



Drill Targets Delineated on the Cocula Gold Project, Mexico

Vancouver, British Columbia, June 23, 2021. Xali Gold Corp. (TSXV:XGC) ("Xali Gold" and/or the "Company") is pleased to advise that the Company has identified drill targets to potentially extend known mineralization on the Cocula Gold Project in Western Mexico.

These drill targets have recently been identified in a 3D Leapfrog model and are designed to test potential extensions to the mineralized zone previously defined by Timmins Gold Corp. ("Timmins") as well as the more recently discovered high grade occurrences by Xali Gold. Highlights of the Leapfrog model are available for viewing on the Company's website at <https://xaligold.com/site/assets/files/5932/cocula-drill-targets.pdf>.

The Company is preparing applications for permits for both drilling and trenching and is expecting to drill these targets later this year.

The Cocula Gold Project hosts two styles of mineralization, the first being disseminated gold-silver in oxidized breccias near surface within a laterally extensive shear zone which follows topography and could allow for a low strip ratio. The second style of mineralization is higher grade gold, silver and base metals controlled by structures containing stockwork quartz veining mineralized with gold, silver, lead, zinc and copper.

Historical results include 54 metres ("m") grading 4.97 grams per tonne ("g/t") gold in a trench across the center of the mineralized area. A Reverse Circulation ("RC") hole drilled beneath this trench encountered 37.5m grading 1.3 g/t gold including 7.5m grading 5.8 g/t from surface to a 7.5 m depth. Near and at-surface, mineralization delineated by drilling and trenching has been traced for at least 800m along strike within a NW-SE trending fault zone.

Xali Gold's work on the property in 2020 produced grades of 5.66 g/t gold over 6 metres and 4.32 g/t gold over 8 metres in quartz breccia bodies that are typical of the deposit. In addition, higher grades of 59 g/t gold and 729 g/t silver were found in a selected sample collected over 10 centimetres ("cm") in the hanging wall of a quartz vein-breccia structure near the portal of a collapsed adit (see News Release dated October 29th, 2020 for more information: <https://xaligold.com/news-releases/high-grade-gold-and-silver-sampled-on-the-cocula-g-2621/>).

The Leapfrog model is based on data from historical work by Timmins between 2007 and 2011, as well as more recent sampling data collected by Xali Gold Corp. The data includes 1974m of RC drilling in 28 holes, extensive trenching and over 1,800 surface samples from Timmins, as well as surface sampling by Xali Gold in late 2020.

Cocula Gold Project

The Cocula Project area is located within the Ameca Mining District of Jalisco State which is home to Agnico Eagle's El Barqueño Project, Endeavor Silver's Terronera Project and GoGold's

Los Ricos Project. Please see News Releases dated September 10th and October 22nd, 2020 as well as <https://xaligold.com/projects/mexico/western-mexico/cocula-western-mexico/overview/> for further details on the Cocula Project.

Mineralization at the Cocula Gold Project is associated with a breccia hosted at the contact between andesite and intrusive granodiorites +/- felsic pyroclastic rocks. The contact and breccia are associated with a NW-SE striking fault zone which contains fragments of andesite and intrusive rocks cemented by clays, iron oxides, barite and quartz. The breccia is overprinted by stockwork quartz veining mineralized with Au, Pb, Zn, Cu, and Ag.

Timmins Gold Corp. explored the Cocula property between 2007 and 2011 through a series of comprehensive exploration programs which included geological mapping, geochemical sampling, trenching and 1,974 meters (“m”) of Reverse Circulation (“RC”) drilling.

The Company also conducted its own preliminary flotation test work to be used in conjunction with Timmins Gold Corp’s metallurgical work. Results indicate the deposit may be best suited to treatment by either heap, vat or dynamic (agitation) leaching.

Profit Sharing Agreement

Xali Gold Corp. entered a Definitive Agreement for profit sharing on the Cocula Gold Project which gives Xali Gold the right to retain 70% of profits that may be derived from mining and processing on the property.

Xali also has the obligation to pay to the vendor the following payments (US\$):

1. A total of \$30,000 upon signing both the Letter of Intent and Definitive Agreement (paid);
3. A total of \$210,000 in bi-annual payments to be made over a 36 month period starting 6 months after signing the DA. (First one paid June 2021)
4. Upon commencement of production, the owner of the Property would receive a minimum consideration of \$25,000 per quarter which will be deductible from any mining profits for each quarter.

About Xali Gold

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

The acquisition of the SDA Plant, suitable for treating high grade gold and silver mineralization, along with the acquisition of rights to the El Dorado gold and silver historic mines was the initial step in this strategy.

The profit sharing agreement on the potentially leachable Cocula Project was the second step and is a key component of our asset base. In addition to the potential for in expensive extraction processes such as leaching, it has excellent near surface exploration potential.

The Company is currently evaluating other properties complementary to the SDA plant and El Dorado or stand alone such as the Cocula Project.

El Oro, remains as our flagship asset, as it is a district scale gold project encompassing a well-

known prolific high-grade 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 No. 37, Mining of the El Oro and Tlapujahua Districts. 1920, T. Flores**). Modern understanding of such systems indicates that several of the El Oro district's veins hold excellent discovery potential.

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 potential for discovery on the El Dorado, Cocula 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.

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