NEWS RELEASE

Xali Gold Provides Update on El Oro Projects in Mexico

Vancouver, British Columbia, September 16th, 2026. Xali Gold Corp. (TSXV:XGC) ("Xali Gold" or "the Company") provides an update on its projects in the El Oro Mining District of Mexico as the Company focuses on advancing the Pico Machay Gold Project in Peru.

The Company maintains certain rights to the El Oro property, where 6.4 million ("M") ounces ("ozs") of gold and 74M ozs of silver was mined historically (Ref. Mexico Geological Service Bulletin Nr. 37, *Mining of the El Oro and Tlalpujahua Districts*, T. Flores in 1920). Previously, diamond drilling by the Company identified high-grade gold and silver mineralization located below historic mine workings and the Company entered into two agreements with third parties which offer potential to bring in cash flow through Net Smelter Returns ("NSR") .

While the Company believes that there is excellent potential for discoveries and revenues from its various El Oro projects, delays experienced to date have reduced their strategic priority relative to the recently acquired Pico Machay Gold Project in Peru. The Company has therefore recently entered into discussions regarding the potential sale of its El Oro hard-rock interests to companies with operations in Mexico. Xali Gold's subsidiary, Minera CCM S.A. de C.V., has a tax loss carry forward of approximately US$3,044,560 (52,187,871.00 pesos), which could potentially be useful to operational entities, in addition to the mineral exploration potential.

Alternatively, the Company is also considering a significant reduction to the size of its El Oro property position and the associated mineral rights fees.

El Oro Hard Rock Project

The Company has recently been advised that an additional two claims, representing hard-rock mineral rights, have been cancelled by the Mexican Mines Bureau ("MMB") without the legally required 60-day notice being provided directly to the Company. These are in addition to the nine claim cancellations the Company reported in July 29, 2025 and August 21, 2025. Eight of those nine claims had also been cancelled without notice being provided directly to the Company. See Figure 1 below.

Mexican legal counsel has recently advised the Company that it may challenge the cancellations through *a* judicial review procedure ("Amparo") which has been conducted successfully by other mining and exploration companies in Mexico. Counsel has also advised that, if the affected concessions are reinstated, concession fees relating to the period during which the concessions were declared cancelled may also be challenged and not owed. Mexico has a five-year statute of limitations on all taxes, including mineral rights fees.

Of the nine claims, two were extensive in size, peripheral to known mineralization including drill targets, and comprised 76.28% of the fees owing for the total El Oro Project in 2025. The Company considers these two cancellations acceptable and does not intend to challenge them. The Company also understands that the areas covered by the cancelled claims are not currently available for acquisition by another party.

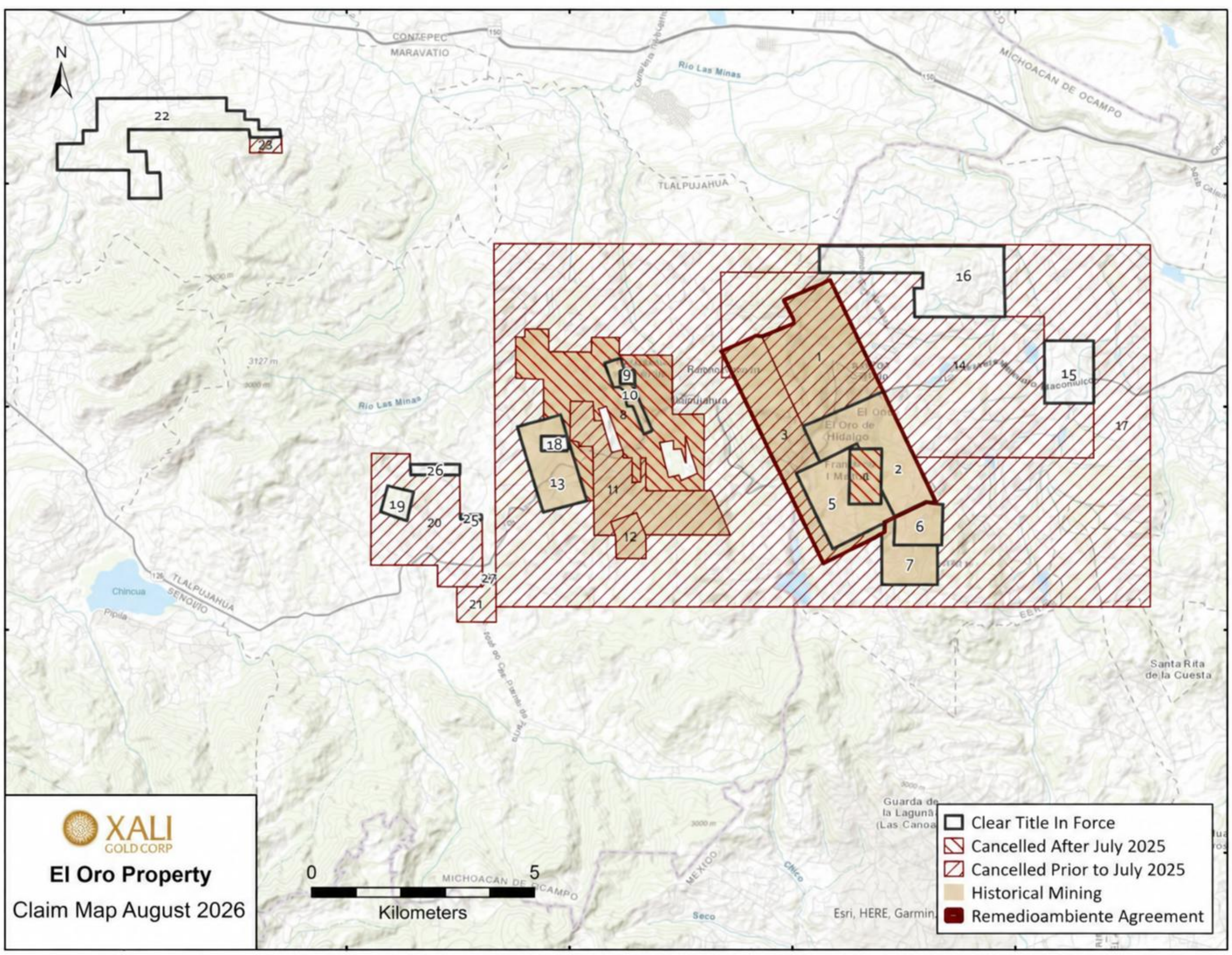
Remedioambiente Agreement on Historic Workings Area

As previously announced (July 22, 2024, August 28, 2024 and September 16, 2025), Remedioambiente S.A. de C.V. ("Remedioambiente") has the right to recover gold and silver from historic mine workings above the 2,400-metre-above-sea-level elevation ("masl") on five of the El Oro concessions (see Figure 1 below). In return, Xali Gold is entitled to receive a 3% NSR. Xali Gold retains 100% of the exploration and mineral rights below the 2,400-metre elevation, which is where the Company has developed drill targets for new untouched mineral bodies similar to those previously mined.

Under the agreement, Remedioambiente is also responsible for maintaining the applicable mineral rights in good standing by completing required filings and paying past-due and future mineral rights fees on the five concessions subject to the agreement. Three of these five concessions are among the eleven cancelled claims.

Under the original arrangements, Remedioambiente was also to receive Xali Gold shares in consideration for certain past fees paid and, subject to certain conditions, rights to appoint directors to the Company. Earlier this year, the TSXV did not approve the issuance to Remedioambiente of such share or board appointment rights.

Figure 1: El Oro Claim Map



Remediambiente has recently advised the Company that they plan to undertake significant underground rehabilitation work at the northern end of the San Rafael vein. If completed, this work could provide underground access to Xali Gold for drilling the higher-grade gold and silver drill targets, which are underneath this end of the historic mine workings.

El Oro Tailings Project

Xali Gold also provides an update regarding the Mexican Mine Tailings Reprocessing Project at El Oro (the "El Oro Tailings Project"). As announced on November 13, 2025, Xali Gold and Kappes, Cassiday & Associates ("KCA") agreed to finalize a definitive agreement consistent with the binding letter of intent announced on April 15, 2024. The agreement provided for KCA to acquire Xali Gold's Mexican subsidiary, Minera CCM Jales SA de CV, allowing KCA to manage legal matters associated with the Tailings Project, including negotiations with the Municipality of El Oro and other local government matters.

The Company had previously been advised that the current President of El Oro was delaying ratification of the long-standing reprocessing agreement, originally entered into in 2013, while KCA continued to manage the negotiations.

The Company has recently become aware that a portion of the tailings may have been removed from the site by another party claiming to be Minera CCM. The company is working with KCA and its advisors to determine what occurred, including the quantity of material involved, the authority under which it may have been removed and any potential implications for the Tailings Project and the Company's interests.

The Company's review is ongoing, and it is not currently in a position to confirm the quantity or characteristics of any material that may have been removed or the effect, if any, on the Tailings Project. Accordingly, the Company is also not currently able to determine whether, or to what extent, the quantity of tailings remaining at the site differs from the quantity reflected in the historical estimate.

Xali Gold will provide a further update when sufficient information has been obtained.

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.

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 news release specifically include statements regarding the potential sale of the Company’s El Oro hard-rock interests or reduction of its El Oro property position and associated mineral rights fees; potential challenges to and reinstatement of cancelled mineral concessions and related mineral rights fees; Remedioambiente’s proposed legal and underground rehabilitation activities; the potential receipt of revenues or royalties from third-party agreements; and the Company’s ongoing review of matters relating to the El Oro Tailings Project and their potential implications for the Company’s interests.

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; 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.