



CONFIDENTIAL

May 18, 2022

Mr. Vikram Sodhi
Managing Director
Sun Valley Investments
Dubai, UAE

Dear Mr. Sodhi,

Thank you for your letter dated May 10, 2022 regarding Sun Valley's concerns over any potential royalty financing at this time for our New Polaris gold project. We appreciate Sun Valley's interest in matters relating to Canagold and your support as a shareholder.

As a Canadian company, Canagold's Board of Directors and its executive management have a fiduciary duty to act in the best interests of the Company. As part of exercising these legal duties, the Board and management regularly assess strategic alternatives and, in doing so, the Company considers all relevant factors, including the short and long-term goals and objectives of the Company.

Given the current depressed state of the junior mining equities market and Canagold's share price in particular, management feels it prudent to evaluate the potential for non-equity financing at this time. The royalty market has recently been very active with significant NAV multiples being offered.

This is not to say that we intend to do a royalty financing. We are simply evaluating its accretion/dilution potential as compared to an equity financing. We may not receive any offers from royalty companies, and if we do, they may not be on acceptable terms.

The Company is presently assessing its financing alternatives and it will not make any determination on what is in the best interest of the Company until it has a full understanding of the various options available to it.

We value our ongoing relationships with all our stakeholders including Sun Valley, and such partnerships are critical as we advance our New Polaris gold project. You stated on recent calls with management and Canagold's Chairman that Sun Valley would be happy to participate in a new equity financing on the same terms as the last equity financing. Please confirm this so we know what our equity alternatives are.

Thank you for expressing your concerns. We would be happy to jump on another call with you to discuss.

Sincerely,

Scott Eldridge
Chief Executive Officer