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## SHAREHOLDER UPDATE

### Overview of 2003 and Outlook for 2004

*Vancouver, British Columbia, Canada**2004**February 5,*

Bradford J. Cooke, President and CEO of Canarc Resource Corp., provides shareholders with the following overview of 2003 and the outlook for Canarc in 2004.

#### **Overview of 2003**

The second year of the current resource bull market saw major gains in the gold price and gold stocks in general, and in Canarc shares and its key projects in particular. On the year, the gold price rose from US \$343 to US \$417, up 22% against the \$ US on the year. The XAU performed even better, rising 40% to close around the 109 level.

Canarc shares continued to perform well, rising from \$0.45 to close at \$0.84, a gain of 87% on the year. Although Canarc shares moved up with the gold price, it was the new discovery of a potentially large gold deposit on the Benzdorp property that spurred investor interest.

A CA \$650,000 financing in Q1 gave Canarc the funds to successfully complete a bulldozer trenching program and commence a Phase 1 diamond drilling program on the Benzdorp property in Suriname. By Q3, it was clear the Company had a significant new gold-copper porphyry find in the JQA prospect area at Benzdorp. To year-end, a total of 38 holes totaling 3300 m had been drilled in five prospect areas, with assays still awaited for 10 holes.

The JQA discovery to date encompasses an area 600m by 500m within which all 12 drill holes returned economically significant gold-copper mineralization from top to bottom, averaging 0.6 gpt gold from surface to 75 m depths. The discovery area is still open for expansion in several directions as well as at depth. If the mineralization is continuous to a 300 m depth, the drilled area would contain more than 4 million oz. gold and 500 million lb copper, an attractive target for drilling in 2004.

A CA \$3 million financing in Q4 provided Canarc with the funds to continue with a Phase 2 drilling program at Benzdorp in 2004 as well as completing a 3 hole, 5120 ft deep drilling program at the New Polaris project in B.C. The purpose of the small deep drilling program at New Polaris was to test certain areas below the old mine workings and show that new veins can still be found on this under-explored property. Subsequent to year-end, Canarc announced several high grade gold intercepts up to 0.86 gpt

gold over 13.2 feet including the discovery of two new veins in the footwall of the "C" vein system. These veins could add significant new gold resources to the project with further drilling.

On the Bellavista project in Costa Rica, our partner Glencairn Gold Corp. completed optimization work on the feasibility study, received their final government permits, and commenced construction of a 70,000 ope gold mine. Canarc retains an 18.3% net profit interest (after payback) as well as receiving its annual pre-production cash payment.

At the Eskay Creek project in B.C., Barrick Gold reported the discovery of high grade gold and silver mineralization assaying up to 11.6 gpt Au over 1.0 m on our GNC property, which adjoins their very high grade Eskay Creek gold-silver mine.

Last but not least, Canarc increased its holdings of affiliate Endeavour Gold Corp. in 2003 to 12%, or 18% fully diluted. Endeavour recently announced the acquisition of the operating Santa Cruz silver-gold mine in Durango, Mexico.

### **Outlook for 2004**

While it is still early in the new secular bull market for gold, we view 2004 as a year for the bullion price to consolidate its gains of the past two years. Therefore, we expect a choppy market for the bullion price and gold shares, although they should both close up slightly on the year.

We also think that Canarc shares will finally catch up with the valuations of its peer group of small cap gold explorers and developers. For this, we will need to see continued success in drilling out the JQA discovery on the Benzdorp property until a substantial gold-copper resource with robust preliminary economics has been delineated.

The Phase 2 drill program at Benzdorp will run from February to June, with a larger drill rig to grid drill about 25 holes into the JQA discovery area to 300m depths on 100m spacings in order to get to a preliminary resource estimate by June. A smaller drill rig will also drill about 25 holes to test several outlying prospect areas on the Benzdorp property. A Phase 3 drill program will then complete in-fill drilling at 50 m spacings to year-end in order to fully define a resource for feasibility work.

At New Polaris, the re-modeling, metallurgical testing and engineering of a portion of the gold resources necessary for a 65,000 ope high grade underground gold mine should be completed in Q2, 2004. Canarc can then turn its attention to financing an in-fill drilling and feasibility program at New Polaris.

Given the tremendous growth potential of Canarc's main gold projects in 2004, the coming year should be very rewarding for Canarc shareholders. I would like to thank you for your continued support and as always, we welcome your comments and questions.

**Canarc Resource Corp.** is a growth-oriented, gold exploration and mining company listed on the TSX (symbol CCM) and the OTC-BB (symbol CRCUF). The Company's principal asset is its 100% interest in the 1.3 million oz New Polaris gold deposit located in northwestern British Columbia. Major shareholders include Barrick Gold Corp. and Echo Bay Mines Ltd.

*On Behalf Of The Board Of Directors*  
**CANARC RESOURCE CORP.**

**Bradford J. Cooke**  
*President and CEO*

For more information, please contact Gregg Wilson at tel: (604) 685-9700, fax: (604) 685-9744, email [info@canarc.net](mailto:info@canarc.net) or visit our website, [www.canarc.net](http://www.canarc.net). The TSX Exchange has neither approved nor disapproved the contents of this news release.