

Altaley Year-End 2021 Shareholder Update

Vancouver, British Columbia, January 5, 2022

Altaley Mining Corporation (“Altaley” or the “Company” ([TSX-V: ATLY](#), [OTCQX: ATLYF](#), [Frankfurt-TSGA](#))) is pleased to provide the following year-end update to shareholders and investors.

2021 has been a year of excellent growth for Altaley Mining Corporation where our Company has seen steady construction progress at its Tahuehueto gold mine which will soon be entering into production and at the producing Campo Morado Mine, the operations team has made steady improvement to increase production and reduce operating costs resulting in increased revenues and mine operating profit throughout 2021

CAMPO MORADO OPERATIONS

Campo Morado mine operational improvements have resulted in steady growth of revenues and decreasing *All in Sustaining Costs* (“AISC”) and *C1 Cash Costs* quarter over quarter.

Campo Morado continues to perform above expectations during Q4 2021 where between Oct 1 to December 31, 2021, the mine has processed 183,092 tonnes of mineralized material (Q3 2021 – 168,500 tonnes) producing 12,221 tonnes zinc concentrate (Q3 2021 10,800 tonnes) and 2,767 tonnes lead concentrate (Q3 – 2,700 tonnes). This Q4 2021 production is the highest production achieved at Campo Morado by Altaley since acquiring the mine in June 2017,



Chart 1

Metal sale prices remain strong with Altaley average Q4 sale prices for zinc at US\$2,972/tonne and for lead at US\$2,352 per tonne, compared to Q3 2021 average realized prices of US \$2,915 per tonne of zinc and US\$2,193 per pound of lead.

Campo Morado operations team have completed a five-year mine plan that includes mining the El Largo, Fish, G9 and Southwest zones. Dewatering operations on the G9 and Southwest zones is nearing completion with the zone expected to be fully dewatered by the end of January 2022.

The mine plan is scheduling the commencement of copper concentrate production during Q2 2022 which will add another mine revenue stream.

Metallurgical testing to identify pathways to increase base metal and precious metal recoveries at Campo Morado are ongoing.

- Altaley is testing pneumatic flotation technologies with micro-fine grinding. This metallurgical program upon completion, will have tested three technologies, Imhoflot™, Jameson Cell and Woodgrove Direct Flotation Reactor (DFR®). The program is expected to be completed near the end of the first quarter of 2022.
- Altaley will be conducting 2nd stage testing of both the Albion™ Process and Leachox™ Process, both proven technologies for forced oxidation and leaching of precious metals. Both technologies have returned successful results in first phase testing at Campo Morado showing excellent potential to significantly increase both gold and silver recoveries.
- Ongoing internal metallurgical testing continues at the Campo Morado laboratory and to date has successfully shown the projects ability to recover copper in sufficient quantities to produce a salable copper concentrate and,
- Campo Morado Laboratory testing has successfully produced lab scale precious metal rich pyrite concentrates, from both freshly processed mineralization as well as from historic tailings.

The ability to produce a precious metal rich pyrite concentrate, successfully obtained in recent internal laboratory testing at Campo Morado, is considered a significant and positive step towards the possibility of increasing precious metal recoveries as most of the unrecovered precious metals currently being rejected to the tailings are contained in pyrite. Only the pyrite concentrate would need to be oxidized through Albion or Leachox or other process, as opposed to the entire tailings. This could lead to substantially improved gold and silver recoveries while reducing operating and capital costs associated with the oxidation and leaching processes. Alternatively precious metal rich pyrite concentrate could be marketed for sale.

A sampling program was designed and implemented to collect large representative samples from the historic Naranjo Bajo tailing storage facility. Testing plans for these tailings are to first test the ability to recover previously unrecovered base metal and precious metals with micro-fine grinding and pneumatic floatation and then to test the ability to produce a precious metal rich pyrite concentrate that might be sold or subjected to forced oxidation and leaching.

Campo Morado purchased FLSmidth advanced process control system LoadIQ to better monitor and regulate SAG Mill ore-water feed and rotational speed, which equipment has been proven in other operations to increase average throughput and extend mill liner life. This equipment should be operational in February 2022 and management hopes to gain increased average daily production and reduce operating costs associated with the Sag Mill grinding.

Local resident training for various mining skills continues at Campo Morado. Altaley encourages training and hiring of local resident personnel and is currently training 5 women in underground drilling techniques, 2 with long-hole drilling equipment and 3 with small diameter exploration core drilling. Local residents are also being trained in the operation of underground scoop-tram loader mucker equipment (Figure 1).



Figure 1 - Training Locals in Drilling Techniques

On a community social basis, Campo Morado continues its program of ongoing support providing road improvements to nearby local communities (Figure 2) and recently provided equipment to dig and install a water well and septic field for the nearby rural federal primary school, Lazaro Cardenas in the San Miguelito community and retabulated, by smoothing and flattening, a sport playing field at Varal community (Figure 3).



Figure 2 - Road Improvements for local community



Figure 3 - School and sport field improvements

TAHUEHUETO OPERATIONS

Construction at the Tahuehueto Gold Mine has progressed very well since resumption of construction in mid-2021. Management predicted that construction would be nearing completion close to end of 2021. A year-end report from site indicates that the project is on budget and on time with operational testing being scheduled during late January 2022 and commencing ore milling and metal recovery during February 2022.

Initial production is to commence using one ball mill with a rated capacity of approximately 500 tonnes per day, half of the mines' planned capacity. A second ball mill will be installed during Q2 2021 and when operational, ore throughput at the mine will increase to approximately 1,000 tonnes per day.

Mine Planning & Underground Development

Previous underground development had advanced to approximately 80% of required development to initiate ore production.

New underground mine development was reinitiated during November 2021 with the arrival to site of the mining contractor MGA Contratista Minera S.A. de C.V. and is following a mine plan developed by consultants, Resource Development Associates Inc ("RDA"). RDA is currently finalizing an independent life of mine plan ("LOM") which will be incorporated into an updated Pre-Feasibility Study ("PFS") for Tahuehueto. The economic results of the PFS are expected to be released publicly early January 2022 with a NI 43-101 compliant PFS report to be filed on SEDAR within 45 days of disclosure of the PFS economic results.

Underground development and mine stope preparation has to date, produced approximately 18,000 tonnes of ore ready to feed the mill at commencement of production and with ongoing underground development during January, management expects that up to two months of ore will be stockpiled to feed the mill at start-up. Underground development will have provided access to numerous mining faces that will easily allow adequate mill ore feed to sustain continuous mining operations at the mines targeted capacity of 1,000 tonnes per day.

03 de Mayo Vein Exploration Works .

The mining contractor Copromig mobilized equipment early November to the 03 de Mayo underground exploration workings and is preparing the underground dewatering pumping station and the water that will be extracted is going to be delivered to the processing plant.



Figure 4 - Water Management

The construction and installation of the 2.74 km, six-inch diameter steel waterline between 3 de Mayo and a water storage tanks is approximately 81% complete (Figure 4). Assembly of water storage tanks is advancing rapidly with completion estimated at approximately 85% for two tanks and the third tank at 50% completion. Water to supply the mill will be initially pumped into a water storage tank and then gravity fed to a freshwater storage tank at the mill processing facility. The third tank is for recovered processing water. All three water storage tanks are expected to be fully operational late-January and be ready for the mill entering initial production.

PROCESSING PLANT

Crushing

Work on the crushing circuit is underway and estimated to be completed near the end of January 2022.

Milling

Work continues on the assembly of the ore bin, and ball mill is installed with mill precision alignment underway. It is estimated that the ball mill will be operational near the end of January 2022.

Flotation

[The flotation circuit assemble is largely complete and initial testing with water has been successfully completed.](#) This area will be fully operational by mid-January 2022.

Concentrate Filtration

Connection work continues with filter installation complete and concentrate filtration is estimated to fully operational by the third week of January 2022.

Tailings Thickening, Filtration and Storage

Preparation of the tailings' thickening area has been completed and installation of press filter equipment will be underway early January. Installation is targeted to be completed near the end of January.

Work continues on the dry stack tailing storage facility and although not estimated to be fully completed until mid-late February, adequate tailings storage capacity is available for initial production.

ELECTRICAL POWER GENERATION

Diesel Generation

Electrical power will be supplied by Aggreko North America initially, with diesel generators under an Aggreko build and operate business arrangement. [All required generators have been delivered to Tahuehueto site, are mounted in place and operational.](#) Final connection and power line installation for the plant is underway and estimated to be completed during January.

Natural Gas Generation

The project is waiting for the granting of permits for natural gas fired power generation. It is estimated that permits will be in place for gas-fired electricity generation during the second half of 2022, and at that time electrical power generation will be converted by Aggreko from



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diesel fuel generation to natural gas fueled power generation by swapping out power generation equipment.

Altaley is pleased and excited to report that the Tahuehueto Mine construction is very near completion, and we anticipate entering a pre-production phase at half capacity during February 2022, producing and selling gold rich lead and zinc concentrates as the project initiates production and ramps up operations over the next several months with installation of a second ball mill to reach anticipated production at approximately 1,000 tonnes per day. Management hopes to be able to declare commercial production during the last half of 2022 as soon as the mine reaches a continuous state of production at 80% of management's expectations.

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On behalf of Altaley Mining Corporation we wish all a very happy and prosperous new year.

(signed) "*Ralph Shearing*" Ralph Shearing,
President, CEO and Director

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that Altaley declared commercial production at Campo Morado prior to completing a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, readers should be cautioned that Altaley's production decision has been made without a comprehensive feasibility study of established reserves such that there is greater risk and uncertainty as to future economic results from the Campo Morado mine and a higher technical risk of failure than would be the case if a feasibility study were completed and relied upon to make a production decision. Altaley has completed a preliminary economic assessment ("PEA") mining study on the Campo Morado mine that provides a conceptual life of mine plan and a preliminary economic analysis based on the previously identified mineral resources (see News Release dated November 8, 2017, and April 4, 2018).

Statements contained in this news release that are not historical facts are "forward-looking information" or "forward-looking statements" (collectively, "Forward-Looking Information") within the meaning of applicable Canadian securities laws. Forward-Looking Information includes, but is not limited to, the Lender's plans to acquire the Accendo Loan Facility out of liquidation and other possible events; conditions or financial performance that are based on assumptions about future economic conditions and courses of action; the timing and costs of future activities on the Company's properties, such as production rates and increases; success of exploration, development and bulk sample processing activities, and timing for processing at its own mineral processing facility on the Tahuehueto project site. In certain cases, Forward-Looking Information can be identified using words and phrases such as "plans," "expects," "scheduled," "estimates," "forecasts," "intends," "anticipates" or variations of such words and phrases. In preparing the Forward-Looking Information in this news release, the Company has applied several material assumptions, including, but not limited to, that the current exploration, development, environmental and other objectives concerning the Campo Morado Mine and the Tahuehueto Project can be achieved; that recommencement of operations at Campo Morado will proceed as planned; the continuity of the price of gold and other metals, economic and political conditions, and operations. Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. There can be no assurance that Forward-Looking Information 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 Information. Except as required by law, the Company does not assume any obligation to release publicly any



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revisions to Forward-Looking Information contained in this news release to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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