

Sunvalley Company DMCC Urges Shareholders of Canagold Resources Ltd. to Vote the Blue Proxy, Amidst Canagold's On-going Feed of Misleading Disclosure

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- Canagold lays out an absurd smokescreen of commentary in an attempt to cover-up on-going value destruction and failures by the board of directors
- Canagold contradicts their previous compensation disclosure and seeks to reload the option plan with an excessive and unwarranted 20% of the company's stock
- Mr. Bradford Cooke has not properly explained errors in Canagold's public disclosure of his share ownership and shamelessly blames SEDI filing agent for his reporting failures - refusing to take responsibility
- Canagold makes precarious financial position worse by starting an expensive proxy fight instead of spending money on the property; Risks CRA review
- Vote only the BLUE proxy FOR Sun Valley's nominees by 5:00 p.m. on Thursday, July 14, 2022. To vote, contact Kingsdale Advisors at 1-888-213-0093 or at contactus@kingsdaleadvisors.com.

Sunvalley Company DMCC ("Sun Valley"), a strategic and long-term focused investor of [CanaGold Resources Ltd.](#) (TSX: CCM) ("Canagold"), reminds shareholders of the critical importance of voting the BLUE proxy FOR Sun Valley's nominees at Canagold's upcoming annual and special meeting on Tuesday, July 19, 2022 (the "Meeting") amidst a series of misleading disclosures issued by Canagold.

Misleading commentary on executive compensation and plan to approve an Excessive option plan

In what appears to be an effort to trick shareholders, Canagold is contradicting its previously filed disclosure on executive compensation prescribed by securities rules and is disclosing only the cash salary portion of executive compensation, basically saying that generous bonuses and option grants are not relevant. Perhaps Canagold is excluding the value of the options as an admission of their inability to deliver shareholder returns. Don't be fooled. In total, the 2021 compensation package for Canagold's five executives was over \$1.7 million. Directors have also shared in this compensation bonanza with Bradford Cooke's director fees in 2021 increasing 685%.

To make matters worse, despite the lack of progress on key projects, shareholders are being asked to approve an updated stock option plan to increase the maximum number of common shares available for issuance under the plan from 8,852,339 common shares to 17,311,919, representing 20% of the I/O as of June 6, 2022. The revised stock option plan contains many problematic features that benefit the executives and the board of directors at the expense of shareholders. Two of the provisions - namely allowing for discretionary, non-employee director participation and a provision that allows the board of directors to amend the plan without shareholder approval - should warrant automatic opposition by shareholders, according to Institutional Shareholder Services, Inc. ("ISS"), a leading and independent third-party proxy advisor.

In other misleading disclosure related to compensation, Bradford Cooke has denied excessive share option grants over the years with his current holdings of 1,050,000 options. Despite the deficiencies in Mr. Cooke's System for Electronic Disclosure by Insiders ("SEDI") filings, for which he has taken no accountability and opted to blame a SEDI filing agent for, it is clear he has been granted MILLIONS of options during his unsuccessful reign at Canagold and its predecessors.

Sun Valley and its director nominees will ensure that governance and pay-for-performance is restored.

Mr. Bradford Cooke's ownership reporting irregularities and Canagold's associated misleading disclosure

In two of Canagold's 2021 publicly filed and signed disclosure documents Mr. Cooke's shareholdings were listed at 5,259,916 shares according to Canagold's 20-F filed April 29, 2021 and Canagold's Management Information Circular filed May 12, 2021.

In Canagold's 2022 publicly filed and signed disclosure documents, Mr. Cooke's shareholdings showed a significant 44% decline and were listed at 2,932,195 shares according to Canagold's 20-F filed April 29, 2021 and dropped again to 2,921,984 shares as disclosed in Canagold's Management Information Circular June 13, 2022.

However, Mr. Cooke claims he hasn't sold any shares and, in an attempt to distract people from a number of misleading disclosures, suggests this error is a result of late filings on the SEDI and that his SEDI agent is to blame.

Is it a shareholder's responsibility to figure out this mess of disclosure and guess which version to rely on? Mr. Cooke needs to clarify, which record and documents are correct. Has Mr. Cooke sold shares? Or does he and Canagold just not care about disclosure?

Mr. Cooke has also refused to acknowledge the appropriateness of his purchase of shares on June 16, 2022 AFTER receipt of an above market financing offer which was not disclosed to the market.

Canagold's Precarious Financial Position further jeopardized By Canagold's initiation of unnecessary proxy fight

Canagold's cash position as of March 31, 2022 was \$822,000 in tax advantaged flow through funds as the last 2 rounds of financing were done on a flow through basis under the rules set out by the Canada Revenue Agency ("CRA").

Instead of spending flow through funds on exploration expenses as required by the CRA, the Canagold Board decided to stop the drilling program during prime drilling season and divert that cash to commence an unprovoked attack on its own shareholders. The same shareholders who have offered equity injections at premium valuations.

Costs will be well over the \$250,000 disclosed which is already almost one-third of Canagold's cash resources at March 31, 2022. By waging this proxy fight with flow through money, Canagold risks review by CRA for non-allowable flow through expenses, not to mention depriving shareholders of the exploration expenditures they expect and deserve. What's worse, shareholders will be paying these costs, not the board of directors.

This proxy fight has been commenced by Canagold, at the expense of shareholders, for the sole purpose of entrenching an underperforming board of directors. However, shareholders have the ability to stop the destruction of value and board entrenchment by voting the BLUE proxy FOR Sun Valley's nominees.

Vote the BLUE proxy

Sun Valley's Team and Nominees have a plan and the resources to turn Canagold around.

Shareholders are encouraged to vote the BLUE proxy FOR all three of Sun Valley's highly-experienced, independent nominees - Dr. Carmen Letton, Ms. Sofia Bianchi and Mr. Andrew Trow.

Don't wait, voting is fast and easy. Please vote well in advance of the proxy voting deadline of Thursday, July 14, 2022 at 5:00 p.m. ET. If you have questions or need help voting, contact Kingsdale Advisors at 1-888-213-0093 or at contactus@kingsdaleadvisors.com.

Advisors

Kingsdale Advisors is acting as strategic shareholder and communications advisor to Sun Valley. Wildeboer Dellelce LLP and Crawley Mackewn Brush LLP are acting as legal counsel to Sun Valley.

About Sun Valley

Sun Valley is a private equity firm focussed on the precious metals industry with portfolio companies and branch offices in the Americas, Europe and Asia. Sun Valley seeks to invest in sustainable development projects and operations with growth potential, low cash costs of production, or the operating flexibility to insulate against volatility in the commodity markets.

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