

Altaley Mining Corporation Share Consolidation and Rights Offering

VANCOUVER, BRITISH COLUMBIA – DECEMBER 6, 2022

Altaley Mining Corporation (the “Company” or “Altaley”) announces that the Company’s Board of Directors has approved a consolidation of the Company’s issued share capital on a ratio of one (1) new post-consolidated common share for every eight (8) old pre-consolidated common shares (the “Consolidation”). The Consolidation is subject to approval by the TSX Venture Exchange (“TSXV”). The Company is also pleased to announce it will be making a rights offering (the “Rights Offering”) on a post-Consolidation basis in which holders of record of the Company’s post-Consolidation common shares (“Common Shares”), will receive rights (“Rights”) to subscribe for units (“Units”) of the Company. The record date (the “Record Date”) will be confirmed at a later date and disclosed in a further news release following the completion of the Consolidation.

Share Consolidation

The Company currently has 278,944,422 issued and outstanding common shares and on completion of the Consolidation there is expected to be approximately 34,868,052 issued and outstanding common shares, subject to rounding. The Company’s name and trading symbol will remain the same. Shareholder approval for the Consolidation is not required under the Articles of the Company.

The Board of Directors determined the Consolidation is necessary for the Company to raise additional capital and seek new business opportunities.

Proposed Rights Offering

The Company is planning to conduct a Rights Offering for up to gross proceeds of \$16,000,000. Each registered shareholder of the Company resident in Canada as of the close of business on the Record Date (the “Eligible Shareholders”) will receive 0.95598496 of one Right for every one (1) Common Share held for the issuance of a total of 33,333,333 Rights. One Right will permit the Eligible Shareholder to purchase one Unit at a price of \$0.48 per Unit (the “Basic Subscription Privilege”). Holders of Rights who fully exercise their Rights under the Basic Subscription Privilege will also be entitled to subscribe, on a pro rata basis, for additional Units, if available, that were not subscribed for by other holders of Rights (the “Additional Subscription Privilege”), subject to certain limitations as set out in the Company’s rights offering circular (the “Rights Offering Circular”).

Each Unit will consist of one Common Share and one-quarter of one transferable share purchase warrant (each whole a “Warrant”). Each Warrant will entitle the holder to purchase one additional Common Share at a price of \$0.75 exercisable until 1:30 p.m. (Vancouver, BC time) on the date that is 30 months from the closing date of the Rights Offering. The Warrants, when issued, will be issued under a warrant indenture with Computershare Investor Services Inc. (the “Rights Agent”) The Rights Offering is not subject to any minimum subscription level. If the Rights Offering is fully subscribed, Altaley will issue up to 33,333,333 new Common Shares and Warrants to purchase up to an additional 8,333,333 Common Shares. If the Rights Offering is fully subscribed and all the Warrants issued on closing of the Rights Offering are exercised, the additional proceeds to the Company from the exercise of the Warrants will be \$6,250,000.

On completion of the Consolidation the Company will have 34,868,052 Common Shares issued and outstanding. If all Rights are exercised, the Company's issued and outstanding Common Shares will increase to 68,201,385 and if all Warrants covered by this Rights Offering are exercised the Common Shares issued and outstanding will be 76,534,718.

The Company has also applied to the TSXV for the trading of the Rights.

The Company has ascertained that four insiders who on a pre-Consolidation basis collectively own or exercise control or direction over, a total of 72,878,462 Common Shares, representing in the aggregate approximately 26.13% intend to exercise all or a portion of their Rights and subscribe for Units in the Rights Offering. We can give no assurance that any other insider of the Company will subscribe for any Units in the Rights Offering.

An offering notice (the "**Notice**") and a rights certificate (the "**Rights Certificate**") will be mailed to each Eligible Shareholder. Eligible Shareholders who wish to exercise their Rights must complete the Rights Certificate, and deliver the Rights Certificate together with the applicable purchase funds, to the Rights Agent, before 2:00 p.m. (Vancouver, BC time) on the Expiry Date. Eligible Shareholders who own their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary. It is important to note that intermediaries may have different cut-off times prior to the Expiry Date. As such, the Company recommends that all Eligible Shareholders who own their Common Shares through an intermediary contact their broker or financial advisor about the Rights Offering to ensure that they can participate by the intermediary's cut off time for subscriptions.

The terms of the Rights Offering and the procedures for exercising Rights will be explained in the Notice and the Rights Offering Circular which will be issued after the Consolidation is completed.

The Rights Offering will be made only in applicable jurisdictions in Canada, and is not, and under no circumstances is to be construed as an offering of any securities for sale in, or to a resident of any jurisdiction, other than Canada, or a solicitation therein or an offer to buy or sell securities. However, certain holders of Common Shares in jurisdictions outside of Canada may be able to participate in the Rights Offering where they can establish that the transaction is exempt under applicable laws. If you are a holder of Common Shares of the Company and reside outside of Canada, please review the Notice and the Rights Offering Circular to determine your eligibility and the process and timing requirements to receive and, or, exercise your Rights. The Company requests any ineligible holder interested in exercising their Rights to contact the Company at their earliest convenience.

The Rights Offering is subject to regulatory approval, including the approval of the TSXV.

Additional disclosure regarding the Rights Offering will be disclosed in a subsequent news release following the completion of the Consolidation.

Standby Guarantee

Calu Opportunity Fund, LP ("**Calu**") has agreed to act, directly or indirectly, as a standby guarantor to purchase up to 20,833,333 Units that may be available as a result of any unexercised Rights under the Rights Offering, for subscription funds of up to \$10,000,000 (the "**Guarantee**"). As consideration for acting as a standby guarantor, the Company will issue bonus warrants (the "**Bonus Warrants**") to Calu entitling it to acquire up to 5,208,333 Common Shares of the Company, being 25% of the total number of Units the standby guarantor has agreed to purchase under its standby commitment. The Bonus Warrants are exercisable at a price of \$0.75 per Common Share for a period of four years after the date

on which performance under the guarantee could be required. 50% of such Bonus Warrants issued to Calu will be subject to accelerated expiry provisions, so that if the market price of the Common Shares closes above \$1.25 for 10 consecutive trading days (the “**Acceleration Event**”), the expiry date of those Bonus Warrants will be accelerated to 30 days from the date of such Acceleration Event.

If Calu exercises its Guarantee in full and the Rights Offering is fully subscribed, Calu will hold 30.5% of the then issued and outstanding Common Shares on an undiluted basis. Calu would also hold 5,208,333 Bonus Warrants, 5,208,333 Warrants (as part of the Units), and as described elsewhere in this news release, Calu would have 622,272 Loan Bonus Warrants, which in the aggregate would be exercisable into 11,038,938 further Common Shares, which on a partially diluted basis, if all Calu's warrants were exercised, would bring Calu's ownership position to 40.2% of the then outstanding Common Shares.

To date, Calu has advanced a majority of the Guarantee (USD\$6.8 million or CDN\$8.91 million) to the Company in cash, therefore, when the Rights Offering closes, the Company will only receive the balance of the Guarantee not yet received, assuming the Guarantee is called for in full.

Use of Net Proceeds of Rights Offering

The Company intends to use the net proceeds of the Rights Offering for: Operating and capital expenditures in connection to the construction and commissioning of the Tahuehueto Gold Mine Project (as described below), general corporate and administrative costs and settlement of working capital deficiency.

Update Regarding Previous Loan from Sail Financial, now named Calu Opportunity Fund, LP

The Company also announces that it has executed an amending agreement (the “**Amending Agreement**”) with Calu Opportunity Fund, LP (formerly, Sail Natural Resources LP) (the “**Lender**”) amending the terms of the loan agreement (the “**Loan Agreement**”) announced by the Company in its news release dated December 29, 2021. Details about the Loan Agreement were also disclosed by the Company in its financial statements for the three and six months ended June 30, 2022, and 2021 (notes 10(d) and 19), its financial statements for the three months ended March 31, 2022 and 2021 (note 10(d)) and its financial statements for the years ended December 31, 2021 and 2020 (note 26).

New Principal

Pursuant to the Amending Agreement, the parties have agreed that the indebtedness between the Company and the Lender under the Loan Agreement as of June 30, 2022, was USD\$2,489,088 (the “**New Principal**”). The New Principal consists of an advance of USD\$2,345,000 and accrued interest of USD\$144,088. The Amending Agreement includes a revised payment schedule consisting of monthly payments commencing in December 2022 and ending in December 2025. Each payment includes a principal repayment amount of \$67,272.65 and an interest component. The interest rate under the Amending Agreement remains unchanged at 13.5% per annum.

Grant of Loan Bonus Warrants

As consideration for the New Principal, the Company will issue the Lender 4,978,176 share purchase warrants (the “**Loan Bonus Warrants**”) or 622,272 Loan Bonus Warrants on a post-Consolidation basis, representing the pro rata portion of the 10,000,000 share purchase warrants proposed in the Loan Agreement. Each Loan Bonus Warrant may be exercised into one common share until June 30, 2025 (being the date that is 36 months from the deemed advance date of the New Principal) at an exercise price of \$2.80 per common share. If the New Principal is repaid in whole or in part by the Company by

June 30, 2023, then the expiry date of the Loan Bonus Warrants will be shortened to the later of June 30, 2023, and 30 days from the date of such repayment. The Loan Bonus Warrants (and any common shares exercisable thereunder) are subject to a hold period of four months and one day from the date of issuance of the Loan Bonus Warrants. The Amending Agreement and the grant of the Loan Bonus Warrants has obtained the approval of the TSXV.

Subject to the prior approval of the TSXV by way of a future submission, if the full principal amount under the Loan Agreement is made available to the Company (a further USD\$2,655,000), the Company may issue the Lender up to a further 5,021,824 share purchase warrants (the “**Conditional Warrants**”) or 627,728 Conditional Warrants on a post-Consolidation basis. Each Conditional Warrant will be exercisable into one common share at an exercise price of \$2.80 per common share (or such other price as may be permitted by TSXV based on the Company’s market price at the time of announcement of any further loan advance and proposed Conditional Warrants) until August 31, 2025 (being the date that is 36 months from the date of the Amending Agreement) or some other period as permitted by the TSXV.

Appointment of Board Observer

Pursuant to the Amending Agreement, the Lender will be entitled to designate an observer to be present at all meetings of the Company’s Board of Directors (the “**Board**”). The observer may participate in all discussions of matters brought to the Board but shall not be deemed to be a member of the Board or have any duties to the Company or its shareholders. The Company may in its discretion exclude the observer from certain matters when the circumstances warrant exclusion, including to maintain solicitor-client privilege or when the discussion relates to the Company’s relationship with the Lender.

Stock Options

The Company has granted 900,000 stock options to the new CEO/Director. The options are exercisable on or before December 5, 2025, at a price of \$0.09 on a pre-consolidation basis. The options will vest under the terms of the Company’s Stock Option Plan with one-third vesting immediately, one-third within 6 months, and the remaining balance will vest at the 1st anniversary of the grant of the options.

About Altaley Mining Corporation

Altaley Mining Corporation is a Canadian based mining company with two 100% owned Mexican gold, silver, and base metal mining projects.

Altaley’s Tahuehueto Gold Mine Project is in north-western Durango State, Mexico where construction of an initial 500 tonnes per day (“**tpd**”) operation is well advanced. The second stage, the 1000 tpd project, will follow immediately after commissioning the initial stage. The operation will generate gold, silver, lead and zinc in concentrates.

Campo Morado is an operating polymetallic base metal mine with mining and milling equipment currently producing at an average of 2,400 tpd and is currently estimated to be Mexico’s 6th largest zinc producer.

Visit: www.altaleymining.com

On Behalf of the Board of Directors

(signed) *Mike Struthers*

Mike Struthers,

CEO and Director

Cautionary Note Regarding Production Decisions and Forward-Looking Statements

It should be noted that Altaley declared commercial production at Campo Morado and elected to initiate construction to go into production at Tahuehueto prior to completing full feasibility studies demonstrating economic and technical viability. Accordingly, readers should be cautioned that Altaley's production decisions have been made without comprehensive feasibility studies of established reserves at Campo Morado and prefeasibility level reserves at Tahuehueto, such that there is greater risk and uncertainty as to future economic results from the Campo Morado mine and at Tahuehueto mine where reserves are established to the prefeasibility level of confidence and therefore a higher technical risk of failure than would be the case if full feasibility studies were completed and relied upon to make production decisions. Altaley has completed a preliminary economic assessment ("PEA") mining study on the Campo Morado mine and a prefeasibility study ("PFS") at Tahuehueto 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, April 4, 2018, and April 25, 2022).

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 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; 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 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information about Altaley Mining Corporation, please contact:

Glen Sandwell
Corporate Communications Manager
ir@altaleymining.com
Tel: +1 (604) 684-8071