NEWS RELEASE

Xali Gold Advances Permitting and Contractor Selection for Drilling at Pico Machay

Vancouver, British Columbia, August 13th, 2026. Xali Gold Corp. (TSXV:XGC) ("**Xali Gold**" or the "**Company**") is pleased to provide an update on permitting and preparations for a planned 3,000-metre ("**m**") diamond drill program at the Company's Pico Machay Gold Project ("**Pico Machay**" or the "**Project**") in Peru.

Highlights:

- Ficha Técnica Ambiental Drilling Permit ("**FTA**") application nearing completion;
- Positive initial feedback received during a meeting with senior representatives of Peru's General Directorate of Mining Environmental Affairs ("**DGAAM**");
- Drill contractors currently conducting site visits to confirm operating requirements and finalize proposals;
- Approximately 3,000m of diamond drilling planned, including approximately 2,000m of twin drilling within the historical resource area; and
- Subject to receipt of the required permits, drilling targeted to begin by the end of September 2026.

In support of the FTA application currently being prepared, the Company's team recently met with representatives of DGAAM, including the Director General, to seek early feedback on the technical and environmental information being incorporated into the application. The Company received positive feedback regarding the permitting process, and a final technical meeting will be conducted in the near future, as required prior to submission.

Based on current expectations and feedback received, the Company anticipates that the review process following submission of the completed FTA application should be completed within some weeks. Subject to the timing of regulatory approval and completion of final preparations, Xali Gold is targeting the commencement of drilling near the end of September 2026. Two drills will be engaged initially to complete the resource confirmation drilling well ahead of December 2026.

"We are making solid progress towards drilling at Pico Machay," stated Joanne Freeze, President and CEO of Xali Gold. "Early engagement with DGAAM has provided us with constructive feedback to best finalize the FTA application, while drilling contractor site visits are helping us confirm the equipment and operating approach best suited to the Project. With permitting and drilling contractor selection advancing in parallel, we are focused on getting drills turning so we can provide an updated and potentially upgraded mineral resource estimate to support our first Preliminary Economic Assessment ("**PEA**") as soon as possible."

Drill Program and Contractor Selection

Representatives from prospective drilling contractors are currently visiting Pico Machay to assess site access, terrain, logistics and ground conditions. These visits will allow contractors to confirm the equipment and operating requirements for the planned program and submit accurate, site-specific proposals. The Company expects to select a drilling contractor shortly following completion and review of these proposals.

The planned program will consist of approximately 3,000m of diamond drilling. Approximately 2,000m will be dedicated to twinning selected (10% of) historical resource holes required to support the preparation of an updated mineral resource estimate. The extra 1,000m will allow additional resource drilling to target high-grade controls. Following the resource drilling, the FTA will allow an additional 13,000 to 17,000 m of drilling to test exploration targets identified through the Company's recent mapping, surface and underground sampling, and geological modelling programs.

Historical drilling at Pico Machay was completed exclusively using reverse circulation ("**RC**") methods. The upcoming program will use diamond drilling, which produces continuous core and generally provides improved geological and structural information, as well as better sample integrity. Diamond drilling may also provide improved recovery of fine-grained material that can sometimes be lost during RC drilling. Accordingly, the twin-hole program will allow the Company to assess whether differences in drilling may have affected historical assay results. There can be no assurance that diamond drilling will return grades that are higher than those reported from the historical RC drilling.

About Pico Machay

Located within the Southern Peru Epithermal Gold-Silver Belt, Pico Machay sits in a historically productive mining district in the Western Cordillera Andes (click here for location map). The Project benefits from existing infrastructure and a mining-friendly community eager to partner on sustainable development.

Xali Gold remains confident in the significant upside potential at Pico Machay, which hosts a historical resource and several untested exploration targets on the Project. Various historical engineering studies at Pico Machay were completed up until 2009 which targeted an open-pit heap-leach operation, that was expected to be low-cost and with a low strip ratio. Given that those studies were based on a long-term gold price of $700/oz and several exploration targets remain untested, Xali Gold considers the upside potential to be very strong.

Share Issuances

On August 5, 2026, the Company issued 548,684 common shares to ARO Consulting Inc. upon the exercise of restricted share units ("RSUs") granted to Sheri Rempel, the Company's CFO, in lieu of cash compensation for services provided during 2025. These shares are subject to a four-month hold period and may not be traded until December 6, 2026.

During April and August 2026, the Company issued a total of 455,950 common shares upon the exercise of warrants issued in connection with the private placement completed in December 2025. The warrants were exercised at a price of $0.20 per share, generating proceeds of $91,190.

About Xali Gold

Xali Gold is a gold and silver exploration company focused on advancing opportunities in the Americas. The Company is focused on the exploration and development of Pico Machay, an advanced exploration-stage gold project in Peru with a near-term production goal.

The Company's approach to community engagement and responsible development is guided by strong governance principles and Board oversight that support long-term stakeholder relationships.

Joanne C. Freeze, P.Geo. is a Qualified Person as defined by National Instrument 43-101 and 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 Disclaimer

This press release contains forward-looking information within the meaning of Canadian securities laws (“forward-looking statements”). Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, plans, postulate and similar expressions, or are those, which, by their nature, refer to future events. All statements that are not statements of historical fact are forward-looking statements.

Forward-looking statements in this press release include, without limitation: the timing to advance the Project; the timing of receiving the FTA permit, if at all; the timing to commence drilling, if at all; the timing to complete an updated mineral resource or PEA, if at all; and timing to bring the Project into production, if at all. These forward-looking statements are made as of the date of this press release. Although the Company believes the forward-looking statements in this press release are reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance, and are subject to risks, uncertainties, assumptions and other factors which could cause events or outcomes to differ materially from those expressed or implied by such forward-looking statements.

Known risk factors and assumptions include risks associated with exploration and project development; accessing further funding and related dilution: continuing its projected growth, or being fully able to implement its business strategies; the calculation of mineral resources and additional work required to convert historical resources to current mineral resources; the nature, quality and quantity of any mineral deposits that may be located on the project; operational risks associated with mining and mineral processing; fluctuations in metal prices and assumptions including costs; title matters; government regulation; obtaining and renewing necessary consents, authorizations, licenses and permits; environmental liability and insurance; reliance on key personnel; local community opposition; currency fluctuations; labour disputes; competition; variations in market conditions, and the volatility of our common share price and volume; future sales of shares by existing shareholders; and other risk factors described in Xali Gold’s MD&A and other filings with Canadian securities regulators, which may be viewed at www.sedarplus.ca. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. 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.