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WESTERN CANADIAN INVESTMENTS

NO. 17 (1996)
JANUARY 24, 1996

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CANARC RESOURCE CORP.
[CCM-T] 28,550,619 SHS.

REMBRANDT GOLD MINES LTD.
[RTG-ALBERTA] 4,256,928 SHS.

POLARIS TAKU MAJOR DEVELOPMENT PROGRAM PLANNED FOR 1996 - Bradford J. Cooke, president, Canarc Resource Corp., reports a preliminary financial analysis of the Polaris Taku gold project near Atlin, northwest B.C., has returned positive economics, according to the engineering firm, Fluor Daniel Wright Inc. The project site is on the Tulsequah River close to tidewater at about 500 feet above sea level. Canarc has decided to proceed with an underground program and feasibility study in 1996. SEE MAP & BASE CASE FINANCIAL MODEL OVERLEAF P.1.

Canarc plans a $5,000,000 program for 1996, including re-open the Polaris adit and internal shaft, de-water the underground workings, and complete 4,000 feet of drifting and 150,000 feet of drilling to prove up part of the current 1,100,000-oz. geological resource in the C, Y and AB veins.

A final pre-feasibility study will be ready by May so a mine development permit application can be submitted to the B.C. Government in June. Completion of a bankable feasibility study in the first quarter of 1997 should allow Canarc to finance and construct the mine for the start of gold production by the end of 1998, assuming the project is given the go-ahead.

The feasibility work is underway with engineering, metallurgical and environmental studies in progress. The mine re-opening, de-watering, development and drilling program is expected to start in June. Canarc is seeking financing for the program.

Mr.Cooke said, "Polaris Taku can be a Top10 gold mine in Canada by 1999."

Fluor Daniel Wright summary of the conceptual project operations and economics is as follows:

Project Summary

Ore Type: High-grade, refractory, mesothermal veins have moderate dips and variable thicknesses in three main sets - AB, C, Y - containing about 2,000 tons per vertical foot.

Ore Reserves: Geological resources total 1,100,000 oz. gold contained in 2,600,000 tons grading 0.43 oz/ton at a 0.20 oz/ton cut-off grade, management expects a significant increase based on 1995 drilling results.

Mine Type: Underground track haulage using adit access and a 1,600-foot internal shaft similar to previous mining operations but with combined manual and mechanical drilling, blasting and mucking to ore passes, ore hoisted to surface and trammed to crushing plant.

Mine Methods: Multiple stoping techniques using delayed backfill, including blast hole open stoping, shrinkage, cut and fill, room and pillar, panel and fill techniques.

Process Type: Refractory, arsenical sulphide-carbonate-silicate ore requires autoclave processing similar to Campbell Red Lake mine of Placer Dome to produce gold doré bars on-site.

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<u>Process Flowsheet:</u> Primary and secondary crushing, ball mill grinding, flash flotation, cyclone classification, normal flotation, concentrate filtering, acid pre-treatment, autoclave pressure oxidation, CIL cyanidation of both pregnant slurry and tailings, carbon stripping and gold refining to produce doré bars.

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CANARC RESOURCE CORP.

-CONTINUED FROM PAGE ONE-

<u>Tailings:</u> Benign quartz-carbonate-silicate tailings where arsenic forms stable ferric-arsenate and cyanide is recovered or destroyed by commercial processes, tailings to be used for backfill in mine, therefore, no tailings pond or dam needed for first five years of production, two tailings impoundment areas already identified for last five years of production.

<u>Power:</u> Diesel generators with six megawatt capacity using bunker fuel - there is an attractive hydro site near the BC/Alaska border which could be pursued, subject to government permitting and support, in order to reduce operating costs once the mine is in production.

<u>Access:</u> Two existing airstrips and historic barge landing to be upgraded to allow fly-in operations for manpower and light supplies and seasonal barging operations for bulk fuel and capital equipment - Redfern Resources Ltd. have applied for a road permit from the Tulsequah River to Atlin, B.C. which, if approved, would be an attractive alternative access option for Canarc.

Fluor Daniel Wright believes the economics of the operation can be improved in a number of ways and require furthr studies.

Mining of higher grade material during the first two years of operation should decrease the payback period. In addition, an increase in plant throughput would have a significant, positive impact on the profitability of the mining operation.

An extended case financial model at 1,200 tpd will be evaluated over the next few months on the basis of increased gold reserves. The AB, C and Y veins, as indicated by the successful 1995 deep drill results, have the potential to support a larger plant capacity. In addition, the North Zone is being evaluated for its low cost, bulk underground mining potential.

The Polaris Taku project is 100%-owned by Canarc, subject to a 10% net profits interest held by Rembrandt Gold Mines Ltd. Canarc issued 150,000 shares in Apr/94 to lower Rembrandt's 15% NPI to 10%. (SEE GCNL NO.238, 12Dec95, P.3 FOR PREVIOUS POLARIS TAKU PROJECT INFORMATION)

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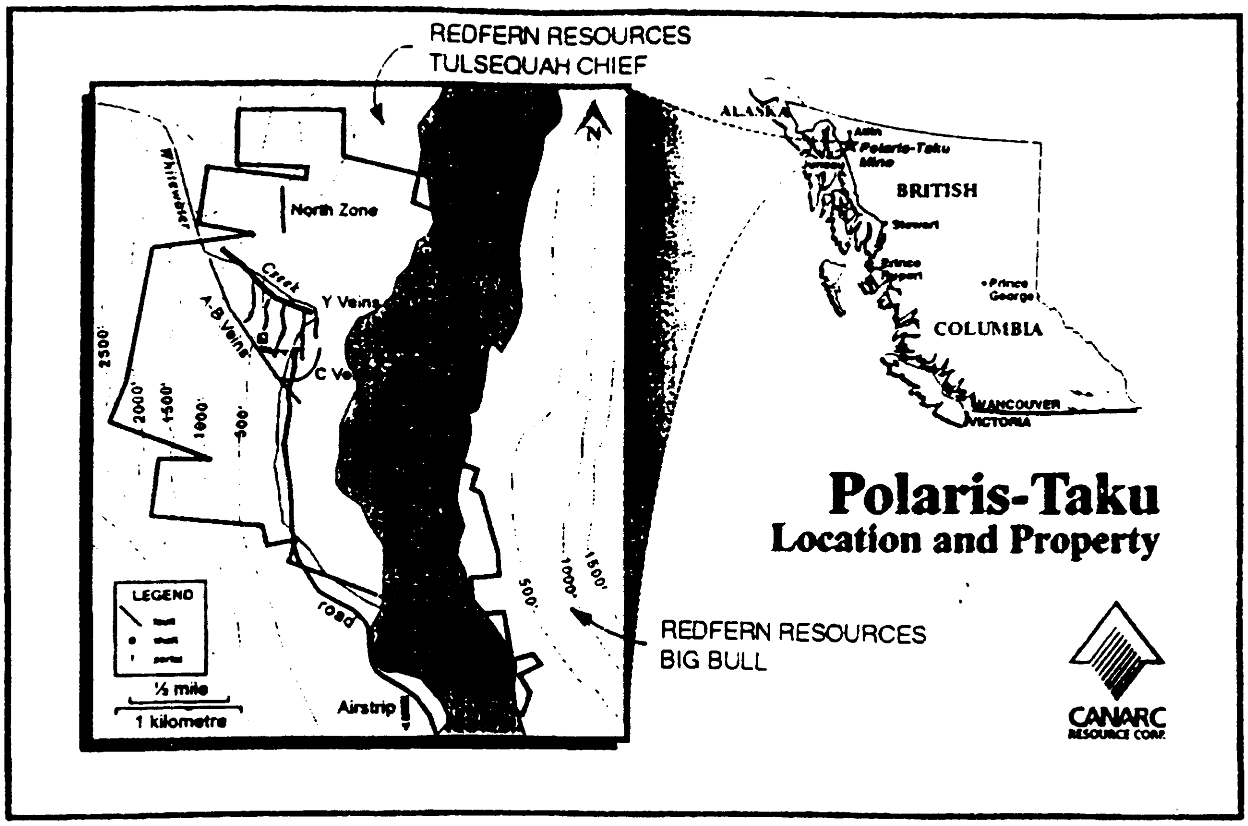
CANARC RESOURCE CORP.
REMBRANDT GOLD MINES LTD.
POLARIS-TAKU PROJECT
Northwest B.C.



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Base-Case Financial Model ($ U.S.)

Plant capacity	: 750 tpd.
Mine dilution	: 17% assumed.
Head grade	: 0.35 to 0.40 opt.
Gold recovery	: 90% to 95%.
Annual output	: 90,000 opy.
Mine life	: 10+ years.
Gold price:	: $389
Capital cost	: $47 million.
Operating cost	: $65 to $80 per ton or $200 to $240 per oz.
Exchange rate	: 0.73.
Gross revenues	: $35 million per year or $346 million total.
Operating profits	: $13 million per year or $137 million total pre-tax.
Net after-tax cashflows	: $56 million at 0% DCF after tax and capital recovery.
DCFROR	: 21% after tax or 27% before tax.
Payback period	: 3.3 years.