

**POLARIS-TAKU PROJECT****CANARC RESOURCE CORP./SUNTAC MINERALS CORPORATION****EXECUTIVE SUMMARY**

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The Polaris-Taku gold property is situated on the Tulsequah River approximately 64 kilometers northeast of Juneau, Alaska and 96 kilometers south of Atlin, B.C. within the Atlin Mining Division of northwestern British Columbia. Property access is currently gained by fixed or rotary wing aircraft from Juneau or Atlin to two airstrips on or near the claims along the Tulsequah River.

The Polaris-Taku gold mine was first staked in 1929 and mine production was initiated in late 1938. The mine operated until 1942, remained closed until 1946 due to wartime restrictions, then resumed operations until 1951, when high operating costs and fixed gold revenues (\$35/oz.) forced its closure. Production from the quartz - carbonate vein systems totalled approximately 231,000 ounces of gold from 760,000 tons of ore for an average recovered grade of 0.3 oz./ton gold.

The nearby Tulsequah Chief polymetallic property was first staked in 1923, acquired by Cominco Ltd. in 1946 and placed into production in 1951 together with the Big Bull deposit. These gold-silver-copper-lead- zinc volcanogenic massive sulfide deposits were mined until 1957, and the Polaris Taku mill was modified to treat this ore. During the late 1970's, many of the major mine and mill components at Polaris-Taku were salvaged and barged out. At the closure of the Polaris Taku mine reserves termed "assured and reasonably assured" in the developed areas of the mine were estimated by the operators at 244,420 short tons of 0.33 oz./ton gold, using a 15% dilution factor and a 0.15 oz./ton gold cut-off grade.

Suntac Minerals Corporation acquired an option in 1988 and drilled 18,095 feet in 28 holes (this program continued into 1989) on the "Y" vein system which produced a large portion of the mine's ore. This led to an in-house estimate of additional geologic resource totalling 520,000 tons (grading 0.45 oz./ton gold).

In August 1989 Beacon Hill Consultants estimated the new reserve potential to be 1,450,000 tons @ 0.38 oz./ton gold, using a 0.25 oz./ton cut-off and a 15% dilution factor at zero grade. A diamond drilling program comprising 9,382 feet in 10 holes was directed at the "C" vein system in January and February, 1990. This led to the estimation of additional geologic resource of 366,000 tons grading @ 0.49 oz./ton gold, using a 100 foot area of influence around each pierce point.

In the summer of 1991, a 12,013 foot, eleven hole diamond drilling program was conducted on the "C" and "Y" vein systems, of which seven out of eleven holes were drilled on the "C" vein system. All the holes on the "C" and "Y" vein systems intersected significant mineralization with the seven holes drilled on the "C" vein system averaging (arithmetically) 0.383 oz./ton over @13.5 feet true width, and the four holes on the "Y" vein system averaging (arithmetically) 0.585 oz./ton gold over @5.1 feet. The average of all the 1991 diamond drill holes intersections is 0.400 oz./ton gold over @9.6 feet.

Mining of gold bearing veins to date has been confined to the "mine wedge", a northwest-southeast trending wedge of rock which has its apex to the northwest (see Figure 6). The wedge is bounded on all sides by fault zones, the Limestone zone to the west, the Whitewater zone to the north, and the Tulsequah River zone to the east. The Tulsequah River fault zone is located under the Tulsequah River and has not been encountered yet in drilling.

Within the mine wedge the principal host rocks are intermediate to mafic volcanic tuffs, tuffaceous sediments and flows with limited lateral continuity. Within the volcanics are numerous dykes of highly variable composition. Ultramafics pods have also been recognized in the higher levels of the mine, including serpentine and amphibolite. In close proximity to the vein structures, the volcanics are strongly altered showing moderate to intense alteration characterized by sericite or ankerite-sericite in the intermediate rocks, and actinolite-chlorite-ankerite in the mafic rocks.

Mineralization to date is hosted by distinct shear zones formed within the mine wedge. The "AB" zone strikes northwest and dips at 70° to the southwest. The "Y" vein system is a north-south trending structure dipping variably to the east. Where the "Y" vein system flattens (rolls) significant ore shoots are developed. Where the "Y" vein system meets the "AB" vein system, an arcuate zone ("Junction Arc") called the "C" vein is developed. The "C" vein in the third "junction arc" is far larger than the two "C" veins seen in the two previous junction arcs. This bodes well for the fourth junction arc which has just been discovered.

The Polaris-Taku deposit is an arsenical vein gold deposit of epi-mesothermal replacement type origin. The gold occurs with arsenopyrite in highly fractured quartz-carbonate stringer zones which vary greatly in width, strike, orientation and dip. The gold is associated with fine needle-like acicular aggregates of arsenopyrite, usually concentrated in altered wall rock or wall rock fragments in the stringer zones and as fracture fillings with individual veins or stringers. The other principal sulfide present in the ore zones is finely disseminated pyrite. Its occurrence within the ore zones is very similar to that of the arsenopyrite but coarser grained, with the bulk of it present in the wallrock between the stringers.

In the ore zones, pyrite and arsenopyrite can make up as much as 10% of the total volume. Stibnite, though locally strong, overall comprises less than one-tenth of 1% of the vein material and appears to be decreasing with depth. To date, antimony content has little direct relationship with the amount of gold in the vein. Gold content is related to arsenic content but the correlation is not reliable as a direct visual guide to gold grades. Visible gold has been reported from one location in the underground workings but has not been observed in any drill core.

In the summer of 1992, a 7 month surface diamond drill program was conducted on the Polaris-Taku deposit. This program increased the geological resource on both the "C" and "Y" vein systems.

Results of the 1992 program were very favourable and pierce points with grades can be seen on the enclosed longitudinal sections. On the northeast end of the "C" vein system, PC-92-C11 did not intersect the "C" vein structure due to the "C" vein swinging to the north and the drill hole swinging to the northeast. It is interpreted that the "C" vein system swings northward turning into a new "Y" vein set. The southwest end of the "C" vein system is shown to wane beyond the intersection with the northwest trending "AB" vein system (PC-92-C23). The "C" vein is open downdip. Of significant is that the new "AB" vein extension has been intersected just below overburden in holes PC-92-C20 to PC-92-C22. The vein system is blossoming to the southeast grading 0.175 oz./ton gold over 4.6 feet in hole PC-92-C22. The 1993 diamond drill program is due to start in March and the company will start drilling on the "AB" vein extension at 200' intervals. To date three "junction arcs" have been discovered, each in turn becoming progressively larger as the mine wedge opens up to the southeast. From this historical data, the fourth "junction arc" could boost the resource greatly.

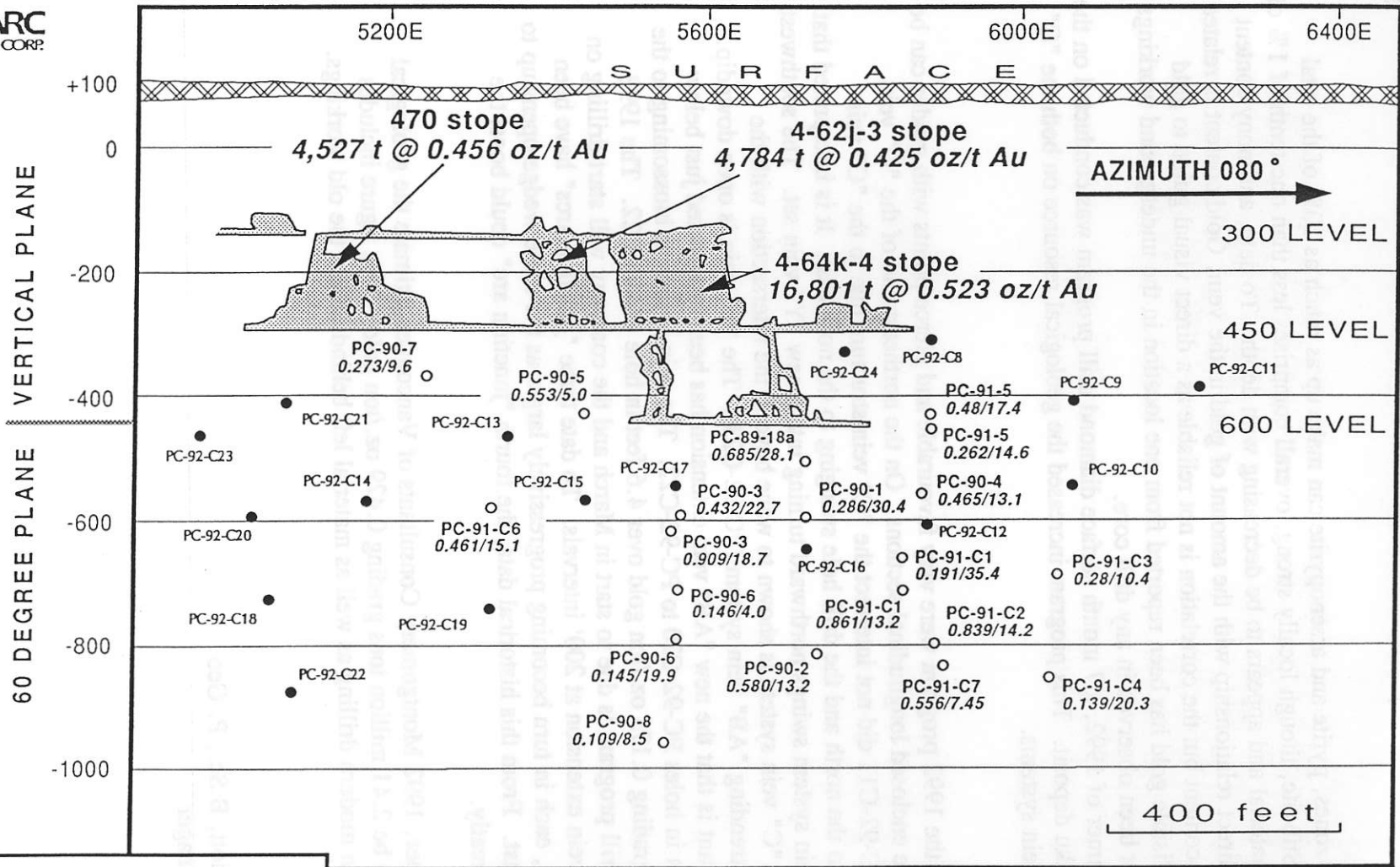
In September, 1992 Montgomery Consultants of Vancouver estimate the geological resource to be 2.41 million tons grading 0.429 oz./ton gold. This figure includes results from modern drilling as well as material left behind within the old workings.

C.C. Marriott, B.Sc., P. Geo  
Project Manager

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**CANARC**  
RESOURCE CORP.



**LEGEND**

PC-90-6 ○ Drill Hole Number  
0.145/19.9 oz/t Au/Drill Intercept (ft)

PC-92-C21 ● 1992 Drill Hole

**POLARIS-TAKU GOLD MINE**  
**LONGITUDINAL SECTION OF "C" VEIN,**  
**STOPES & 1991/92 DRILL PROGRAM**

1992 DRILL HOLE NUMBER	ASSAY RESULTS <i>opt Au/width (ft)</i>
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PC-92-C08	———— 0.26/10.8
PC-92-C09	———— 0.159/3.5
PC-92-C10	———— 0.206/5.3
PC-92-C11	———— 0.037/3.5
PC-92-C12	———— 0.458/21.5
PC-92-C13	———— 0.438/6.0
PC-92-C14	———— 0.317/5.45
PC-92-C15	———— 0.288/14.4
PC-92-C16	———— 0.128/8.2
PC-92-C17	———— 0.503/16.2
PC-92-C18	" C " 0.267/9.2
	" AB " 0.33/9.8
PC-92-C19	———— 0.519/12.5
PC-92-C20	" C " 0.158/28.8
	" AB " 0.52/13.5
PC-92-C20A	" C " 0.192/23.8
	" AB " 0.33/7.4
PC-92-C21	———— 0.544/19.4
PC-92-C22	" AB ext " 0.175/4.6
	" C " 0.062/5.3
	" AB " 0.093/3.8
PC-92-C23	" C " 0.044/5.2
	" AB " 0.023/16.4
PC-92-C24	———— 0.691/9.4