

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Canagold Resources Ltd. (formerly Canarc Resource Corp.)		None	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Philip Yee	+1 (604) 685-9700	philip@canagoldresources.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
810-625 Howe Street		Vancouver, BC V6C 2T6	
8 Date of action		9 Classification and description	
December 7, 2020		Common Shares	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
136842101	N/A	TSX: CCM; OTCQB: CRCUF	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On December 7, 2020, Canarc Resource Corp. changed its name to Canagold Resources Ltd. ("Canagold") and undertook a reverse stock split (share consolidation) whereby it consolidated every five (5) existing common shares into one (1) new common share (the "Consolidation"). No shareholders received a fractional common share, as each fractional common share of 0.5 or greater was rounded up to the next highest whole common share and each fractional common share of less than 0.5 was rounded down to the nearest whole common share. No cash was received by any shareholder in lieu of a fractional common share.

The Consolidation is described in further detail in the Canagold press release ("Release") dated as of December 7, 2020, which is available at www.sedar.com. Shareholders should review the Release and consult their own tax advisors regarding the U.S. federal income tax consequences of the Consolidation.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See Schedule A.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ While the per-share tax basis is impacted, the tax basis of each shareholder's total investment remains the same. The post-Consolidation per-share tax basis is equal to the pre-Consolidation aggregate tax basis in each five (5) common shares held. This results in an increased per-share basis for the fewer number of common shares held, as adjusted for any whole common share received in lieu of a fractional common share.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Canagold believes that the Consolidation should be treated as a tax-deferred reverse stock split (share consolidation). Provided the Consolidation qualifies as a tax-deferred reverse stock split, the U.S. federal income tax consequences of the Consolidation to Canagold shareholders should be determined under Code Sections 305(a), 307(a), 358(b)(1), 1036 and 368(a)(1)(E).

In addition, if Canagold was classified as a PFIC under Code Section 1297 (a "PFIC"), then Code Sections 1291-98 would be applicable. Shareholders should consult their own tax advisors regarding the application of the PFIC rules.

18 Can any resulting loss be recognized? ► Provided the Consolidation constitutes a non-taxable transaction, shareholders who received solely one (1) new common share in exchange for five (5) existing common shares of Canagold should not recognize any loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► In general, any gain or loss should be reported by shareholders for the tax year which includes December 7, 2020 (e.g., a calendar year shareholder would report the transaction on his or her federal income tax return for the 2020 calendar year).

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► /s/ Philip Yee Date ► January 8, 2021

Print your name ► Philip Yee Title ► CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>John Hollinrake</u>	<u>/s/ John Hollinrake</u>	<u>01/11/2021</u>		<u>P01568530</u>
	Firm's name ► <u>Dorsey & Whitney LLP</u>	Firm's EIN ► <u>41-0223337</u>		Phone no. <u>(206) 903-8812</u>	
	Firm's address ► <u>Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, WA 98104</u>				

SCHEDULE A
CANAGOLD RESOURCES LTD. IRS FORM 8937
PERTAINING TO SECTION 15

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that might apply to particular categories of shareholders.

Canagold believes that the exchange by the Canagold shareholders of the existing common shares for new common shares will properly be treated for U.S. federal income tax purposes as a tax-deferred exchange either under Section 1036 or Section 368(a)(1)(E) of the Code. As a result of the Consolidation, shareholders will be required to allocate the aggregate tax basis to each block of their common shares held immediately prior to the Consolidation among the common shares held immediately after the Consolidation, as adjusted for any whole common share received in lieu of a fractional common share, such that the per-share tax basis in each common share is equal to 500% of the tax basis in a pre-Consolidation common share, as adjusted for any whole common share received in lieu of a fractional common share.

Even if the Consolidation qualifies as a tax-deferred reverse stock split under Code Section 368(a)(1)(E), certain special rules would apply if Canagold was a passive foreign investment Company ("PFIC"), as defined under Code Section 1297, for any tax year during which a shareholder held Canagold common shares.

Shareholders should review the Release and consult their own tax advisors regarding the U.S. federal income tax consequences of the Consolidation.