



Xali Gold Signs Profit Sharing Agreement for the SDA Plant in Nayarit Mexico

Vancouver, British Columbia, January 18, 2022 - Xali Gold Corp. (TSXV:XGC) ("Xali Gold" or the "Company") is pleased to announce that it has signed a Binding Letter of Intent (the "Agreement") with Minera Cinco Reales S.A. de C.V. ("MCR") on the San Dieguito de Arriba ("SDA") Plant in Nayarit, Western Mexico.

"We are very excited to be partnering with a local Mexican mining group who will not only provide both the investment and expertise to make the SDA Plant fully operational but also provide the initial gold and silver bearing mineralization to process," says Joanne Freeze, President and CEO of Xali Gold. "This new agreement with MCR allows us to follow through with our mandate of putting our assets to work to provide cash flow for our flagship El Oro Hard Rock Project, by giving us two opportunities for profit sharing (see [news release from January 4, 2023](#)).

Agreement Terms

Beginning in the first full month of production, or no later than the fourth month from the signing of this agreement, Xali Gold will have the right to receive 15% of the net profits from any mineral that is processed at the SDA Plant, or **minimum** payments as follows:

- US\$10,000 in fourth month from signing the Agreement
- US\$20,000 in the fifth month
- US\$30,000 in the sixth month
- US\$40,000 in the seventh to tenth months
- US\$50,000 from month eleven on

Before the fourth month, MCR will make advance payments of net profits to Xali Gold of:

- US\$6,500 dated January 30, 2023
- US\$6,500 dated February 27, 2023
- US\$6,500 dated March 22, 2023

Upon the execution of this Agreement, MCR will act as the only operator of the plant and will have the exclusive option to obtain permits and refurbish the plant and equipment to operational status and to manage and operate the SDA plant for their benefit for an initial period of 14 months. MCR has the right to renew the agreement every 14 months unless Xali Gold has reason to cancel the Agreement due to "non-performance" payments or misuse of the plant.

About Minera Cinco Reales

Minera Cinco Reales operates several mines and processing plants (150 to 300 tonnes per day) in Northern and Central Mexico producing gold, silver, copper, lead and zinc. In business since 2002, the partners include metallurgical and chemical engineers with excellent experience in operations.

About the SDA Plant

The SDA plant consists of a flotation plant which also includes a precious metals leach circuit - Merrill Crowe system and associated assets, licenses and agreements. The plant has a ten-year operating history at 100 tonnes per day but may be expanded to process mined material at a rate of up to 200 tonnes per day. Historically, its operation has been based on sales of flotation concentrates to smelters, and payment for precious metals content. The plant lies within the rich Sierra Madre Occidental mineralized belt, which historically has yielded millions of ounces of precious metals and offers multiple high-grade gold and silver epithermal vein opportunities.

About Xali Gold

Xali Gold has a growth strategy to acquire gold and silver projects with near surface exploration potential, near-term production potential and previous mining histories in Mexico. Xali Gold plans to advance our growing bank of gold and silver assets internally and/or with industry partners.

El Oro is a district scale gold project encompassing a well-known prolific high-grade gold dominant gold-silver epithermal vein system in Mexico. The project covers 20 veins with past production and more than 57 veins in total, from which approximately 6.4 million ounces of gold and 74 million ounces 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 Tlapujahua Districts. 1920, T. Flores).

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 200 metres.

Xali Gold is dedicated to being a responsible Community partner.

Joanne C. Freeze, P.Geo., President, CEO and Matthew Melnyk, CPG., Director Operations, are Qualified Persons as defined by National Instrument 43-101 for the projects discussed above. Ms. Freeze and Mr. Melnyk have 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.

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 the mineral resource estimate for the Mexico Mine Tailings and information regarding references to historical resource estimates, the potential for discovery on the El Dorado and El Oro Properties and other statements that are not historical facts. While such forward-looking information is expressed by Xali Gold in good faith and believed by Xali Gold to have a reasonable basis, they 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.

On behalf of the Board of Xali Gold Corp.

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

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