	0.07	500,000	0.07	500,000
18-Dec-29	0.05	4,100,000	0.05	4,025,000
	0.05	11,725,000	0.05	11,650,000

The average remaining life of the options is 2.12 years as at June 30, 2025.

d. Warrants

The Company has no warrants issued and outstanding.

e. Restricted share units ("RSUs")

As at June 30, 2025, the Company had 600,000 RSU's outstanding with a weighted average price of CAD \$0.05.

8. Related party disclosures

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes directors, executive officers, and entities controlled by such persons.

a. Related party transactions

The Company incurred the following compensation with companies controlled by members of management and with directors, which has been recorded as general and administrative expenses:

	Three months ended June 30,	
	2025	2024
Management fees	\$ 18,427	\$ 23,021
Accounting fees to a company controlled by the CFO	4,732	4,299
Share-based payments (fair value of stock options)	-	203
	\$ 23,159	\$ 27,523

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

8. Related party disclosures

b. Balance owing

As at June 30, 2025 and March 31, 2025, the following amounts were due to related parties:

	June 30, 2025	June 30, 2025	March 31, 2025	March 31, 2025
	Loans from related party	Accounts payable and accrued liabilities	Loans from related party	Accounts payable and accrued liabilities
Chief Financial Officer ("CFO")	\$ -	\$ 14,340	\$ -	\$ 27,650
Company controlled by the CFO	-	28,500	-	15,782
Company controlled by the CEO	91,108	351,125	86,459	324,862
Director	3,665	-	3,478	-
Geological consulting and technical officer	-	200,485	-	184,957
	94,773	594,450	89,937	553,251

Amounts due to related parties are unsecured, non-interest bearing, and due on demand.

9. Segmented information

The Company operates in one segment, the exploration of mineral properties. The Company operates in two geographical areas, being Peru and Mexico. Following is an analysis of the Company's non-current assets by geographical area:

	June 30 2025	March 31, 2025
Peruvian Properties	\$ 1	\$ 1
Closing balance	\$ 1	\$ 1

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

10. General and Administrative Expenses

	Three months ended June	
	2025	30, 2024
GENERAL AND ADMINISTRATIVE		
Accounting, audit and tax advisory fees	\$ 14,395	\$ 24,365
Bank charges and interest	604	1,336
Consulting	2,656	2,064
Legal	2,902	2,008
Management fees, office salaries and benefits (Note 8)	22,762	25,578
Office, rent and miscellaneous	4,930	4,962
Regulatory and filing fees	10,959	4,014
Share-based payments	721	203
Shareholder communications	15,495	8,265
Interest and other expense	1,158	1,133
Total general and administrative expenses	\$ 76,582	\$ 73,928

	Three months ended June 30,	
	2025	2024
EXPLORATION		
Field support including project administration	\$ 13,942	\$ 9,158
Mining fees - El Oro	30,596	81,282
Total exploration expenses	\$ 44,538	\$ 90,440

11. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner.

The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. As at June 30, 2025, the Company has cash of \$9,702 which is not sufficient to settle current liabilities totalling \$3,183,312; accordingly, liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e., in a currency other than the functional currency in which they are measured.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management (continued)

b. Currency risk (continued)

The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries' transactions are denominated in Mexican Pesos and Peruvian Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

The Company has little significant credit risk related to its trade receivables as amount is immaterial and all of them are owed by one customer. To date, all outstanding trade receivable amounts have been collected.

d. Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily gold and silver) to determine the appropriate course of action to be taken by the Company.

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

f. Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of cash, accounts payable and accrued liabilities, loan payable, and loans payable to related parties approximate their carrying values because of the short-term nature of these instruments.

Xali Gold Corp.

Notes to the condensed consolidated financial statements

For the three months ended June 30, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management (continued)

g. Capital management

The Company's capital structure is comprised of the components of shareholders' deficit. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to any restrictions on its capital.