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George Cross News Letter

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CANARC RESOURCE CORP.

[CCM-T] 29,170,411 SHS.

UNDERGROUND WORK UNDERWAY - Bradford Cooke, president, AT POLARIS TAKU MINE, N.W. BC reports Canarc Resource Corp. has started the underground phase of its feasibility work program at the 100% owned Polaris Taku property on the Tulsequah River 100 km south of Atlin, northwest BC. The work will include 200 drill holes as part of an ongoing feasibility program intended to increase the current contained gold resources of 1,440,000 ounces of gold, and define a minimum of 720,000 ounces mineable reserve, sufficient to complete a bankable feasibility study for production in 16 months.

Initially, work will be focused on rehabilitating, sampling and drilling the upper workings of the Polaris Taku gold mine. One mining crew and one drill will be active until the Christmas break. Canarc's goal is to test for both new resource ounces as well as new mineable reserves in the AB and Y vein systems of the upper mine levels.

In 1997, Canarc anticipates increasing the site personnel to two mining crews and two or three drills to facilitate dewatering, sampling and drilling of the lower mine levels. The objective of this work will be to delineate mineable reserves within the existing resource areas of the C and Y vein systems.

Engineering, environmental, metallurgical and permitting studies are ongoing and Canarc's preliminary economic studies indicate Polaris Taku should become a profitable, mid-size gold mine within three years. The base case production model calls for Polaris

Taku to produce 90,000 ounces per year for a minimum eight years, at a capital cost of US \$50,000,000 and operating costs of \$220/oz. An extended case scenario would see production increase up to 145,000 ounces per year for an additional US \$17,000,000 in capital expenditures while reducing cash costs to US \$200/oz.

REMBRANDT GOLD MINES LTD. [RTG-ALBERTA] has a 10% net profits interest. (SEE GCNL NO.187, 26Sept96, P.1 FOR PREVIOUS POLARIS TAKU PROJECT INFORMATION)

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