



by Dorothy Hoffert

Brokers' Picks

Canarc Resource Corp. [CCM-TSX; CRCUF-OTCBB] is an established gold explorer focused on the discovery and development of gold deposits in North, Central and South America. The company's property portfolio is unique in that it has interests in several projects at various stages of development from early stage exploration to mine construction.

The company's principal asset is the 100%-owned New Polaris gold property located in northwestern British Columbia. New Polaris is a high-grade, underground, past producing gold mine. Historic production was 760,000 tons at a recovered grade of 0.30 oz.gold/ton for a total of 231,000 ounces. Canarc has spent US \$12 million exploring New Polaris since 1990. Exploration work includes 135,000 feet of diamond drilling in 182 drill holes, underground sampling and 3-dimensional modeling of the mineralized zones to outline a historical geological resource of 3.3 million tonnes at 13 grams gold/tonne for a total of 1.3 million ounces in a high-grade vein system, open in all directions. The company plans to build a 500 tonne-per-day mine producing 66,000 ounces per year, at an estimated capital cost of US \$30 million, operating costs of US \$180/oz, generating annual net cash flows of US \$11 million over a 20-year mine life. This resource was calculated in 1998 and the company is therefore working toward producing a 43-101 compliant resource estimate in the near future. It is important to note that Canarc's neighbour, Redfern Resources, has received its mine development permits for the Tulsequah Chief base metal deposit, which significantly enhances the economics for advancing the New Polaris project.

Canarc's Benzdorp Project is located in Suriname, South America. The company holds an option to acquire effectively a 100% interest, subject to royalties, in four large exploration concessions totaling 138,000 hectares from the state-owned mining company Grassalco. Exploration to date has identified 12 gold prospects that occur on just 5% of the property within a northeast-trending greenstone belt. Two of the prospects are large tonnage porphyry gold/copper targets. The other 10 occurrences are high-grade vein targets. Initial trenching and sampling of the JOA Prospect outlined a mineralized area 500 metres by 500 metres within which all samples averaged 0.6 grams gold/tonne. The best trench result, TR97-02 came in at 142 metres grading 0.91 grams/tonne. The best drill hole returned 0.82 grams gold/tonne over the full 100.58-metre core length in the Phase 1 drill program. Another anomaly, the Roche Kreek Zone, which is 700 metres long and up to 280 metres wide, is also believed to be a porphyry-style prospect. As of this

writing, 40 drill holes have been completed on less than 1% of the project. The Phase 2 drill program will run until mid-year with a larger drill rig to grid drill approximately 25 holes into the JOA discovery area to 400-metre depths on 100-metre spacings in order to calculate a preliminary resource estimate. A smaller second drill rig will also drill about 25 holes to test other prospective areas. A Phase 3 drill program will then complete in-fill drilling at 50-metre spacings to year-end in order to fully define a resource that is 43-101 compliant so that a feasibility study can be completed.

The Bellavista Gold Mine, located in Costa Rica, Central America, is Canarc's most advanced development project. Canarc holds an 18.3% net profits interest after payback in the Bellavista, including an annual pre-production cash payment from majority owner and operator **Glencairn Gold Corp.** [GLJ-TSXV]. Construction of the US \$26 million gold mine is underway and is scheduled to produce 60,000 ounces per year for approximately 7.5 years at projected operating costs of US \$163/oz. Total reserves currently stand at 555,000 mineable ounces contained in 11.2 million tonnes ore grading 1.54 grams gold/tonne. An exploration-drilling program to test other gold targets is underway.

Canarc holds a 17% interest (on a fully diluted basis) in **Endeavour Gold Corp.** [EDR-TSX], a substantial asset considering that Endeavour has purchased a producing silver mine in Mexico. Endeavour announced it has signed an option agreement to acquire up to a 100% interest in the producing Santa Cruz silver-gold mine and Guanacevi mineral processing plant in the state of Durango, Mexico.

Canarc also has interests in the GNC property located in British Columbia (33% Canarc - 67% **Barrick Gold Corp.** [ABX-TSX, NY]) which adjoins the high grade Eskay Creek mine owned by Barrick Gold, and the Sara Kreek gold mine (80% Canarc) a small open pit placer operation in Suriname.

Canarc's team is headed up by exploration geologist Brad Cooke who has many years experience in the field and financial markets. The team's experience combined with solid assets such as New Polaris and Bellavista, the potential of the Benzdorp Project, plus the investment the company has made in Endeavour Gold, makes Canarc appear undervalued and a suitable addition to a speculative portfolio. ☺

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DIAMOND DISCOVERIES

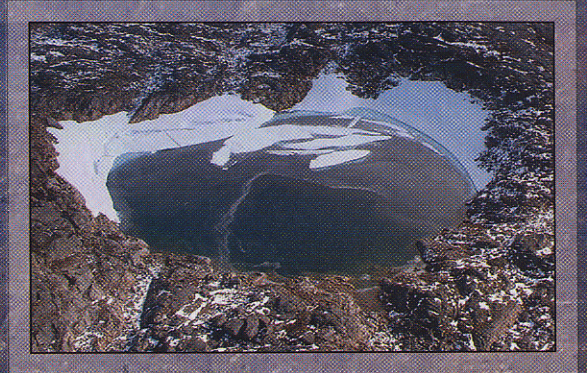
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- Recent sampling located several new areas of kimberlite and diamond indicator minerals
- Opportunity for alluvial diamonds
- The best province for mining legislation and support in Canada
- Summer drilling program

Diamond Discoveries International controls six exploration permits in northern Quebec that cover 480 square kilometres or 180 square miles.



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