Dixie Gold Inc. Announces the Discovery of Multiple Gold-In-Soil Anomalies at Red Lake Project

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SGH Survey Reveals Multiple Gold-In-Soil Anomalies Linearly-Conforming to a Trend-Line Running Parallel to Great Bear Resources LP Fault

VANCOUVER, December 24, 2020 - Dixie Gold Inc. (TSXV:DG) ("Dixie Gold" or the "Corporation) is pleased to announce that it has received assay results and corresponding interpretation from its inaugural SGH soil sampling program recently conducted at Dixie Gold's Red Lake Project in Ontario (see also news release, Dixie Gold Inc. Commences District-Scale SGH Soil Sampling Program at Red Lake Gold Project, dated September 17, 2020).

Lab analysis performed using SGH has resulted in multiple gold-in-soil anomalies being outlined, with the gold-in-soil anomalies appearing to conform to a NW-SE trend-line (the "Dixie Gold Trend"). The Dixie Gold Trend appears to run parallel in orientation to the known gold-bearing LP Fault trend being explored by Great Bear Resources Ltd. on contiguous claims south of those held by Dixie Gold.

"The discovery of multiple gold-in-soil anomalies defined by SGH analysis which appear to form along a trend-line and are situated immediately adjacent to Great Bear Resources project is a tremendously exciting development for Dixie Gold. While follow-up exploration still needs to be done, our preliminary interpretation suggests that the gold-in-soil anomalies may form either a parallel trend that is similarly NW-SE orientated like the nearby LP structure (which is situated glacially down-ice on adjacent claims) or which may prospectively form part of a wider regional deformation zone that may be spatially expansive on a N-S basis (inclusive of potential splays off of the LP fault) and which may be classically-akin to deformation zone settings seen in other major Ontario/Quebec gold camps. Quite importantly, large portions of Dixie Gold's Red Lake Project remain to be tested from both longitudinal and latitudinal perspectives as this survey, although being more than 2,000 sample site locations in scale, was inaugural in nature. In 2020, Dixie Gold completed one of the largest soil sampling programs performed in the newly emerging Dixie Gold Camp and we could not be more excited by both the results and our upcoming exploration plans for 2021. We believe Dixie Gold is well positioned in what is rapidly becoming a tier-one gold exploration district," stated Ryan Kalt, Chief Executive Officer of Dixie Gold.

Dixie Gold has 25,737,188 common shares issued, with no warrants outstanding.

About Dixie Gold's Red Lake Project / Soil Sampling Program

Dixie Gold's highway-accessible Red Lake Project is located in close proximity to the town of Red Lake in northwestern Ontario. The district-scale gold exploration project is comprised of 1,241 mining claims totaling approx. 25,269 ha in scale (approx. 62,441 acres). Dixie Gold's Red Lake Project is located adjacent to the Dixie Gold Project being advanced by Great Bear Resources Ltd.

Figure 1: Dixie Gold Inc. - Red Lake Project Map

Soil sampling exploration during the fall of 2020 by Dixie Gold at the Red Lake Project was designed to target potential gold mineralization analogous to gold being discovered elsewhere in the immediate region (e.g. the adjacent Dixie Gold Project held by Great Bear Resources Ltd.), including sulphide replacement, quartz veining in mafic volcanics and disseminated gold within high-strain zones.

As relates to today's reporting of results from the inaugural phase one SGH soil sampling program, a total of

2,101 soil samples, each representing a distinct collection locale, were assayed using SGH by Ontario-based Activation Laboratories Ltd. ("ActLabs"). Sample collection used 50m spacing based on 200m spaced lines, therein providing future in-fill sampling opportunities within the newly identified gold-in-soil anomalies outlined by this news release. Sample security, preparation and analysis described below.

Figure 2: Dixie Gold Inc. - Fall 2020 SGH Soil Sampling Program Grid (Approximate)

Interpretative work with respect to the gold-in-soil anomalies outlined was based only upon the analytical results provided by the SGH Nano-Geochemistry resulting from sample submission (ActLabs report to Dixie Gold dated December 16, 2020 (the "ActLabs Report")). A template or group of SGH Pathfinder Classes that have been found to be associated with buried gold targets was used as the basis for interpretation of this area (ActLabs Report).

SGH hydrocarbon signatures detect and analyze hydrocarbon residues produced by the decomposition of microbes and bacteria from the life cycle death phase that have been feeding on gold. These residues have subsequently migrated to the surface as a flux of different classes of hydrocarbons or decomposition products (ActLabs Report).

The following two maps shown in plan and in 3D views are SGH "Pathfinder Class maps" for targeting various chemical classes of hydrocarbon flux signatures related to Redox conditions and gold type targets (ActLabs Report).

Figure 3: Dixie Gold Inc. SGH "Redox" Pathfinder Class Map (Halo Anomalies Illustrating Possible Presence of Redox Zones)(courtesy: ActLabs Report)

Figure 4: Dixie Gold Inc. SGH "Redox" Pathfinder Class Map (3D) (courtesy: ActLabs Report)

Each of the apical anomalies shown, especially those within and at the edge of the dotted oval Redox zones, may be indicative of gold mineralization, with mineralization potentially existing at these locations as a vertical projection beneath these anomalies (ActLabs Report).

The subjective SGH confidence rate for the survey assigned to the anomalies in general on the above maps where the anomalies coincide on their location is on average 4.0 on a scale of 6.0; rating of which means that, based on SGH, there is a "good" chance that mineralization may be present (ActLabs Report).

The Corporation is excited by the findings of its inaugural SGH soil sampling program and is in the process of formulating exploration plans for 2021 that may both further refine and advance the discovered gold-in-soil anomalies as prospective drill targets and to expand SGH soil-sampling coverage to areas of priority interest to be high-graded from its recently completed airborne program at the Red Lake Project (see also news release, Dixie Gold Commences One of the Largest Airborne Geophysical Surveys in History of Red Lake, dated October 1, 2020).

Additional information relating to the Red Lake Project shall be made available to shareholders as work progresses.

Dixie Gold wishes to express its gratitude to Clark Exploration Consulting Inc. of Thunder Bay, Ontario for a well-executed field program and to ActLabs for their interpretative work.

The Corporation cautions that past results or discoveries on the adjacent project (e.g. Great Bear Resources' Dixie Gold Project) may not necessarily be indicative as to the presence of mineralization on the Corporation's project (e.g. Dixie Gold's Red Lake Project). The Corporation further cautions that there can be no assurance that the identification of gold-in-soil anomalies will result in the discovery of mineralization, economic or otherwise.

Qualified Person:

Mr. Garry Clark, P. Geo., of Clark Exploration Consulting, is the "Qualified Person" as defined in NI 43-101, who has reviewed and approved the technical content in this press release.

SOIL GAS HYDROCARBON SURVEY DESIGN AND SAMPLING

Clark Personnel collected fist sized samples from a shallow dug holes in the 15 to 40 cm range of depth and placed labelled kraft paper bags. Samples were located using gps on spaced at 50 metre intervals on 200 metre lines. Duplicates were entered into the sample stream randomly. Samples were air dried and shipped in sealed buckets directly to ActLabs in Ancaster, Ontario.

SAMPLE PREPARATION AND SGH ANALYSIS

At the Lab the samples are air-dried at a relatively low temperature of 40°C, then sieved and the -80 mesh sieve fraction (<177 microns, although different mesh sizes can be used at the preference of the exploration geologist) is collected. The collected "pulp" is packaged in a Kraft paper envelope and transferred from our sample preparation department to our Organic Geochemical department also located in our World Headquarters in Ancaster, Ontario, Canada. Each sample is then extracted, compounds separated by gas chromatography and detected by mass spectrometry at a Reporting Limit of one part-per-trillion (ppt). The results of the SGH analysis is reported in raw data form in an Excel spreadsheet as "semi-quantitative" concentrations without any additional statistical modification.

SGH DATA QUALITY

An equal aliquot of a random sample is analyzed as a laboratory replicate. Due to the large amount of data, the estimate of method variability is reported as the percent coefficient of Variation (%CV). A laboratory replicate analysis is reported at a frequency of 1 for every 15 samples analyzed. The variability of field duplicate samples are similarly reported if identified.

About Dixie Gold Inc.

Dixie Gold Inc. (TSXV:DG) is a publicly-traded exploration company involved in a diverse portfolio of high-impact exploration projects in Canada. For more information, please visit www.dixiegold.ca.

Signed,

Ryan Kalt
Chief Executive Officer
Dixie Gold Inc.

Forward-Looking Statements

This news release contains forward-looking statements. Forward-looking statements address future events and conditions and therefore, involve inherent risks and uncertainties. Actual results may differ materially from those currently expected or forecast in such statements.

Neither the 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.

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