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Gold Mining Exploration

DAVID MALLALIEU
(416) 359-5196
Associate: Adam Schatzker

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Canarc Resource Corp.

(CCM - TSE)

Company Profile

Canarc Resource Corp. is a Canadian-based junior exploration company with projects in British Columbia, Suriname, Guyana, Senegal, Costa Rica, Mexico and Indonesia. Its most advanced asset is the New Polaris property in northwestern British Columbia, where the company has outlined a gold resource of 3.9 million tons grading 0.41 ounces per ton for a total of 1.6 million ounces. Canarc has 15 exploration properties in Suriname, including the Bendsorp property and the Sara Kreek Property, from which they have had promising results to date.

Canarc's property holdings in Indonesia have been placed in a company called ATEC (80% Canarc), which will be brought public in the second quarter of 1997. Canarc expects to retain 51% of ATEC post-financing.

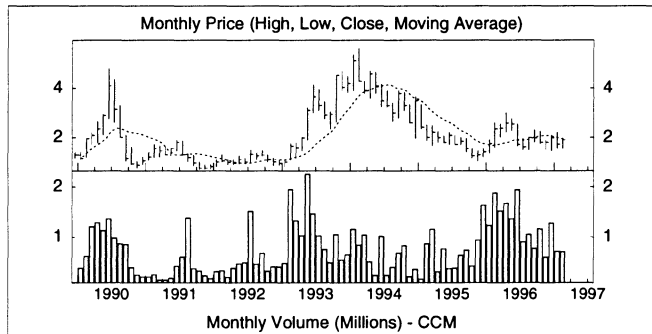
Investment Highlights

Canarc has recently announced the results of the first 37 holes of a 200-hole underground drill program at Polaris Taku. Results have indicated that there is potential to continue increasing the known 1.6-million-ounce resource. As well, the drilling has indicated that gold does exist north of the "Whitewater Creek Schist Zone", a zone of rock previously thought to be the north boundary of gold-vein mineralization. Given this, the company will be re-evaluating other areas to the north of the Whitewater Zone.

Initial production estimates at Polaris Taku indicate that two scenarios are possible. First, a

Current Price (C\$):	\$1.90
Target Price (12-month):	\$3.00
Nesbitt Burns Rating:	S5
52-Week Trading Range	
High:	\$3.00
Low:	\$1.45
Shares Outstanding (mm)	
Basic:	33.5
Fully Diluted:	38.8
F.D. In The Money:	34.9
Market Capitalization (\$mm)	
Basic:	\$63.5
Fully Diluted:	\$72.4
F.D. In The Money:	\$66.2
Working Capital (\$mm)	
Basic:	\$6.8
Fully Diluted:	\$16.9
F.D. In The Money:	\$8.6
Adjusted Market Capitalization (\$mm)	
Basic:	\$56.7
Fully Diluted:	\$55.5
F.D. In The Money:	\$57.6
Burn Rate of Ful. Dil. In The Money Working Capital (Years)	2.16
Resource Ounces Announced by the Company (000's):	1,960
Resource Ounces Implied by the Adj. Market Cap. at US\$50/oz. (000's):	844
Resource Ounces Implied by the Adj. Market Cap. at US\$75/oz. (000's):	563
Resource Ounces Implied by the Adj. Market Cap. at US\$100/oz. (000's):	422
Nesbitt Burns Estimate of Potential Resource Ounces (000's):	nap
Major Shareholder(s):	
Echo Bay Mines (9%)	
Elliot & Co. (6.2%)	
Major Properties:	
Polaris Taku (100%), British Columbia	
Benzdorp (80%), Suriname	
Sara Kreek (80%), Suriname	
Kalimantan Properties, Indonesia	





base level of production has been estimated to be 90,000 oz. per annum at a production cost of US\$220 per oz. The second plan calls for a dramatic increase in production to 145,000 oz. per annum at a cash cost of US\$200 per oz. During 1997, Canarc will be carrying out an extensive drill program of 15 to 20 holes per month. Its goal is to have 2 million ounces in resource and 720,000 ounces in minable reserves by the end of the year. During 1997, Canarc will also be dewatering the shaft at Polaris Taku. Total expenditures at Polaris Taku for 1997 are expected to be C\$5 million. The company expects to have a bankable feasibility study prepared for the first or second quarter of 1998.

Underground drilling and rehabilitation work continues to be the main focus of the ongoing work program, as well as various permitting, environmental, engineering, metallurgical and other studies.

Exploration at the Benzdorp property in Suriname (80% Canarc, can be raised to 100% with a 20% NPI or sliding scale NSR) has proven to be quite promising. The area was acquired by the company in 1996 because of the size and the extensive nature of the gold geochemical anomalies. The gold-bearing zones are hosted within greenstones that have been interpreted as an extension of the Guyana Shield. A shear zone that hosts some of the mineralization at Benzdorp is an extension of the shear which hosts Golden Star's Antino property, where exploration results have been positive. Suriname Government and Canarc soil sampling programs at Benzdorp identified numerous gold anomalies.

Of these, one is a large anomaly at Benzdorp called Jungle Queen A. This anomaly measures 300 metres by 600 metres, with grades of 1 gram per tonne. The company is currently testing six targets at Benzdorp with a US\$500,000, 20-diamond drill hole program.

Also in Suriname is Canarc's Sara Kreek property, where a small amount of placer gold production is being carried out by Canarc's partner, Suriname Wylap Development Corp. Canarc has an 80% interest in all lode gold production from the property and 50% of the placer operations after Wylap pays back all debts from 80% of the placer cash flow. Canarc's land package in Suriname totals 1,775 square kilometres. A US\$100,000 budget for a drill program consisting of 6 to 8 holes is to begin in early March at Sara Kreek. Should the results of this drilling be positive, Canarc will mobilize a second drill. Otherwise, if the drilling is not successful, the drill used in the current program will be moved to Benzdorp.

Canarc is well funded; however, most of the money has been earmarked for Polaris Taku exploration and development in accordance with the stipulations set out in their last financing. However, the company does not have sufficient working capital to sustain its exploration programs in South America. Canarc is looking for a small debt financing to fund the South American exploration in 1997. The current budget in South America is US\$600,000; however, the proposed budget is US\$2 million, subject to funding.

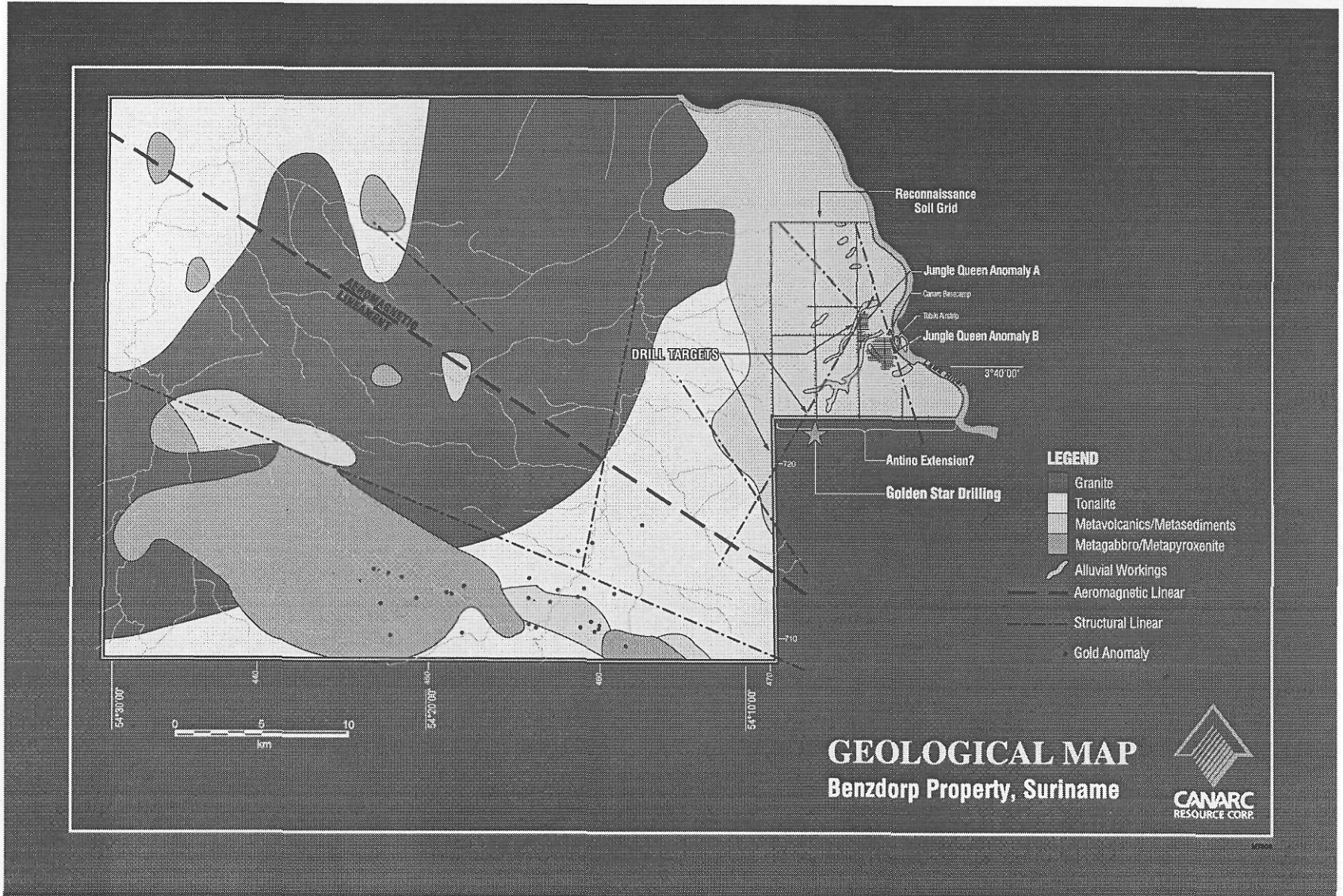
Canarc's Costa Rican joint venture with Minera Rayrock, Bellavista, is currently in the environmental permitting process. Canarc holds an 18% carried interest in the property.

We believe that Canarc is a good exploration company with a promising portfolio of exploration properties. However, except for Polaris Taku, the properties are not developed to a point where any value can be ascribed to them. Therefore, our valuation is solely based upon the Polaris Taku project. We are maintaining our S5 rating and target of C\$3.00.

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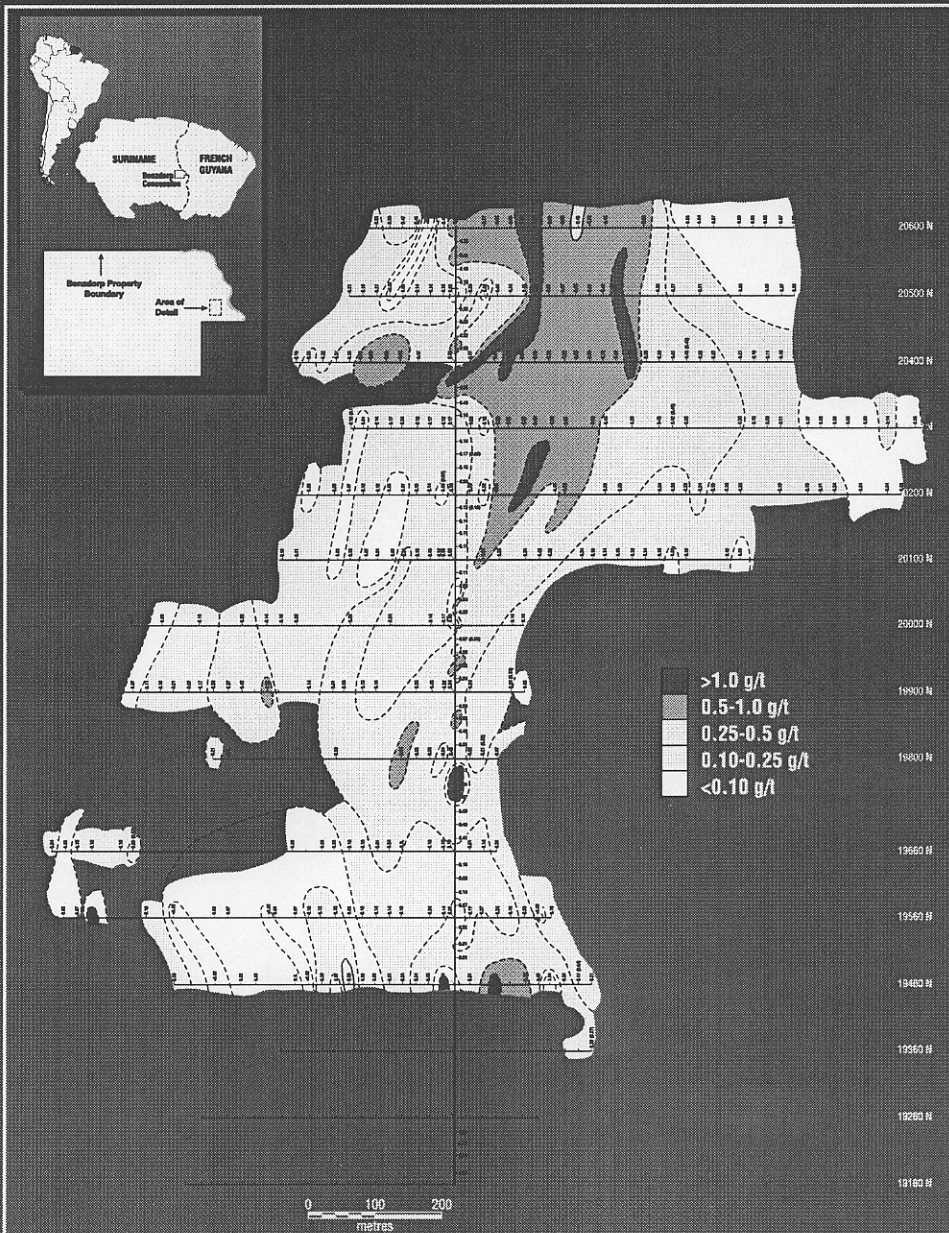
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GEOLOGICAL MAP
Benzdorp Property, Suriname



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**Four Metre Hand Auger Program
Au Results for the 1 to 2 Metre Interval
Jungle Queen Anomaly, Benzdorp Property, Suriname**

