

June 15, 2022

By Email

Canagold Resources Ltd.
810 – 625 Howe Street
Vancouver, British Columbia
V6C 2T6
Attn: Bradford J. Cooke, Chairman of the Board

Dear Brad:

Re: Financing of Canagold

I am writing to reiterate Sun Valley's interest in participating in an equity financing of Canagold. As you're aware, we have been in discussions about an equity investment at a premium to market prices in the company with Scott Eldridge for several weeks now. Sun Valley has a strong preference to see Canagold continue to finance its development by way of the issuance of equity at least until the construction decision stage and is committed to supporting Canagold with equity financing. We have also previously written to you to express our views against other forms of financing such as the granting of royalties on the New Polaris project. Since we did not hear that Canagold was abandoning plans to potentially sell a royalty interest prior to the construction decision stage and because of our serious concerns over the governance and lack of share performance at Canagold, we moved forward with nominating persons for election to the board who we believe will provide Canagold with the proper governance and oversight in the development of the New Polaris project.

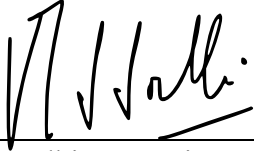
We now understand that Canagold may be pursuing an equity offering. We wish to confirm that Sun Valley stands ready to participate in equity financings of Canagold, at significant levels and at a premium to the current trading price of the common shares of Canagold. Sun Valley is willing to acquire up to \$7,600,000 of equity of Canagold at the following prices:

- (a) \$0.32 per common share of Canagold or a 20% premium to the 20 day weighted average trading price of the common shares of Canagold for the 20 trading days before the closing of the private placement (whichever is higher) in respect of traditional common shares (hard dollars); or
- (b) \$0.42 per common share of Canagold or a 60% premium to the 20 day weighted average trading price of the common shares of Canagold for the 20 trading days before the closing of the private placement (whichever is higher) in respect of the issuance of flow-through common shares.

We believe a that refusal to include Sun Valley in any equity financing at this time would only be done for reasons of entrenching the current incumbent board members, and would not be in the best interests of Canagold. Furthermore, it would be a breach of the incumbent directors' fiduciary duty to turn down a significant financing offer at a premium and an attack on the existing shareholders of Canagold who would suffer unnecessary dilution.

We look forward to hearing from you.

Yours truly,

A handwritten signature in black ink, appearing to read "V. Sodhi", written over a horizontal line.

Vikram Sodhi, Managing Director

cc. Scott Eldridge
Chief Executive Officer