



**Interim Condensed Consolidated Financial Statements**  
**For the three and nine months ended December 31, 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.

## Interim Condensed Consolidated Statements of Financial Position

At December 31, 2025 and March 31, 2025

(expressed in United States dollars unless otherwise noted)

As at	Notes	December 31, 2025	March 31, 2025
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 546,987	\$ 38,293
Amounts receivable	4	1,038,198	3,581
Prepaid expenses and deposits		14,922	9,845
		1,600,107	51,719
<b>Non-current assets</b>			
Unproven mineral right interests	4	9,703,473	1
<b>Total non-current assets</b>		<b>9,703,473</b>	<b>1</b>
<b>Total assets</b>		<b>\$ 11,303,580</b>	<b>\$ 51,720</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4,5,8	\$ 3,239,414	\$ 2,948,450
Income tax payables	4	69,973	-
Deferred consideration liability- current	4	1,500,000	-
Loan payable		20,000	20,000
Loans payable to related parties	8	227,845	89,937
		5,057,232	3,058,387
<b>Non-current liabilities</b>			
Deferred consideration liability	4	\$ 8,364,376	\$ -
Asset retirement obligations	4,6	403,668	91,900
<b>Total non-current liabilities</b>		<b>8,768,044</b>	<b>91,900</b>
<b>Total liabilities</b>		<b>13,825,276</b>	<b>3,150,287</b>
<b>Shareholders' deficit</b>			
Share capital	7	26,859,658	25,792,961
Reserves	7	6,224,517	6,200,695
Share subscription received	7	19,000	19,000
Deficit		(35,624,871)	(35,111,223)
<b>Total shareholders' deficit</b>		<b>(2,521,696)</b>	<b>(3,098,567)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 11,303,580</b>	<b>\$ 51,720</b>
Nature of operations and going concern	1		
Subsequent events	12		

Approved for issuance on behalf of the Board of Directors on March 2, 2026

(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.**  
**Interim Condensed Consolidated Statements of Operations and**  
**Comprehensive Income (Loss)**

**For the three and nine months ended December 31, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2025	2024	2025	2024
<b>Expenses</b>					
Exploration expenses	10	\$ 58,479	\$ 73,212	\$ 146,947	\$ 240,606
General and administrative expenses	10	172,292	103,889	358,547	255,990
		<b>230,771</b>	<b>177,101</b>	<b>505,494</b>	<b>496,596</b>
<b>Other expenses (income)</b>					
Loss (gain) on foreign exchange		23,561	21,392	28,956	(546,073)
Project Generation		(16)	-	4,985	-
Finance expense	4	24,213	-	24,213	-
Other expense (income)	4	-	50,000	(50,000)	-
Recovery on impairment	7	-	(150,000)	-	(150,000)
Total other expenses (income)		<b>47,758</b>	<b>(78,608)</b>	<b>8,154</b>	<b>(696,073)</b>
Net income (loss) for the period		\$ (278,529)	\$ (98,493)	\$ (513,648)	\$ 199,477
<b>Other comprehensive income (loss)</b>					
Items that will not be reclassified to profit or loss:					
Foreign currency translation		(7,396)	97,424	(50,147)	136,620
<b>Comprehensive income (loss) for the period</b>		<b>\$ (285,925)</b>	<b>\$ (1,069)</b>	<b>\$ (563,795)</b>	<b>\$ 336,097</b>
<b>Earnings (loss) per share, basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		<b>144,034,231</b>	<b>142,416,840</b>	<b>143,057,749</b>	<b>142,010,906</b>

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

## Xali Gold Corp.

### Interim Condensed Consolidated Statements of Changes in Shareholders' Deficit

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

	Share capital		Reserves					Obligation to issue shares	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	-	-	-	-	19,000	-	126,099	
Share-based payments	-	-	8,955	-	-	8,955	-	-	8,955	
Net income	-	-	-	-	-	-	-	199,477	199,477	
Foreign currency translation gain	-	-	-	-	136,620	136,620	-	-	136,620	
Balance at December 31, 2024	142,416,840	25,789,336	6,081,874	52,046	(1,204)	6,132,716	19,000	(36,180,576)	(4,239,524)	
<b>Balance, March 31, 2025</b>	<b>142,566,840</b>	<b>\$ 25,792,961</b>	<b>\$ 6,185,970</b>	<b>\$ 56,303</b>	<b>\$ (41,578)</b>	<b>\$ 6,200,695</b>	<b>\$ 19,000</b>	<b>\$ (35,111,223)</b>	<b>\$ (3,098,567)</b>	
Shares issued for property	-	-	-	-	-	-	-	-	-	
Shares issued for cash	15,000,000	1,094,550	-	-	-	-	-	-	1,094,550	
Share issuance costs	-	(27,853)	-	-	-	-	-	-	(27,853)	
Share-based payments	-	-	73,969	-	-	73,969	-	-	73,969	
Net loss	-	-	-	-	-	-	-	(513,648)	(513,648)	
Foreign currency translation loss	-	-	-	-	(50,147)	(50,147)	-	-	(50,147)	
<b>Balance, December 31, 2025</b>	<b>157,566,840</b>	<b>\$ 26,859,658</b>	<b>\$ 6,259,939</b>	<b>\$ 56,303</b>	<b>\$ (91,725)</b>	<b>\$ 6,224,517</b>	<b>\$ 19,000</b>	<b>\$ (35,624,871)</b>	<b>\$ (2,521,696)</b>	

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

## Xali Gold Corp.

### Interim Condensed Consolidated Statements of Cash Flows

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

	Nine months ended December 31,	
	2025	2024
<b>Cash provided by (used) in</b>		
<b>Operating activities</b>		
Net income (loss) for the period	\$ (513,648)	\$ 199,477
Items not affecting cash:		
Foreign exchange	18,730	(509,411)
Share-based payments	73,969	8,955
Changes in non-cash working capital items:		
Amounts receivable	(10,790)	275
Prepaid expenses and deposits	(6,337)	(32,441)
Accounts payable and accrued liabilities	222,089	264,473
<b>Net cash used in operating activities</b>	<b>(215,987)</b>	<b>(68,672)</b>
<b>Investing activities</b>		
Addition to unproven mineral right interests	(500,000)	-
<b>Net cash provided by investing activities</b>	<b>(500,000)</b>	<b>-</b>
<b>Financing activities</b>		
Obligation to issue shares	-	19,000
Loan repayment to related party	-	(3,128)
Loan from related party	133,512	44,133
Accretion deferred consideration liability	24,472	-
Issue of common shares for cash	1,066,697	-
<b>Net cash provided by (used in) financing activities</b>	<b>1,224,681</b>	<b>60,005</b>
<b>Net change in cash</b>	<b>508,694</b>	<b>(8,667)</b>
<b>Cash, beginning of period</b>	<b>38,293</b>	<b>16,299</b>
<b>Cash, end of period</b>	<b>\$ 546,987</b>	<b>\$ 7,632</b>
<b>Supplemental cash flow information</b>		
<b>Non-cash investing and financing activities:</b>		
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 interim condensed consolidated financial statements**

**For the three and nine months ended December 31, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

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### **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 nine months ended December 31, 2025, the Company had no revenues, and incurred cash flow from operations of \$215,987. As at December 31, 2025, the Company has a working capital deficit of \$3,457,125, and an accumulated deficit of \$35,624,871. 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 interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

### 4. Unproven mineral right interests

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

	December 31 2025	March 31, 2025
<b>Peruvian Properties</b>	\$ 9,703,473	\$ 1
<b>Value-added tax</b>	-	-
<b>Closing balance</b>	\$ 9,703,473	\$ 1

#### **Mexican Properties:**

##### El Oro – Hardrock

The El Oro gold-silver property located in the states of Mexico and Michoacán, Mexico ("El Oro Property") was the Company's principal asset from 2010 to 2024 having acquired it from a wholly owned subsidiary of Goldcorp Inc.

While the Company's main goal for El Oro is to make a new discovery, similar to the multi-million ounce ("oz") gold and silver ore bodies mined historically, the Company has also entered into agreements with two third parties for the rights to produce gold and silver from the El Oro Project and potentially bring in cash flow to Xali Gold.

As at December 31, 2025, the Company owed \$1,316,071 (March 31, 2025 - \$1,216,532) of outstanding mining fees to the Mexican Mining Bureau ("MMB"). Prior to the year ended March 31, 2025, two mining concessions comprising 76.28% of the fees due for the total property were cancelled by the MMB. As a result of these cancellations and the fact that the Company will not legally challenge them, the Company wrote-off \$2,260,108 for outstanding mining fees related to these concessions.

In July 2025, the Company was advised by their Mexican legal counsel that a total of nine mining concessions in the El Oro Property have now been cancelled by the Mexican Mines Bureau ("MMB"). The nine concessions comprise approximately 35% of the total property and eight of these cancellations are understood to be unlawful for failure to provide a legally required 60 notice directly to the Company. The Company is currently seeking legal advice to understand potential recourse to overturn the cancellation of seven of the mining concessions while accepting cancellation of the two described in the paragraph above.

##### El Oro – Mine Tailings Project

The Mexico Mine Tailings have had extensive historic and recent assessments including drill testing and metallurgical test work. In addition to the Mexico Mine Tailings, the Company has a right of first refusal to also process three other tailings deposits. All four tailings deposits lie within the town of El Oro and are adjacent to existing road access, power and water services. Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource\* of 1,267,400 tonnes grading 2.94 grams per tonne ("g/t") gold, 75.12 g/t silver containing 119,900 ounces of gold and 3,061,200 ounces of silver. \*Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information, see "National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Caira, P.Geol. and Allan Reeves, P.Geol., dated August 25, 2014, with an effective date of July 8, 2014, available at [www.sedarplus.ca](http://www.sedarplus.ca).

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

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### 4. Unproven mineral right interests (continued)

#### Mexican Properties: (continued)

##### *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 processing rights to tailings deposits in El Oro, Mexico. Upon signing the agreement, \$25,000 was due and paid with monthly contributions of \$3,000 for community projects. The Municipality cancelled the obligation to pay \$3,000 per month in April 2015, when their tourist activities in the San Juan tunnel started interfering with normal usage of the tunnel by the Company. Under the terms of the agreement, the Company will pay an 8% net profits interest (“NPI”) royalty to the Municipality on any products produced from the tailings properties. The Company is entitled to retain the first \$1,500,000 of the 8% NPI payable to the Municipality.

The Tailings Agreement is directly related to a Tourism Agreement, which allows the Municipality to operate tourism activities in part of the San Juan tunnel and the Providencia Shaft which are historic workings controlled by CCM El Oro Jales as part of the El Oro mineral property. The State of Mexico has contributed significant financing of this tourism project which is part of their larger initiative to promote tourism and mining together throughout Mexico.

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

On April 15, 2024, the Company signed a legally binding Letter of Intent to enter a Purchase Agreement (the “LOI Agreement”) with Kappes, Cassidy & Associates (“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, subject to royalty payments outlined below, KCA has agreed to:

- i. Pay the Company \$150,000 in three payments within six months after signing the LOI Agreement. (received).
- ii. Pay the Company Royalty payments (as per below) with a minimum of \$50,000 every six months beginning 6 months after the \$100,000 payment. (first payment received)

Terms of the Royalty Payments are as follows:

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 (the Municipality of El Oro), 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 including the Municipality of El Oro, but in no case less than a 2% royalty.

KCA will 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.

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 \$1.5M from the Municipality’s 8% NPI.

# **Xali Gold Corp.**

## **Notes to the interim condensed consolidated financial statements**

**For the three and nine months ended December 31, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

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### **4. Unproven mineral right interests (continued)**

#### **Mexican Properties: (continued)**

##### **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 2400 meter (“m”) level in the historic workings covered by the 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 from the historic workings above the 2400 metre (“m”) level.

The initial agreement has a term of five years which may be extended for an additional five years providing the Company is receiving benefits totaling \$1 Million (“M”) per year. The Company retains the exclusive ownership of all mineral bodies discovered or delineated below the 2400 m level.

The Agreement initially pertains to only the five mining concessions of El Carmen, El Oro VII, Dos Estrellas 77 Fracc.1, Dos Estrellas 77 and Dos Estrellas 77 Fracc. II, located in the States of Mexico and Michoacán, Mexico. Remedioambiente shall maintain the concessions in good standing during this period, by paying the semi-annual concession fees, by incurring the minimum investments and the corresponding filings with the Mexican Mines Bureau, by making the filings of statistical reports and by paying the Governmental Royalties. 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. All concession fees are to be paid upon receiving the notice (of 60 days warning) as required by government. Fees owing to the end of 2024 were paid for El Carmen in 2025. Funds provided for past concession fees are to be provided as participation in Private Placements on market terms.

##### **Letter of Intent with Advance Lithium Corp. (“AALI”)**

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.

The Company allowed its option on the Sarape Project in Northern Mexico, originally from Advance, to expire on August 31st, 2025.

#### **Peruvian Properties:**

##### **Acquisition of Minera Calipuy S.A.C. (Pico Machay Gold Project)**

On October 23, 2025, the Company entered into a Share Purchase Agreement (“SPA”) with Pan American Silver Corp. and its subsidiary, Aquiline Resources Inc. (together, “Pan American”), to acquire 100% of the issued and outstanding shares of Minera Calipuy S.A.C. (“Calipuy”). Calipuy holds all rights, title and interest in the Pico Machay Gold Project (“Pico Machay” or the “Project”) located in Central Peru. The transaction closed on December 24, 2025. This project is now the main focus for the Company as it has a historical resource and feasibility study. The Company has commenced field work with the aim of updating the historical resource as well as engineering studies with a new PEA as well as exploring for additional ounces. Given that Pico Machay was considered economic at \$700 gold, the Company intends to put it into production as soon as possible.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

### 4. Unproven mineral right interests (continued)

Under the terms of the SPA, the Company is required to make the following cash payments (US Dollars):

<b>Time Period</b>	<b>Cash Payments</b>
Closing of Transaction	\$0.5M Paid
1st Year Anniversary	\$1.5M
2nd Year Anniversary	\$1.5M
3rd Year Anniversary	\$4.0M
4th Year Anniversary	\$3.0M
5th Year Anniversary or commencement of production	\$4.5M
On delineating more than of 1.25M oz Au	\$2.5M
<b>Total</b>	<b>\$17.5M</b>

The Company must record the full amount of non-contingent deferred consideration at the acquisition date, at fair value, as part of the purchase price and as a financial liability as per IFRS 3, IAS 16, and IAS 37.

The total non-contingent deferred consideration payments amount to \$14.5M, as per IAS 32 the Company recorded deferred consideration liability of \$9,839,904 (\$1,500,000 current, \$8,339,904 non-current) representing present value of the payments. As at December 31, 2025, the Company recorded \$24,472 of finance expense in relation to the deferred consideration liability. December 31, 2025 deferred consideration liability is \$9,864,376.

	<b>\$</b>
<b>Total consideration:</b>	
Deferred consideration liability	9,839,904
Cash payment	500,000
Transaction cost	5,440
	<b>10,345,344</b>
<b>Allocated to:</b>	
Unproven mineral right interests	9,703,472
Amounts receivable	1,023,827
Accounts payable and accrued liabilities	(214)
Income tax payables	(69,973)
Asset retirement obligations	(311,768)

The \$2.5 million resource delineation milestone (upon completion of a technical report prepared in accordance with National Instrument 43-101 by the purchaser disclosing aggregate mineral reserves or mineral resources classified as any of proven mineral reserves, probable mineral reserves, measured mineral resources, or indicated mineral resources greater than 1,250,000 gold ounces in the aggregate), does not meet the recognition criteria of IAS 37 at the acquisition date. It will be recognized when a present obligation arises, when payment becomes probable, and when the amount can be reliably measured. Upon recognition, the amount will be capitalized to the mineral property under IAS 16.

### Peruvian Properties:

#### Other properties

As at December 31, 2025, the Company has maintained the Las Brujas property in good standing.. This property is an early-stage gold and gold-silver exploration project in Peru.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

### 5. Accounts payable and accrued liabilities

	December 31, 2025	March 31, 2025
Trade payables	\$ 609,746	\$ 424,014
Due to directors and officers (Note 8)	644,473	553,251
Due to Alta Copper Corp.	644,500	624,801
Accrued liabilities - mining fees - El Oro (Note 4)	1,316,071	1,216,532
Accrued liabilities - other	24,624	129,852
	\$ 3,239,414	\$ 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 part of the acquisition of Mineral Calipuy S.A.C. the Company recorded \$311,768 of asset retirement obligation (Note 4). As at December 31, 2025, the asset retirement obligation was \$403,668 (March 31, 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 December 31, 2025, the Company had 157,566,840 (March 31, 2025 – 142,566,840) common shares issued and outstanding.

On December 23, 2025, the Company closed a non-brokered private placement and issued 15,000,000 units at a price of CAD\$0.10 per unit for gross proceeds of \$1,094,550 (CAD\$1,500,000). Each unit consisted of one common share and one-half of one share purchase warrant exercisable at a price of \$0.20 per common share expiring on June 23, 2027. The share purchase warrants contain an Acceleration Clause.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 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.

Stock option transactions for the period ended December 31, 2025 were as follows:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Options outstanding March 31, 2025	11,725,000	0.05
Options cancelled	(550,000)	0.05
Options granted	2,200,000	0.05
<b>Options outstanding December 31, 2025</b>	<b>13,375,000</b>	<b>0.05</b>
<b>Options exercisable December 31, 2025</b>	<b>12,975,000</b>	<b>0.05</b>

During the period ended December 31, 2025, the Company granted 2,200,000 (2024 – Nil) stock options to directors and consultants of the Company. The Company recorded share-based payments of \$73,969 for stock options vested during the period ended December 31, 2025 (December 31, 2024 - \$8,955), (Note 10). The total fair value of options granted was \$81,608 (December 31, 2024 - \$112,409) or \$0.037 per option (December 31, 2024 - \$0.027).

As at December 31, 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
18-Jan-26	0.05	2,825,000	0.05	2,825,000
1-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	4,100,000
30-Oct-30	0.05	2,200,000	0.05	1,800,000
	0.05	13,375,000	0.05	12,975,000

The average remaining life of the options is 2.19 years as at December 31, 2025.

#### d. Warrants

	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, March 31, 2025</b>	-	-
Issued	7,599,000	0.20
<b>Balance, December 31, 2025</b>	<b>7,599,000</b>	<b>0.20</b>

On December 23, 2025 the Company issued 7,500,000 warrants in connection to the private placement as well as 99,000 agent warrants.

#### e. Restricted share units ("RSUs")

As at December 31, 2025, the Company had 600,000 RSU's outstanding with a weighted average price of CAD \$0.05.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

### 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:

	Nine months ended December 31,	
	2025	2024
Management fees	\$ 68,948	\$ 46,116
Accounting fees to a company controlled by the CFO	19,626	26,980
Share-based payments (fair value of stock options)	46,696	203
	\$ 135,270	\$ 73,299

#### b. Balance owing

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

	December 31, 2025	December 31, 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")	\$ -	\$ 39,859	\$ -	\$ 27,650
Company controlled by the CFO	-	16,220	-	15,782
Company controlled by the CEO	224,197	371,051	86,459	324,862
Director	3,648	-	3,478	-
Geological consulting and technical officer	-	217,343	-	184,957
	227,845	644,473	89,937	553,251

Amounts due to related parties are unsecured, non-interest bearing, and due on demand, with the exception of the Ridley Rocks Inc. loan of CAD\$150,000 to the Company, which is to be repaid by December 31, 2026 and will incur interest of 3% compounded annually but does not have any securities pledged against it and loan of CAD\$124,294 to be repaid on March 31, 2026 bearing no interest.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

### 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:

	December 31, 2025		March 31, 2025	
	Mexico	Peru	Total	
<b>Unproven mineral right interests (Note 4)</b>	\$ -	\$ 9,703,473	\$ 1	
	\$ -	\$ 9,703,473	\$ 1	

### 10. General and Administrative Expenses

	Note	Three months ended		Nine months ended	
		December 31,		December 31,	
		2025	2024	2025	2024
<b>GENERAL AND ADMINISTRATIVE</b>					
Accounting, audit and tax advisory fees		\$ 17,112	\$ 14,306	\$ 61,791	\$ 75,591
Bank charges and interest		987	1,130	2,436	2,875
Consulting		(9)	-	2,663	-
Legal		4,359	20,094	21,214	23,400
Management fees, office salaries and benefits (Note 8)		22,589	8,540	68,220	57,218
Office, rent and miscellaneous		15,850	8,630	34,369	16,374
Regulatory and filing fees		8,843	14,818	24,081	28,671
Share-based payments	7	72,859	8,752	73,969	8,955
Shareholder communications		30,851	22,112	69,910	36,268
Interest and other expense		162	5,507	1,205	6,638
<b>Total general and administrative expenses</b>		<b>\$ 173,603</b>	<b>\$ 103,889</b>	<b>\$ 359,858</b>	<b>\$ 255,990</b>

		Three months ended		Nine months ended	
		December 31,		December 31,	
		2025	2024	2025	2024
<b>EXPLORATION</b>					
Field support including project administration		\$ 25,938	\$ 3,929	\$ 51,831	\$ 16,325
Mining fees - El Oro		32,541	69,283	95,116	224,281
<b>Total exploration expenses</b>		<b>\$ 58,479</b>	<b>\$ 73,212</b>	<b>\$ 146,947</b>	<b>\$ 240,606</b>

# **Xali Gold Corp.**

## **Notes to the interim condensed consolidated financial statements**

**For the three and nine months ended December 31, 2025 and 2024**

(expressed in United States dollars unless otherwise noted)

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### **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 December 31, 2025, the Company has cash of \$545,987 which is not sufficient to settle current liabilities totalling \$5,057,232; 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.

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.

# Xali Gold Corp.

## Notes to the interim condensed consolidated financial statements

For the three and nine months ended December 31, 2025 and 2024

(expressed in United States dollars unless otherwise noted)

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### 11. Financial risk and capital management (continued)

#### 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.

#### 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.

### 12. Subsequent events

Subsequent to December 31, 2025, the Company issued an aggregate of 2,825,000 commons shares in connection with the exercise of stock options for aggregate gross proceeds CAD\$141,250.