→ Polaris Taku

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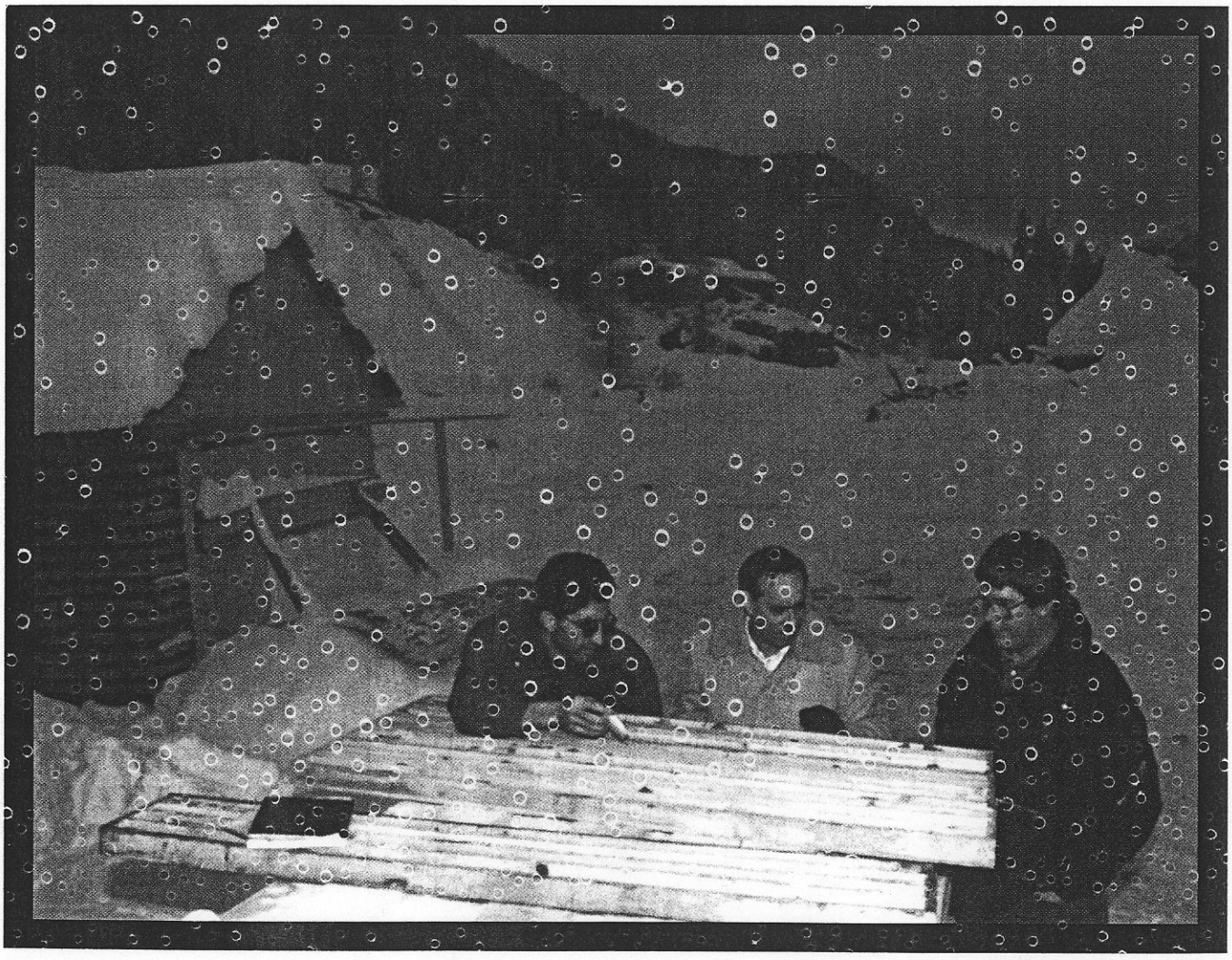
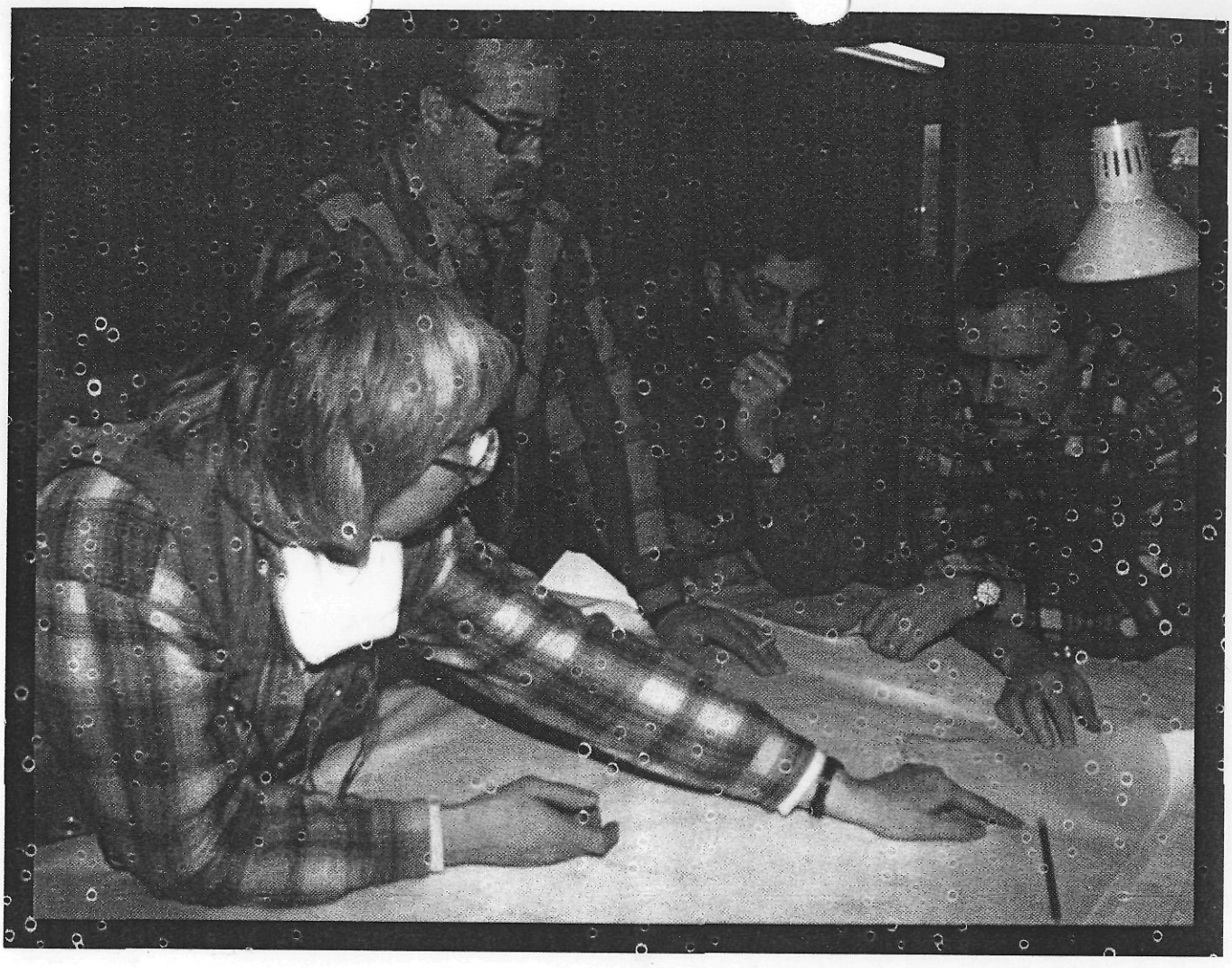
DEVELOPING NEW POLARIS

By Vivian J. Hartnett





Canarc Resource Corp. is currently undertaking a $10 million feasibility study at its New Polaris mine in northwestern British Columbia. The company plans to develop the mine into a minimum 90,000 oz. a year gold producer within the next three years.

New Polaris Gold Mines Ltd., a wholly owned subsidiary of Canarc, owns one of the largest gold deposits under active development in Western Canada. A March 1997 company report said that Canarc had recently estimated a drill indicated geological resource totalling 3.9 million tons grading 0.41 oz. per ton gold, or 1.6 million contained oz. gold.

In July this year, the company reported that it had intersected its best drill intersection ever on the property. Drill hole PT97-44 returned 0.42 oz/ton gold over a 112.2 foot core length including 44.1 feet grading 0.68 oz/ton gold. Approximate true width is 60 feet. Hole PT97-44 is the first infill hole in the C zone approximately 100 feet below the 600, or lowest mine level, about 550 feet below sea level. The closest previous drill intercept in this area returned 0.78 oz/ton gold over 33.2 feet in hole PC90-03.

Left:
Core shacks
Above:
The map room

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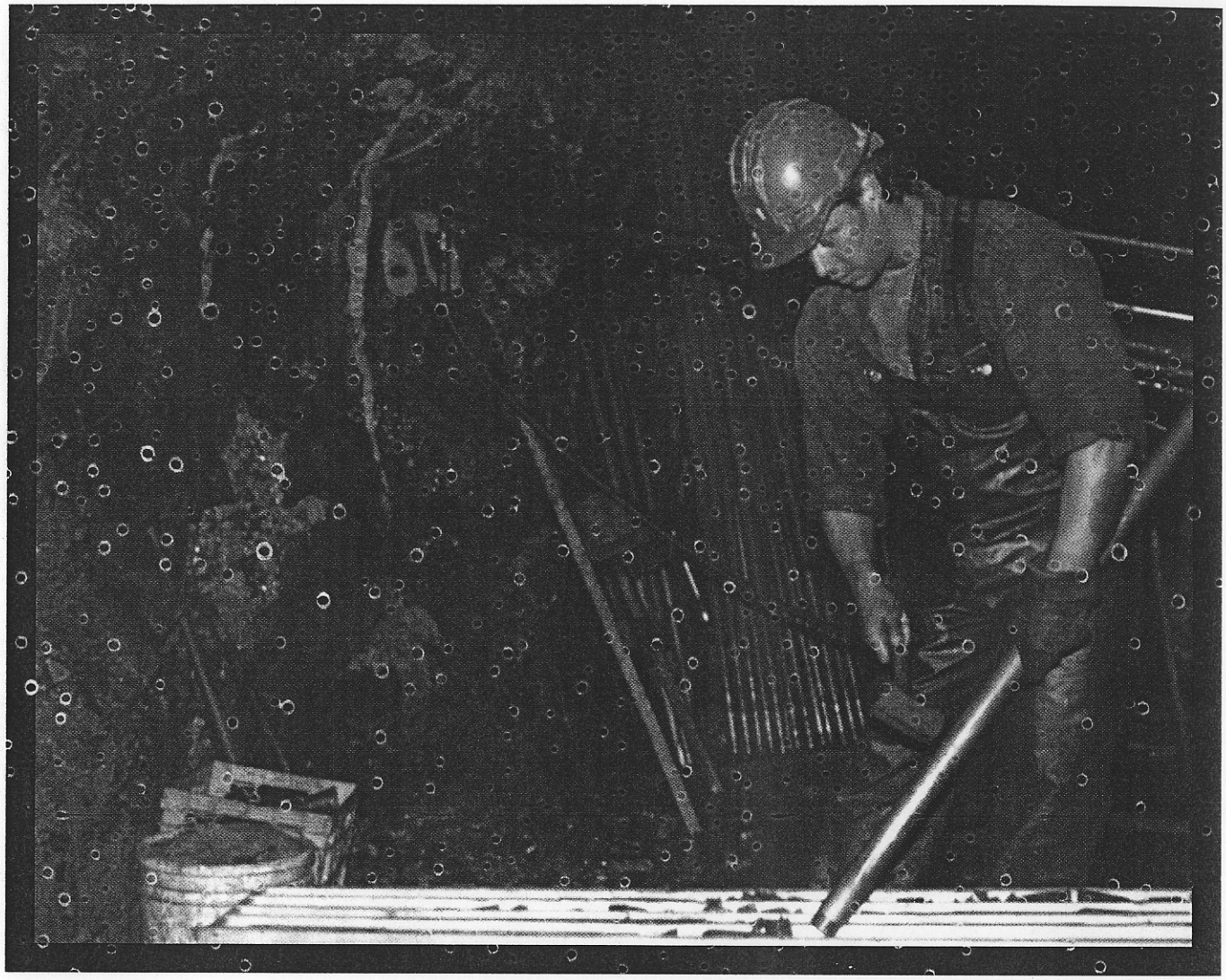

A driller's helper at work

DEVELOPING NEW POLARIS

Canarc's President and Chief Executive Officer Bradford J. Cooke stated the hole clearly shows the potential at New Polaris for large, high grade pods within the more regular gold mineralized shear zones.

"The largest ore stope (317) in mine history produced almost 70,000 tons grading better than 0.5 oz./ton over widths up to 45 feet from one of the Y zones. I believe that additional, large, high grade pods remain to be discovered at New Polaris," Cooke says.

"Our engineers have started to evaluate the potential for low cost, bulk mining of closely spaced Y zones as a way to optimize profitability and mill throughput in our various mine models. Large, high grade pods like the one intersected in hole 97-44 are also obvious candidates for bulk mining early in mine production in order to accelerate the pay back period for capital costs," he says.

The company reports that the project is currently undergoing a major feasibility program of underground dewatering, rehabilitation and drilling in order to delineate 720,000 oz. of mineable reserves in the proven and probable categories this year. It has retained H.A. Symons, Rescan Engineering, Steffan Robertson Kirsten and Gartner, Lee to complete mine engineering, ore reserve, metallurgical, environmental and other studies necessary for a full feasibility study in 1998.

Situated 40 miles northeast of Juneau, Alaska, and 60 miles south of Atlin, and located about five miles from the British Columbia-Alaska border, the mine is situated on the west bank of the Tulsequah River. Access to the mine will be by air or water, or by connecting to a 100-mile road that Redfern Resources Ltd., plans to construct from Atlin to its Tulsequah Chief Mine, adjacent to New Polaris.

New Polaris is a historical British Columbia gold producer. A Technical Overview report prepared by Canarc in June says the mine operated from 1937 to 1942 and from 1946 to 1951. In total, 232,000 ounces of gold were produced at the mine, from a total of about 760,000 tons of ore milled. A flotation concentrate was produced and shipped seasonally to a smelter in Tacoma, Washington. The mine ceased production in 1951 after the first concentrate barge shipment of the season sank in a storm off the B.C. coast.

Cooke says the company consolidated its subsidiary Golden Angus Mines Ltd. and the Polaris Taku

Project into New Polaris Gold Mines Ltd., in April this year. "The name change was made to reflect the evolution of New Polaris from an old, small mine into a large development project with near term production potential," Cooke says.

He explained that the company's base case production scenario for New Polaris calls for the construction of a 750 ton per day mine, mill, autoclave and tailings facility in 1999 capable of producing a minimum 90,000 oz. per year for eight years starting early in 2000 at a capital cost of US$50 million; operating cash costs of US$200 to $240 per oz.; providing a payback period of 3.3 years and an internal rate of return of 21% after tax; and generating US$13 million annually in pre-tax net cash flow.

However, the company also sees a significant opportunity to optimize the project economics for New Polaris by modifying the production scenario to accommodate the offsite processing of New Polaris ores. This would entail the trucking and/or barging of ore offsite to an existing, permitted mill facility.

"In order to expand the development of New Polaris, we intend to secure a senior operating partner to assist us in financing the development of the New Polaris property to production," Cooke says.

"New Polaris has excellent exploration potential to expand its resources and reserves beyond the current predicted mine life. Canarc management sees additional internal growth through continued exploration at Polaris in order to add a further 50,000 oz. of annual production, making Canarc a 140,000 per year gold producer within five years," he says.

Based on environmental work done to date, Canarc believes there are no major environmental liabilities existing at New Polaris. The company has taken a pro-active approach to reclaim much of the site, prior to entering into the Environmental Assessment Process.

The company says it has a good relationship with all permitting agencies including the Taku River Tlingit First Nations, the main stakeholder in the permitting process. Canarc has assisted the Tlingit in obtaining funding for a Technical Liason Officer from the Ministry of Indian Affairs. Currently, about 20 percent of the workforce at Polaris is of First Nations decent. ■