PROPERTY FILE

DL

1043166, 342, 341, 241, 289
Delta Property
(Frank + Mack claims)
104B/8E
GNC Property (claims
104B New

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Venture Company)

STATEMENT OF MATERIAL FACTS (80/90)
DATED: July 30, 1990
EFFECTIVE DATE: AUGUST 23, 1990

CANARC RESOURCE CORP.

Suite 401, 325 Howe Street, Vancouver, British Columbia, V6C 1Z7
Phone: (604) 685-9700
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

018992

Suite 550 - 999 Canada Place, Vancouver, British Columbia, V6C 3C8
ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

THE MONTREAL TRUST COMPANY OF CANADA
510 Burrard Street, Vancouver, British Columbia, V6C 3B9
NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 500,000 Common Shares

The Offering may be increased by up to 75,000 Common Shares (15% of the Offering) to meet over-subscriptions. See "Plan of Distribution".

Common Shares	Estimated[1] Price to Public	Estimated Agent's Commission	Estimated Net Proceeds[2] to be received by the Issuer
Per Common Share[3]	$3.00	$0.225	$2.775
Total Offering	$1,500,000	$112,500	$1,387,500

(1) The actual offering price will be calculated in accordance with the rules and policies of the Vancouver Stock Exchange.
(2) Before deduction of the costs of this Offering estimated to be $30,000.

ADDITIONAL OFFERING

The Agents have agreed to purchase (the "Guarantee") any of the Common Shares offered hereby which have not been sold at the conclusion of the Offering (see "Consideration to Agents"). Any Common Shares acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. Information concerning the risks involved may be obtained by reference to this document. Further clarification, if required, may be sought from a broker. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND THERE IS NO ASSURANCE THAT COMMERCIAL PRODUCTION WILL BE ACHIEVED. NO SURVEY OF ANY OF THE PROPERTIES OF THE ISSUER HAS BEEN MADE AND THEREFORE, IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR BOUNDARIES AND AREA COULD BE IN DOUBT.

AGENTS

L.O.M. WESTERN SECURITIES LTD.
2200 - 609 Granville St.,
Vancouver, British Columbia, V7Y 1H2

YORKTON CONTINENTAL SECURITIES INC.
1000 - 1055 Dunsmuir Street
Vancouver, British Columbia, V7X 1L4

Neither the British Columbia Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

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Aug. 31/90

1. PLAN OF DISTRIBUTION

A. THE OFFERING

By agreement dated for reference July 30, 1990 (the "Agency Agreement"), Canarc Resource Corp. (the "Issuer") appointed the following as its Agents (the "Agents") to offer in British Columbia, through the facilities of the Vancouver Stock Exchange (the "Exchange"), 500,000 common shares (the "Shares") of the Issuer at a fixed price in the amounts set out opposite their respective names (the "Offering"):

Agents	No. of Shares
L.O.M. Western Securities Ltd.	250,000
Yorkton Continental Securities Inc.	250,000

The Offering will take place on a day (the "Offering Day") not more than one hundred and eighty (180) calendar days after the date (the "Effective Date") this Statement of Material Facts (the "Statement") is accepted for filing by the Exchange and the Superintendent of Brokers for British Columbia (the "Superintendent").

The offering price of the Shares (the "Offering Price") will be at a price to be agreed upon by the Issuer and the Agents, in accordance with the rules and policies of the Exchange.

The purchasers of the Shares will be required to pay commissions as charged by their brokers.

The Agents may overallot common shares of the Issuer to cover oversubscriptions up to an amount being the lesser of the number oversubscribed or 15% of the Offering and, in such case, has an option for 60 days from the Offering Day to acquire common shares from the Issuer at the Offering Price less commissions to cover such over allotment (the "Greenshoe Option"), or alternatively, the Agents may cover oversubscriptions by making purchases of common shares in the market through the facilities of the Exchange.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day, at the Agent's discretion, on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

The Issuer has agreed to notify the Agent of any further equity financing that it may require or propose to obtain during the 12 month period following the Effective Date of this Statement. The Agent has been granted the right of first refusal to provide such financing.

B. CONSIDERATION TO AGENTS

The Agents will receive a commission from the Issuer at the time the Shares are sold of 7.5% of the gross proceeds from the sale of the Shares.

The Agents have agreed to purchase (the "Guarantee") any of the Shares offered hereby which have not been sold at the conclusion of the Offering. In consideration therefor, the Issuer has agreed to issue to the Agents, in proportion to their participation in the Offering, non-transferable share purchase warrants (the "Agents' Warrants") entitling them to purchase up to 125,000 Shares of the Issuer. Any Shares acquired by the Agents under the

REPORT ON THE GEOLOGY AND GEOCHEMISTRY OF THE DELTA PROPERTY NEAR STEWART, BRITISH COLUMBIA

SKEENA MINING DIVISION

NTS 104/8E

Latitude: 56° 22'N Longitude: 130° 07'W

BY JOHN WILSON, B.SC.

FOR CANARC RESOURCE CORP.

DECEMBER, 1989

(c) Bonds, Debentures, Notes or Other Debt Obligations

Liabilities of the Issuer (including bonds, debentures, notes or other debt obligations) have not significantly increased or altered since January 31, 1990 the date of the most recent quarterly financial statements contained in this Statement of Material Facts.

(d) Other Material Facts

There are no material facts relating to the securities being offered hereunder which have not been previously disclosed in the Statement of Material Facts, except as otherwise disclosed below.

As is indicated under subheading "Colombo Mine Property", three of the directors of the Issuer are also directors of Magna. At January 31, 1990, Magna owed the Issuer $37,859 for its share of property maintenance costs and exploration and other costs on the Colombo Mine Property. In addition, Magna has received a short term demand loan of $12,000 from the Issuer.

Certain of the directors, officers and shareholders of the Issuer are also directors, officers and shareholders of other companies engaged in the acquisition, exploration and development of mineral properties and conflicts of interest may arise between their duties as directors of the Issuer and as directors of other companies. All such possible conflicts will be disclosed in accordance with the requirements of the British Columbia Company Act and the directors concerned will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law.

(e) Inspection of Documents

All material and other contracts and engineering reports of the Issuer referred to herein and a list of the reporting companies with whom the Issuer's directors, officers and promoters hold positions may be inspected at the head office of the Issuer, Suite 107, 325 Howe Street, Vancouver, British Columbia, V6C 1Z7 during normal business hours while primary distribution of the securities offered hereunder is in progress and for a period of 30 days thereafter.

11. STATUTORY RIGHTS OF RESCISSION

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a statement of material facts and further provides a purchaser with remedies for rescission or damages where the statement of material facts and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised, the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a legal advisor.

CONTENTS

FIGURES

1.0 INTRODUCTION

Small, isolated showings of vein galena, tetrahedrite and native gold have been reported since 1983 within felsic tuffs and argillite/wackes of the Delta property in the Sulphurets Gold Camp, B.C. Soil geochemistry surveys in 1986 and 1987 yielded a belt of scattered anomalies carrying high gold values.

In 1989, CANARC RESOURCE CORP. undertook a 14 day field examination of the area covering the soil anomalies and mineralized veins. Some exploration work was also done beyond this area. Work included rock and stream sediment sampling for geochemical analysis, geological mapping and prospecting.

The old and new exploration targets were placed in context of the whole project area and evaluated. Within the work area, some targets require diamond drilling while others need more evaluation by sampling and mapping.

1.1. Location and Access

The Delta property lies within the Coast Mountains of British Columbia, 48 kilometres northerly from the seaport town of Stewart. It is centred about two kilometres north of the toe of Frank Mackie Glacier and lies west of Bowser River.

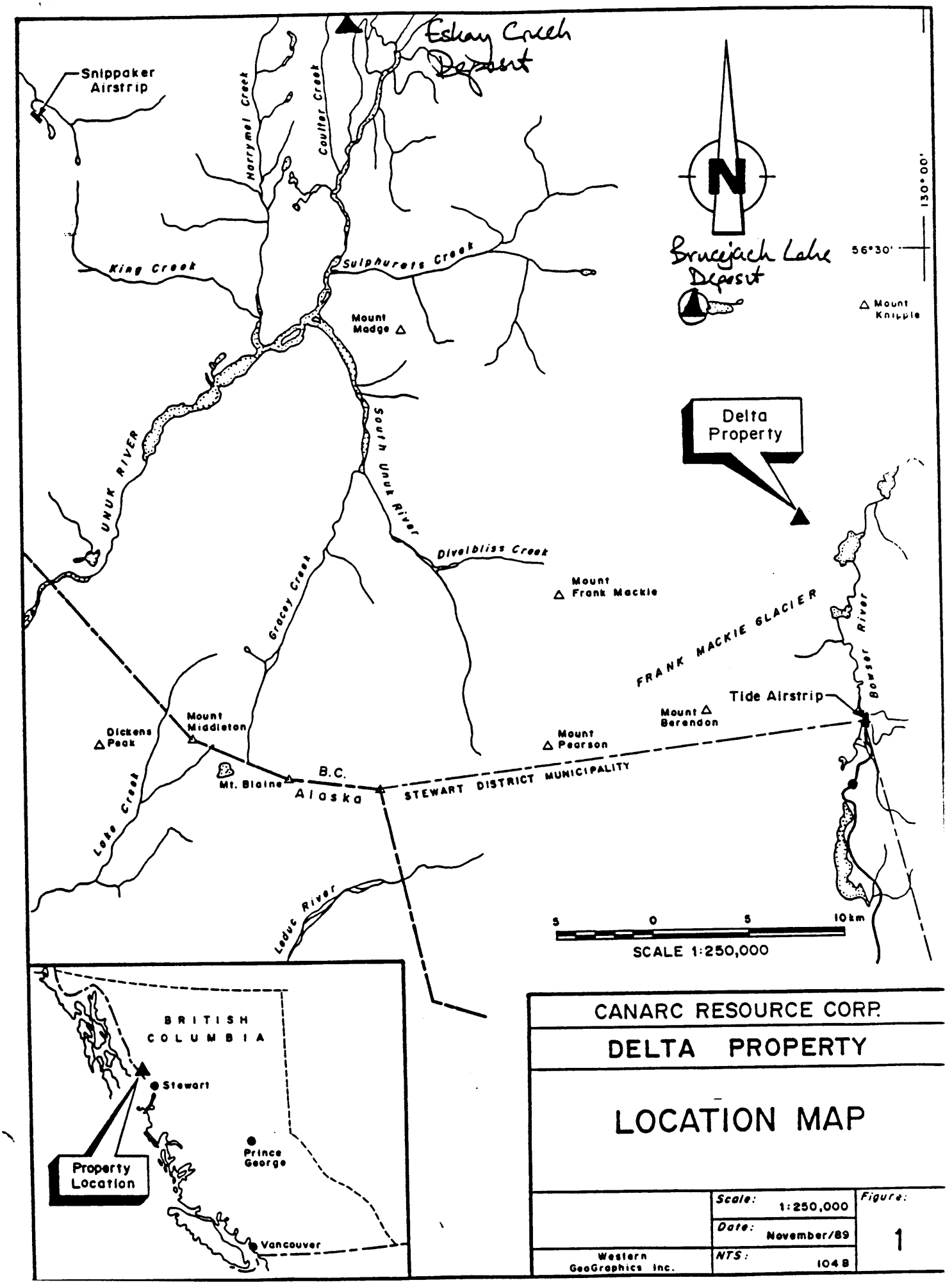
Road access to Stewart is provided by the paved all-weather Highway 37. A paved airstrip is also in Stewart where Vancouver Island Helicopters has a permanent base. A bus line connects Stewart to Terrace, the nearest centre with scheduled airline flights.

"The property is 11 kilometres NNW of the Tide Lake airstrip which is connected to Stewart by the gravel all-weather Granduc Mine Access Road. Access to the property is functionally only possible by helicopter either directly from Stewart or from the Tide Lake airstrip. Most supplies for exploration are mobilized out from the Tide Lake airstrip." (Hawkins, 1988). The 1989 project utilized helicopter mobilization from the Tide Lake airstrip assisted by Stewart expediter Mike Boissonnault.

1.2 Topography, Vegetation and Climate

The property lies between 500 and 2600 metres elevation. Relief is generally high and ground traverses sometimes require technical mountaineering equipment and skills.

Most of the claims lie on a south-facing slope between an ice-covered ridge-top and a crevassed, glacier-filled valley. The slope is vegetated at lower elevations with heather and other low-growing plants. Coniferous trees and small meadows occur at the lowest elevations. Outcrop, broken rock, and patches of ice and snow comprise the slopes above the vegetation zone.



CANARC RESOURCE CORP.

DELTA PROPERTY

LOCATION MAP

	Scale: 1:250,000	Figure: 1
	Date: November/89	
Western GeoGraphics Inc.	NTS: 104 B	

The area receives heavy snowfalls which cover the ground for much of the year. Summers are often characterized by weather systems bringing low cloud and drizzle and strong winds are common year-round. The field season normally runs from July through September.

1.3 Property Status

The Delta property consists of the following claims:

Claim Name	Record No.	No. Units	Expiry Date
Best Bet 15	8362	18	Jan. 91
16	8363	18	Jan. 91
17	8364	20	Jan. 91
18	8365	20	Jan. 91

The claims are within the Skeena Mining Division. Some minor overstaking has occurred. The property has not been surveyed by a B.C. Land Surveyor.

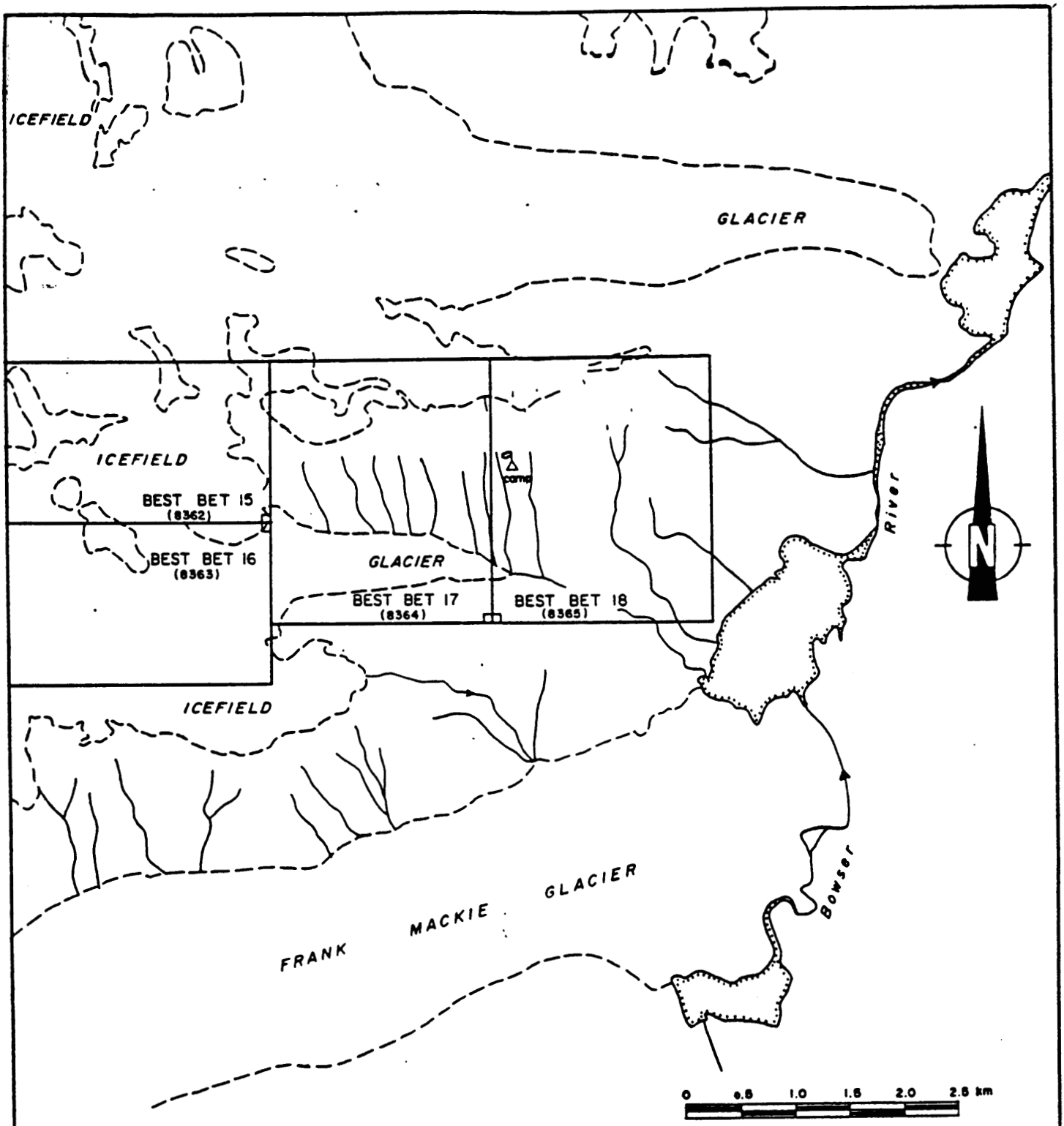
1.4 Exploration History - Based on Hawkins (1988)

The first record of work on the property was a 1983 prospecting programme of 16 man-days which located sphalerite and "possibly galena" occurrences. In 1984, an airborne HEM - magnetometer survey covered part of the claims.

Prospecting in 1985 located a 20cm wide gold vein where grab samples assayed 1.9 oz/ton gold and 39.6 oz/ton silver. Also, stream sediment samples were collected for heavy mineral geochemical analysis.

In 1986 five short diamond drill holes tested the gold vein without success. A soil sampling programme was also undertaken in 1986 which covered an area of approximately 600 by 1600 metres and located several anomalies carrying greater than 400 ppb gold, often with coincident silver, lead, and zinc. Soil samples were taken at 25 metre intervals along elevation contours 30 metres apart.

In 1987 a small tetrahedrite vein was located and detailed sampling was done on some of the 1986 soil anomalies. The property was dormant in 1988.



CANARC RESOURCE CORP.

DELTA PROPERTY

Frank Mackie Glacier Area

CLAIM MAP

	Scale 1 : 50000	Figure 2
	Date Nov. 1989	
Western GeoGraphics Inc.	N.T.S. 104 B/8E	

1.5 Scope of Survey

Previous work focused on small areas or on particular exploration techniques and these various parts were not tied together. There were also gaps in our basic knowledge of the property. A programme was thus planned to encompass an area that held the significant known showings and any extensions that had potential based on previous work.

The scope of this survey was to:

- search for sources of the soil geochemical anomalies.
- locate, examine and sample known showings.
- seek new occurrences by prospecting and sampling.
- produce a basic geological map to aid interpretation of results and help evaluate the property's potential.

A grid for mapping/sampling control was planned to cover the south-facing slope, from the soils gold anomalies of 1986 in the south, to the ridge-top ice-cap in the north. The grid would cover known showings, diamond drill holes, and a gossanous, felsic volcanic unit that lies within the dominant argillite lithology.

Interestingly, the line of soils anomalies roughly coincides with the uphill edge of significant soil coverage and vegetation. Lying between these vegetated soils and the ice covered ridge top is mainly felsenmeer, snow patches, lesser outcrop and, usually at lower elevations, thick morainal piles.

Reconnaisssance traverses were planned for beyond the grid area.

1.6 Method of Survey

The grid consists of a 078 degree trending base-line 1550 metres long and two parallel tie lines at 225S and 400S. Cross lines are at 50 metre intervals and, in the central part of the grid, extend beyond the limits of the base-line and tie lines. Wooden lathes were used for setting straight lines and for markers at 50 metre intervals.

Clinometres were used for slope correction and hip chains were used for distance measurements. The grid couldn't be extended as far west as planned due to unfavorable topography. Tim Ewanyshyn and Lawrence Barry of Hunter Exploration Services installed the grid and geologists Jack Dennett and John Wilson walked the grid area by zig-zagging between cross lines while prospecting and mapping.

Traverses beyond the grid boundaries were surveyed by using an enlarged government topographic map, altimeter, hip chain, pacing and compass. The traverses were usually tied into the grid. Topographic contours at 100 foot intervals on figures 3, 4, 6, 8, 10 are from the photographically enlarged 1:50,000 scale government topographic map of the area.

Several traverses were made west of the grid, in and beyond a region that contains a few 1986 soil gold anomalies and a reported tetrahedrite vein. Mapping control here is not as reliable as on the grid and ground coverage is not as thorough due to steep, inaccessible sections.

Much of the eastern portion of the grid covers ground that is underlain by extensive argillite outcrop and felsenmeer. A few traverses were made east of the grid in the same lithology and patches of vegetated soils. No surveys were made north of the ridge-top since only extreme cliffs and hanging ice blocks were seen.

Due to the difficulty of recognizing gold-bearing mineralization, considerable rock sampling was undertaken. Loose rock and outcrop samples were collected both on a regular basis and whenever our suspicions were raised. A wide range of lithologies, alterations and mineralizations from a variety of settings and structures were thus sampled.

A total of 932 rock samples were collected. Usually the sample was a single grab specimen or a composite of several pieces. Sometimes chip samples were taken across measured widths. Symbols on Figure 4 indicate whether the rock sample was float or bedrock. Figure 4 also indicates widths of chip sampling wherever done. Samples were analysed at Min En Laboratories, North Vancouver for gold by the fire geochemistry method and for silver, lead, zinc, arsenic, antimony and copper by the ICP method.

The strong soil values from 1986 were also pursued by trenching down to bedrock in the anomalous area. The very well fractured, quartz veined, rusty nature of what little outcrop is in the anomalous area prompted trenching of overburden to find more outcrop. Trenching and chip sampling of uncovered outcrop was undertaken by Hunter Exploration Services. Rocks were analysed by Min En Laboratories as described above.

A total of nine stream sediment samples were taken at higher elevations than those taken in 1985. Samples were also collected further east than earlier work. Mid channel sand-silt was collected by hand, placed in Kraft paper envelopes and analysed by Min En Laboratories as described above.

The crew of four was based in a tent camp established at the site of an earlier camp about 150 metres south of the southeastern corner of the grid.

1.7 Evidence of Previous Work

Three earlier campsites were found. We stayed at a site used during the 1986 program. The 1985 camp was found in the southwest and a much older set of fly camp poles (from the 1960's) was found east of the grid. Sample site ribbons were found throughout the central to western portion of the area indicating good ground coverage by earlier prospectors. Several small blasted test pits were found in felsic tuffs containing galena veinlets in the northern part of the grid. They were not referred to in Hawkins' (1988) compilation. A large number of trenches have been blasted and sampled in the gossanous, pyritic felsic tuff zone central at "M".

The two 1986 drill set-ups were located in the same area as the above-described trenching and are plotted on figure three. The grid and sample sites of the 1986 soil geochemistry project were found. A small area of closely spaced soil sample holes was found at an attractive 1986 soils anomaly at "J". It appears that follow-up sampling and minor trenching was done at this site and not referred to by Hawkins (1988).

2.0 GEOLOGY

The Delta property lies within the Stewart Complex some 40 km to east of the Coast Plutonic Complex. Rocks exposed in the area belong to the Mesozoic Hazelton Group and have been folded along a regional NW-SE axis. The area has been cut by several generations of faults and deformation zones and intruded by Cenozoic and Mesozoic Plutons. (Hawkins, 1988)

Stratified Rocks

In the property area, the Hazelton Group rocks consist of Upper Triassic to Lower Jurassic volcanic and sedimentary rocks of the Unuk River Formation which are unconformably overlain by Lower Jurassic marine and non-marine volcanics and sediments of the Betty Creek Formation, the felsic volcanic sequence of the Mount Dilworth Formation and the volcano-sedimentary, middle Jurassic Salmon River Formation.

The Unuk River Formation includes a lower sedimentary sequence in the area that consists of brown and grey mixed sedimentary rocks with tuffaceous interbeds. An upper andesite sequence consists of green to grey, rarely purple, intermediate to mafic pyroclastics and flows with minor interbeds of siltstone and wacke.

The Betty Creek Formation is a pyroclastic-epiclastic sequence of heterogeneous red, green, purple and grey, bedded to massive, pyroclastic and volcanic rocks.

The Mount Dilworth Formation is a felsic volcanic sequence. It weathers to a very light colour and consists of intermediate to felsic pyroclastic rocks, including dust tuffs, crystal tuff, lithic tuff and lapilli tuff. It is locally pyritiferous, 5 to 15% and gossanous. Minor chalcedonic quartz veins are also locally present.

The Salmon River Formation is a siltstone sequence of dark grey, well bedded siltstone and fine sandstone.

Intrusive Bodies

The types of intrusives present in the Stewart area are dominated by the granodiorites of the Coast Plutonic Complex. Several smaller intrusives are also present and range from quartz monzonite to granite. Three types of these smaller Jurassic intrusives have been defined.

1. Post-Volcanic intrusions of sub-porphyritic to porphyritic rocks with phaneritic groundmass. These are texturally dissimilar to their volcanic host rocks.

2. Syn-to Post-Volcanic intrusions of porphyritic, hypabyssal rocks with aphanitic groundmass. They are texturally similar to extrusive rocks but their intrusive relationships are not always apparent.

3. Sub-volcanic intrusions of porphyritic hypabyssal rocks with phaneritic groundmass similar to extrusive host rocks.

Other post-tectonic dikes like keratophyre, lamprophyre, microdiorite and diabase are also present.

2.1 Property Geology

Hawkins (1988) described the general property geology as follows:

Based on recent mapping (Alldrick, D.J. and Brittony, J.M., 1988), the lowest unit on the property which is exposed in the Bowser River Valley is the Betty Creek Formation. The two sub-units of the Pyroclastic-Epiclastic sequence present are a massive, green-grey, andesitic to dacitic tuff, lapilli tuff, tuff breccia and minor flows. Also present is a bedded, heterogeneous, red, green and grey volcanic breccia, lapilli tuff, crystal and lithic tuff which is commonly hematitic.

Above this is a pyroclastic felsic tuff unit of the Mount Dilworth Formation. This unit outcrops on the side hill of the Bowser River Valley and SW of the DC Glacier. Further above and covering most of the claim block are units from the Salmon River Formation consisting of a rhythmically bedded siltstone and thickly bedded sandstone.

Apparently cutting all these units are several feldspar porphyries which are mapped by Grove as apparent Eocene age. (Grove, E.W., 1986). Based on the 1989 project, the most common unit seen, by far, is argillite - wacke of the Salmon River Formation. Felsic tuff units which fit the description of the Mount Dilworth Formation occur within the argillite - wacke.

2.2 Description of Units

Unit 1. - Argillite

Lesser wacke and siltstone. Minor quartzite. Argillite is black in colour and weathers occasionally to a slight rusty tinge due to fine grained disseminated pyrite to 3% and occasional pyrite blebs to 4cm. diameter. Rare pyritic beds, with up to 20% disseminated pyrite, are found, usually a few centimeters thick, that weather an intense brown-red. Beds are usually less than a metre thick and are seldom obvious since strong fracturing obscures these structures. Rare thin bedded argillites, to 3 cm thick, are interlayered with siltstones in places. Argillite is often distorted by intense folding and quartz-calcite-limonite veining up to
20 cm wide, often parallel to bedding. Minor argillite pebble conglomerates are found consisting of clasts to 2 cm in an aphanitic, siliceous, dark grey matrix carrying traces of disseminated pyrite. Minor tetraherite-chalcopyrite veining occurs in argillite.

Argillites are interbedded everywhere with wackes which are fine grained and dark grey in colour. They weather grey or light rust and usually consist of 35% quartz, 45% black to grey grains and 20% limonite specks.

Siltstones, sometimes calcareous, are grey coloured and weather grey. Their beds are less than a metre thick.

Quartzites very rarely occur. They are as short lenses less than a metre thick, white coloured that weather orangebrown.

The quartzites are composed of fine grained, rounded, close packed grains.

Unit 2.

Intermediate-Felsic Crystal Lithic Tuff with wacke fragments. The tuff is grey-green in colour, weathering medium grey, whitish or rusty orange. The unit is fine grained with some broken feldspar crystals to 3mm in length. Fragments of wacke or intrusive (?) to 8cm diameter occur in the central area.

Unit 3.

Intermediate-Felsic Crystal Lithic Tuff with argillite fragments. As above but contains argillite fragments 5cm diameter occurs in the northwest.

Unit 4.

The tuff is usually pale grey to white in colour and weathers buff to rusty orange. It is typically composed of 95% fine grained quartz and feldspar, 5% white matrix, minor to 2% disseminated pyrite and minor interstitial calcite. Broken feldspar crystals and lapilli sized fragments are occasionally seen, the latter especially on weathered surfaces. Occasionally, in shears, quartz veinlets are intense and contain up to 30% pyrite over 20 cm. Silicification is patchy but common in sheared areas producing very white, hard zones. Sometimes sericitic, mildly foliated zones occur in the silicified, sheared zones. Minor galena - sphalerite - tetrahedrite (?) - and reported gold veining occurs in felsic tuffs.

Unit 5. - Feldspar Porphyry

The unit is commonly sheared, chloritic, weakly sericitic, rusty and broken. Feldspar phenocrysts from 2 to 5 mm in size are the only visible mineral grains. Sometimes feldspar shaped outlines on weathered surfaces are common.

Unit 6. - Quartz Diorite Dyke

The unit is grey coloured and weathers pale grey or rusty orange. It is usually fine grained with coarse hornblende crystals to one cm. Broken rock has a fairly fresh appearance. It is composed of 50-60% plagioclase feldspar, choloritic to sericitic matrix.

Unit 7. - Diorite Dyke

The unit is dark grey coloured and weathers pale grey. It is fine to medium grained and has a fairly fresh appearance. It is typically composed of 40% plagioclase (?) feldspar, 30% hornblende, 20% chloritic matrix, 10% quartz and minor disseminated pyrite.

Unite 8. - Aphanitic Felsic - Siliceous Dyke

The unit is pale green coloured and weathers medium greenish-grey or rusty. It is aphanitic to very fine grained.

2.3 Distribution and Contact Relationships of Felsic Tuff

West of the grid, felsic tuffs usually occur as lenses up to a few metres thick that have short strike lengths. The short lengths are believed due to truncating by steep faults. Rarely do these felsic tuffs extend more than 15 metres in length.

Within the grid, felsic tuff units are thicker that those to the west. Two significant contacts are portrayed on figure three, each showing felsic tuff overlaying the argillite - wacke unit. Both contacts are mainly horizontal in the two dimensions of exposure and an obvious steep fault contact a 850 W, 090 S strikes southeasterly.

An extensive felsic tuff exposure terminates in the west against a line of quartz diorite dykes trending southeasterly from 1150 W, 000 S to 1020 W, 180 S, which is likely also a fault contact. Southwest of the dyking is considerable morained material and some argillite outcrops. It is beleived that the extensive felsic tuffs centred at 900 W, 010 S are separate and distinct from the felsic tuffs centred at 1050 W, 400 S.

Notations have been made on figure three where outcrops of felsic tuff contain argillite clasts. These sites are close to the argillite contact and clasts are up to several centimeters in diameter. Sometimes these clasts contain weak reddish tinges of hematite.

2.4 Structure

The previous section described how a southeasterly trending dyke-fault set could separate different lithological domains.

Based on admittedly minor observations, another suggested boundary separates differing lithologies and bedding in the northwest area. This may be a low angle zone of thrust fault dislocation. It is suggested that the boundary follows roughly the 5300 foot contour in the major creek/gully, with a hanging glacier at its head, immediately west of the grid. Upon emerging from the gully, at its eastern edge, the boundary trends northeasterly through an ice cap and then beyond the mapped area.

An inferred fault runs down the axis of the major creek/gully described above. In the interlayered felsic tuffs and argillites at 1300 W, 170 N the distribution of outcrops, bedding attitudes, and field observations suggest a shallow layer of mixed units overlying the argillite.

Throughout most of the mapped area, bedding in layered units generally strike northerly. There are also prominent north trending axes of strong folding. On a small scale, two kinds of folds seen in the argillite/wacke are a convoluted, disharmonic type and a parallel, tight, often recumbent type. The latter is the dominent fold type. Folding is not obvious in the felsic tuff unit.

The argillite - felsic tuff contact at 800 W, 070 S may represent a conformable contact but it may also be a bedding plane slip surface as there is widespread small-scale evidence of these features throughout the area.

Argillites often contain tension gashes filled with quartz, calcite, limonite and pyrite. They are up to 30 cm in diameter. Felsic tuffs, on the other hand, contain patches of intense shear joints that sometimes have a foliated appearance and are usually filled with quartz veinlets or veins. The shear joint zones are usually to 40cm x 5 metres. Some are 1 x 30 metres. The shear joints centered at 865 W, 070 S contain 5 to 30% disseminated and veinlets pyrite over up to 30 cm widths and quartz veins to 3 cm wide. Minor malachite, tetrahedrite (?) and galena was also seen here.

The gold bearing quartz vein reported in 1985 is presumed to be within a shear joint system. The shear joint trend northwesterly to northerly and, in the zone described above, are well covered by trenching. The distribution of trenching shown in this area on figure three also illustrates the distribution of shear jointing. It's clear that there are a few axes of shear joint development within the felsic tuff here and that the intensity of development is variable along these axis. Much of the jointing lies close to a mapped fault. Besides trenching, the diamond drilling of 1986 also apparently tested the shear joint trend.

Occasional breccias found in tuffs and argillites are up to 20 cm wide and are filled with quartz, calcite, limonite and minor pyrite.

Strong folding of such diverse units as argillite and felsic tuff is suggested as the principal mechanism that resulted in scattered tension gashes in the incompetent argillites and intense shear jointing in the competant felsic tuffs. Differing plasticities of the two units could have, upon folding, also resulted in differing degrees of deformation and slipping along the contacts between the two units.

2.5 Alteration

The argillite/wacke unit shows no visible broad alteration throughtout the area investigated other than increased pyrite concentrations as disseminations associated with intense quartz-calcite-limonite veinlets in some areas adjacent to the extensive felsic tuff zone at "M".

Minor outcrops of feldspar porphyry exposed in gullies below and south of the grid area intensely sheared and often modestly chloritic.

Other intrusive dykes are apparently unaltered. The felsic tuff unit exhibits the most visible alteration, especially at its most extensive outcropping at "M" - where interstitial (?) calcite and 3% disseminated pyrite is a common feature. Within shear-joint zones, occasional silicified-pyritized-sericitized zones are up to one metre wide. Silicification seems intense and pyrite is up to 30% over 20cm widths. Sericitization is weak. Rare malachite, galena and possible tetrahedrite also occur in some of the silicified shear joint zones but have strike lengths of less than a metre.

2.6 Mineralization

Pyrite is found throughout the argillite-wacke and felsic tuff units in quantities commonly up to 3% as disseminations, veins and veinlets. Up to 20% disseminated pyrite occurs in some argillite beds a few centimetres thick. Up to 30% disseminated and vein pyrite occurs over 20cm widths in shear joint zones in felsic tuffs. Other units contain patchy, variable quantities of pyrite up to 3%. Limonite occurs with most quartz-calcite veins and tension gashes throughout the area.

Minor galena veinlets with rare sphalerite and/or chalcopyrite were found at higher elevations on the grid and at rare spots west of the grid. These sites are all separate and distinct, although all are in felsic tuffs. The showings consist of several parallel veinlets, usually to 2mm, across a width of up to a few metres. These veinlets rapidly pinch out or are terminated by changes in lithology.

Minor tetrahedrite veins and veinlets, sometimes with chalcopyite, occur in three distinct sites west of the grid. In each case, argillite is the main lithology but a thin felsic tuff unit is present in the most impressive showing. Malachite occurs in all cases. Each of the three veins pinch out rapidly to thin fracture coatings only recognizable by malachite stain which can be traced for a few metres at most.

The largest vein is up to 3cm wide. Bordering the vein is a 1-2cm wide white, soft, felsic tuff (?) which is cut by 1-3mm tetrahedrite (?) veinlets oriented perpendicular to the main vein. These veinlets pinch out at up to 4cm into the country rock. This showing had been previously trenched and presumably is the vein discovered in 1987.

Felsic tuffs near 870W, 0702 contain minor small showings of probable tetrahedrite veinlets. Malachite readily pinpoints these showings which consist of 2mm veinlets scattered across 20 cm of width. They quickly disappear along strike and have all been previously trenched.

Yellow mineralized float is found over an area of 250 x 410 metres in the northern part of the grid. Yellow float sites are indicated on figure three. Fragments are up to 30cm in diameter and consist of quartz veining, argillite and some felsic tuff fragments. Galena is sometimes massive and crystals of stibnite and possible arsenopyrite are also seen. The yellow colour is due to bright yellow dusty to chalky coatings of the quartz which ranges in nature from very porous and spongy to tight.

A single outcrop of slightly yellow-stained quartz vein was found that begins to resemble the yellow float but is much less mineralized. The vein is a few centimetres wide and is very shallow dipping. It is located adjacent to the yellow float zone at the edge of the ridge top ice cap at "L".

3.0 GEOCHEMISTRY

Refer to figures 4 and 5 for sample location sites, figures 6 and 7 for Cu, Pb, Zn values, figures 8 and 9 for As, Sb values, and figures 10 and 11 for Au, Ag values.

3.1 Stream Sediments

Of nine samples collected, six were from the mainly argillite/ wack lighology in the eastern part of the work area. All six of these samples yielded low geochemical values.

Only samples D4, D5, and D6 have anomalous values. These three samples test the broad felsic tuff zone in the north central part of the work area near "M". Results are strong in all seven elements investigated. Samples D5 and D6 are from high on the slope, close to the ridge-top icecap and thus suggest the liklihood of mineralization beneath the icecap.

3.2 Rock Samples

A total of 932 rock samples were analysed. Nearly all samples came from the two dominant units: felsic tuff and argillite/wacke. Anomalous values for all seven elements tested were found to be common in both major units but high Pb values occur much more often in argillite/wacke while high Au values occur more often in felsic tuff.

A Min En Labs calculation of correlation coefficients of all the results showed good correlations between nearly all elements. However Au showed the poorest correlation and related just barely with Ag.

Four prominent types of mineralization are recognizable in the field:

- yellow tinged vein float material
- malachite stained veinlets of tetrahedrite
- galena veinlets
- pyrite veinlets and blebs.

Yellow tinged float is distributed over 250 x 410 metre area. A total of 15 yellow float samples were analysed that ranged in nature from mild to intensely yellow and with varying degrees of mineralization. The rock was usually quartz vein with argillite chips. Sample numbers were D259, D269, D270, D344, D348, D350, D352, D358, W312, W409, W416, W417, W420, W539 and W540. The samples nearly always contain high Ag, As, Pb, Sb and Au. Copper and zinc are less commonly anomalous.

Sample W544 at "L" is from an outcropping vein resembling the yellow float in appearance. The analysis of W544 suggests that it is also geochemically very similar to the yellow float. The exposed vein has a dip of only 15 degrees and its is likely that a near surface, shallow dipping vein could be the source of the broad distribution of yellow float. It is thus likely that the origin of yellow float is on the Delta property, beneath the ice cap on the ridge top adjacent to "L".

A tabulation of geochemical values for tetrahedrite-bearing samples was undertaken. The list was subdivided into showings within felsic tuff and within argillite/wacke. Samples within felsic tuff were D208, D209, D211, D386, D387, D388, D389, D390, D394, W188, W218, W219. Samples within argillite/wacke were D477, D481, W487, W488, W496.

The tetrahedrite showings within felsic tuffs commonly have anomalous Ag, Cu, Sb and Au and sometimes have high As, Pb, Zn. Showings in argillite/wacke commonly have anomalous Ag, Cu, Pb, Zn and Au and sometimes have high As and Sb.

Examination of analyses from rocks carrying galena veinlets was undertaken. Samples in argillite/wacke were D463 and D482. Samples in felsic tuff were W120, W173, W564, W566, W567, W570 and W573.

Results indicate that only minor gold and silver values are present in galena veined rock. Anomalous levels of elements other than Pb and Zn are rare.

A list of analyses was assembled for pyritic rock that contained greater than 400 ppb Au. The samples chosen contained no visible mineralization other than pyrite which ranged from trace to 30%. Samples in felsic tuff were D149, D156, D160, D165, D173, D206, D336, W196, W205 and W212. Samples in argillite/wacke were D353, D385, W505 and W594.

Anomalous levels of Ag, As, Cu, Pb and Sb are common in gold bearing pyritic rocks but Zn is seldom high.

Six maps were created to show the distribution of rock analyses.

3.3 Copper, Lead, Zinc...Figures 6 and 7

Anomalous values for Cu, Pb and Zn are clustered in several small areas on the grid and are absent in the eastern part of the work area. Most of the strong Cu, Pb, Zn values in the north-central part of figure 6 are in yellow float. Lead is the strongest element in the float and in the few bedrock anomalies in this area.

In the broad exposure of felsic tuff near "M" are occasional, scattered strong values in copper with a few lead and zinc highs. These values are bounded on the southwest by the northwest trending quartz-diorite dyke which further supports the concept of a significant geological break along the dyke axis.

A few scattered Pb, Zn anomalies occur on the lower slopes west of the quartz diorite dyke and all three elements are prominent in the lower part of the steep drainage basin near "G" and "F" and further west at "A". The distribution of scattered anomalous values along these lower slopes is a feature also recognized on the Au, Ag map.

3.4 Arsenic, Antimony...Figures 8 and 9

Anomalous As and Sb values are also clustered in several areas on the grid and are absent in the eastern part of the work area. Nearly all samples that are anomalous in both As and Sb occur as float in the north-cental part of figure 8. Most of the float is yellow coloured and has been described earlier.

A high density of sampling was undertaken at the broad, felsic tuff zone near "M". The southeastern-most sampling, close to underlying argillite, commonly carry anomalous Sb. This element is remarkably weak in felsic tuffs north of and away from the argillite contact. Rare, scattered anomalous As occurs with Sb.

Anomalous Sb with rare, high As values occurs on the lower slopes in the western part of the work area near "G" and "A".

3.5 Gold, Silver...Figures 10 and 11

Gold and silver anomalies are found in clusters throughout the work area but are absent east of the felsic tuff zone at "M".

Several anomalous Au, Ag responses in the north-central area of figure 10 are from yellow float. Examples are 2200 ppb Au, 43ppm Ag and 1630 Au, 662 Ag. Bedrock sample W544, similiar to yellow float carries 470ppb Au, 6ppm Ag.

In the extensive felsic tuff zone at "M", anomalous Au results are very common throughout but high Ag values are rarer and are restricted to the southeastern edge above the contact with underlying argillite. The Ag distribution is thus similiar to the Sb pattern here. Gold values in the felsic tuff zone range as high as 2000 ppb but commonly are from 120 to 800 ppb.

A cluster of high Au, Ag values occurs around "G" and "F" in a steep creek basin. Examples of values are 100,000 ppb Au and 149 ppm Ag in a minor shear zone that dips 32 degrees northwest and lies between a tuffaceous hanging wall and an argillite footwall. The zone strikes at 052 degrees. Other showings held 1480 ppb Au, 398 ppm Ag over 22cm, 1400, Au, 50 Ag over 5 cm and grab samples of 2500 Au, 549 Ag.

Despite considerable sampling, very few anomalies occur uphill from this site. Minor sampling downhill from this site revealed a few anomalies.

The "G" - "F" site is in a region of argillite with lesser small felsic tuff units. It lies close below a zone assumed to be more thoroughly dominated by argillites but considerable broken rock and morainal material have hidden much of the outcrop.

The steep creek basin that holds the "G" - "F" site may be a southeast trending fault zone as, west of the creek, argillites appear even more prominent. Furthermore, within the creek area are several small scale fault features.

Several Au anomalies occur in a 600 metre long trend running east from the "G" - "F" site. At "H", a wacke below a sheared contact with a thin, aphanitic, siliceous dyke yields 2900 ppb Au over 10cm. Where the dyke trends westerly. At "J", a trenched outcrop of felsic tuff yields 1100 ppb Au. Sixty metres southwest of "J" is a 1 x 2 metre outcrop of felsic tuff/wacke/argillite which yields 2200 ppb Au. The outcrop trends 280° and contains several 1 to 2cm. quartz veins at 180/80 W. Seventy metres south of "J" is a rusty, quartz veined tuff which yields 2000 ppb Au.

These scattered, strong Au results which extend for 600 metres easterly are within a mixed felsic tuff/intermediate tuff/wacke/argillite zone which is overlain near by argillites. The work area west of the creek at "G"-"F" is underlain by argillites and wackes. Only one site, "A", carries anomalous silver. Very minor gold values occur here.

Rock Samples with High Values in Gold or Silver

Samples containing greater than 1800 ppb Au occur in four general locations.

Location	Sample No.	ppb Au	Description
Felsic Tuff	DD 165	2000	12x100cm lens of 30% pyrite in old trench 20% diss. pyrite, arsenopyrite (?) in silicified tuff
Creek below hanging glacier west of grid at "G" to "F"	DD 386	1900	Felsic tuff with massive 2cm tetrahedrite vein
	DD 390	2500	40% tetrahedrite in weathered vein.
	DD 394	100,000	minor shear with trace malachite and a 5mm calcite-quartz-limonite vein at contact of tuff and argillite
	DD 487	10,000	5cm, sample across argillite with 1cm chalcopyrite-galena-pyrite vein. Strike length of 40cm.
Gully "H"	DW 502	2900	20cm sheared, rusty, quartz veined wacke below pale green aphanitic, siliceous dyke.
Zone of numerous yellow, mineralized float	DW 312	4500	Yellow float, Argillite chips in quartz veining with galena, stibnite (?)

Samples containing greater than 120 ppm Ag occur in four general locations.

Location	Sample No.	ppm Ag.	Description
Felsic Tuff at "M"	DD 219	493	Silicified tuff with trace malachite, 5% black specks.
	DD 220	349	Silicified tuff with grey quartz appearance 5% diss. pyrite

Creek below hanging glacier west of grid at "G" to "F"	DD 386	430	-felsic tuff with massive 2cm tetrahedrite vein
	DD 388	398	-22cm vein with 15% tetrahedrite, malachite, and azurite. Felsic tuff chip in vein.
	DD 390	549	-40% tetrahedrite
	DD 394	149	-minor shear with trace malachite and a 5mm calcite-quartz-limonite vein at contact of tuff and argillite
	DD 487	158	-5cm sample across argillite with 1cm chalcopyrite-galena-pyrite vein. Strike length of 40cm.
Western most creek at "A"	DD 477	887	-Argillite with tetrahedrite veinlet
	DD 479	152	-32cm samples in argillite with 1% malachite, 6% limonite
	DD 481	208	-Argillite, shear 50% limonite, 1% malachite
	DD 485	1014	-float of yellowish quartzite with 2% limonite, trace malachite, trace galena (?)
Zone of numerous yellow, mineralized float	DD 259	123	-yellow float, Argillite fragments in quartz vein 5% galena.
	DD 352	662	yellow float, 60% galena malachite stain
	DD 420	261	yellow float with galena

Rock samples containing high gold or silver values are within the broader zones of anomalous bedrock that were described earlier.

4.0 CONCLUSIONS

1. The Delta property is well located with respect to gold exploration and mining. It lies 48km northwest of tidewater at the town of Stewart and only 11km northwest of road and air access at the Tidelake Airstrip. The claims sit between 500 and 2600 m in elevation on a sparsely vegetated, south-facing slope, providing a field season that normally runs from July through September. Drawbacks to exploration and mining would include heavy winter snowfall, wet and windy summers, rugged topography and prohibitive access across the Franck Mackie glacier.

2. Geologically, the Delta claims lie within the Stewart Complex, a Mesozoic package of volcanic and sedimentary rocks, intensely deformed and intruded by plutonic rocks during Mesozoic and Cenozoic times. This same belt of rocks has been a prolific producer of gold, silver and other metals, mainly from the Premier Silbac and Big Missouri mines near Stewart. It is also host to many large and new discoveries, including Skyline Gold's Johnny Mtn. mine, Prime Resources' Snip deposit, Newhawk Gold's Brucejack Lake deposit and, of course, the world class Eskay Creek discovery of Calpine Resources/Stikine Resources.

3. Locally, the Delta property covers volcanic and sedimentary rocks of the Triassic-Jurassic Hazelton Group, including felsic tuff outcrops of the Mt. Dilworth Formation which contains the Premier Silbak, Big Missouri, Brucejack Lake and Eskay Creek orebodies. The Mt. Dilworth Formation is underlain by andesite to dacite tuffs and pyroclastics of the Betty Creek Formation and is interbredded with and overlain by argillite, siltstones, wackes and sandstones of the Salmon River Formation. Four distinct phases of intrusive dykes occur on the claims, including feldspar porphyry, quartz diorite, diorite and aplite. They tend to follow northwest and northeast trending fault zones and have steep dips.

4. Deformation is a prominent feature of stratified rocks on the property, including at least two phases of folding and two periods of faulting. Tight, recumbent, isoclinal folding and open, convoluted, disharmonic folding were observed in the argillites. The felsic tuff zones tend to be only a few metres thick and tens of metres long, probably because they are structurally bounded blocks "floating" in an argillite matrix. Their bedding plane contacts with argillite appear to be flatly dipping dislocation zones and they tend to be cut off along strike by northeast and northwest trending faults. Within the felsic tuffs, numerous narrow shear zones trending north, northeast and northwest are altered to quartz-sercicite and mineralized with quartz veinlets and disseminated sulfides.

5. Mineralization is widespread on the Delta property. Pyrite disseminations and veinlets with quartz and calcite are common in the argillites. Semi-massive pyrite disseminations and veinlets occur in shear zones in the felsic tuffs and scattered veinlets of galena or tetrahedrite, sphalerite, chalcopyrite, stibnite and arsenopyrite are also present in the felsic tuffs. Bedrock and float geochemistry shows clearly the widespread nature of mineralization as 66% of all samples are anomalous in trace metals and fully 14% of all samples are highly anomalous in gold.

6. Five new gold zones were discovered and prospected in 1989. A summary of maximum metal contents from grab samples of rocks in the new gold zones is shown in the following table:

Zone (ID)	Gold (oz/ton)	Silver (oz/ton)	Copper (%)	Lead (%)	Zinc (%)
A	0.01	29.6	2.31	6.88	2.90
BCDFG	2.92	16.0	10.27	1.19	1.81
EKL	0.06	7.6	-	2.67	1.57
M	0.06	19.3	0.74	6.17	1.47
HJ	0.08	-	-	0.31	0.35

The consistent occurrence of these mineralized zones within and around felsic volcanic rock units where they are crosscut by north-northwest trending structures suggest both stratabound and structural controls to mineralization. In fact, there are may geological similarities between these new gold zones and the gold-silver deposits of Newhawk Gold Mines at Brucejack Lake and Calpine Resources at Eskay Creek, located 10 kilometres and 30 kilometres, respectively, northwest of the Delta property.

5.0 RECOMMENDATIONS

1. The top priority gold target for follow-up work must be the EKL zone from which the extensive yellow altered and mineralized float is derived. Other gold prospects for follow-up, in order of priority would include the M, HJ, BCDFG and A zones. All of these zones should be tested by detailed mapping, geophysical surveying and excavator trenching, followed by diamond drilling of the best gold targets. A two phase, $250,000 work program is recommended for 1990 to further evaluate the gold-silver potential of the Delta property.

2. Detailed geological mapping should be carried out over the five new gold zones to futher define the felsic tuff orientations and fault structures that appear to control mineralization. More specifically, the intersections of the northeast and northwest trending faults with the felsic tuffs should be examined as potential drill targets. Property prospecting should also be completed especially in the northwest and southeast corners of the claims where Mt. Dilworth Formation outcrops.

3. Air photo intrepretation of the Delta property would be most useful in identifying through-going structures that might control mineralization. Some thin and polished section microscopic work is also recommended to better define the nature of mineralization and where the gold occurs.

4. Geophysical orientation surveys should be carried out to test the usefulness of magnetic, very low frequency electromagnetic, induced polarization and resistivity surveys for detecting sulfides and structures. Detailed geophysical surveys should then be performed over the five new gold zones where the terrain and ice conditions allow.

5. Excavator trenching is proposed to expose mineralization, tuffs and structures in the five gold zones, terrain and ice conditions permitting. A Kubota portable excavator or similar equipment would be most suitable for the job.

6. Approximately 3000 feet of diamond drilling should be reserved to test the best gold targets from the follow-up work program. A Hydracore drill would be well suited to the rugged terrain.

References

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Hawkins, P.A., 1988, Teuton Resource Corp's Delta Property Internal Report for Teuton Resource Corp. April, 1988

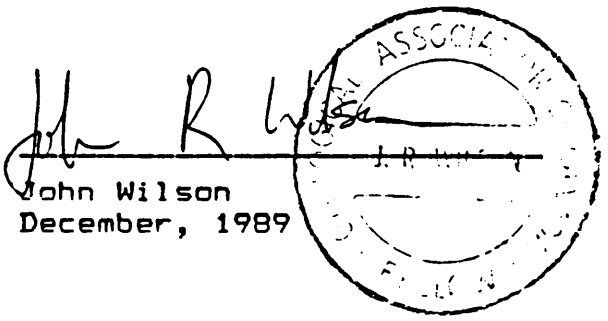
Statement of Qualifications

I, John Wilson of Merville, B.C. do hereby certify that:

I am a graduate of the University of B.C. with a B.Sc. (Honours), Geology - 1972.

I have practiced as a professional exploration geologist every year since graduation.

I am a Fellow of the Geological Association of Canada.



John Wilson
December, 1989

CERTIFICATE

I, JOHN WILSON, of 6096 Headquarters Box 233, Merville, British Columbia hereby certify that:

1. I am a graduate of the University of British Columbia with a Bachelor of Science degree in Geology (1972).

2. I have practised as a professional exploration geologist for the past 18 years in Canada.

3. I am a consulting geologist and I am a fellow of the Geological Association of Canada.

4. I have not written other reports on the Delta Property, but have written reports on properties within ten kilometres of the Delta Property.

5. The present report was based on visits to the Delta Property.

6. I have not received, nor do I expect to receive, any interest, direct or indirect, in the properties or securities of Canarc Resource Corp. or those of its related or associated entities.

7. Canarc Resource Corp. and its affiliates are hereby authorized to use this report in, or in conjunction with, any prospectus of statement of material facts to be filed with the Vancouver Stock Exchange, the Superintendent of Brokers in British Columbia or any other regulatory authority.

8. I have no interest in any other property or company holding properties within ten kilometres of the Delta Property.

DATED at Vancouver, British Columbia, this 3rd day of July, 1990

John Wilson, FGAC

JOHN WILSON, ~~P.Eng.~~

ENS:5436-WCert