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George Cross News Letter

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CANARC RESOURCE CORP.

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POLARIS TAKU RESERVES EXPANDING - Bradford J. Cooke,
president, reports

Canarc Resource Corp. has identified several areas underground at its 100%-owned Polaris Taku mine on the Tulsequah River 100 km south of Atlin, northwest BC that offer significant potential to develop new mineable gold reserves with limited drilling. These areas would also partially augment the 1,450,000-ounce gold resource currently reported at Polaris Taku.

A recently completed geologic review of historic drilling and production data has revealed 39 separate drill targets as well as 35 individual reserve blocks covering every level in the mine workings. Perhaps the most attractive target areas lie at the top of the mine, between the Canyon adit and surface, and the bottom of the mine, below the 750 level.

The uppermost area has several surface exposures of veins that may be mineable by open pit methods. Assays taken prior to 1950 include 0.15 oz./gold/ton over a 50-foot width, and 0.87 oz./gold/ton over 10 feet. This area is open to the north. The lowermost area has two veins found by a wildcat hole drilled prior to 1950 from the 750 station at the bottom of the shaft. This drill hole intersected 0.32 oz. gold/ ton over 10 feet and 0.46 oz/ton over 2 feet, indicating the possibility of a simple extension of the AB vein system, or a new parallel vein system at depth.

The excellent potential for developing new gold reserves, as well as expanding previous resources throughout the mine is indicated by selected historic assay data tabulated overleaf P.1. As can be seen from the table, each of these samples represents ore grades over mineable widths in areas underground never mined for various reasons. Many of these potential reserve areas are readily accessible and should be mineable in the early stages of commercial production.

"We plan to resample and drill these additional gold resource areas underground as soon as possible. They should add to both our mineable, proven and probable reserves as well as our total possible gold resources at the mine site," states Mr. Cooke.

Canarc currently is advancing a major underground rehabilitation, development, drilling and feasibility program onsite in order to reach a production decision within the next 18 months. Drilling and mining work is scheduled to start in October.

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**CANARC RESOURCE CORP.
POLARIS TAKU PROJECT
NORTHWEST BRITISH COLUMBIA**

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WESTERN ONYX

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LEVEL	VEIN	SAMPLE TYPE	WIDTH (FT.)	GRADE (OPT.)	DRIFT LENGTH (FT.)	LEVEL	VEIN	SAMPLE TYPE	WIDTH (FT.)	GRADE (OPT.)	DRIFT LENGTH (FT.)	
Surface	101	O/C	10.0	0.87		150	A	DDH 116	4.5	0.55		
		O/C	12.0	0.78				UG	3.5	0.42	75	
	102	O/C	4.1	0.98		300	B	UG	4.2	0.41	51	
		O/C	7.0	0.64				DDH L54	6.5	0.42		
		O/C	14.6	0.40				DDH L60	3.5	0.45		
		O/C	3.0	1.14			328	UG	7.4	0.77	76	
	103	O/C	3.5	1.00			324	DDH L50	7.5	0.47		
		O/C	14.0	0.46				UG	5.7	0.70	66	
		O/C	14.5	0.37				DDH L56	19.5	0.39		
		O/C	13.5	0.50				DDH L66	4.5	0.45		
O/C		8.0	0.66				DDH L51	11.0	0.46			
Timmins	101	Underground UG	8.0	0.66				UG	9.0	0.40		
		UG	3.1	0.60		450	B	UG	8.0	0.24		
		DDH 5	5.8	1.70				DDH 541	3.4	0.50		
Canyon	102	DDH 1	15.0	0.44				UG	3.8	0.49	300.5	
		DDH 2	10.0	0.35			468	UG	5.4	0.39	37	
		DDH 3	9.0	0.63			477	UG	4.6	0.54	210	
		UG	6.1	0.40	77			DDH 617	19.0	0.63		
C	22	DDH 325	5.5	0.44				UG	4.2	0.50	65	
		DDH 390	3.3	0.62			600	Y	DDH 470	4.5	0.46	
		DDH 355	5.4	0.70				DDH L69	4.0	0.76		
A	45	UG	4.4	0.41	23			UG	3.2	0.79	38	
		DDH 475	12.0	0.87			B	UG	3.5	0.56	169	
B	45	UG	12.0	0.48	23			DDH L82	4.0	0.46		
		UG	6.0	0.40				UG	5.1	0.51		
Polaris and AJ	3	UG	7.2	0.43	65			DDH L72	6.3	0.34		
		DDH 19	12.5	0.36				DDH 636	4.0	0.88		
		DDH 158	7.1	0.36				DDH 635	5.0	0.34		
	4	DDH 135	2.2	0.93				UG	6.7	0.50	70	
		DDH 137	5.0	0.52				UG	5.1	0.41	140	
	5	UG	4.0	0.48			750	B?	DDH L84	10.0	0.32	
		UG	6.0	0.64					DDH L84	2.0	0.46	
		UG	5.5	0.41	85			DDH L84	1.3	0.72		
	A	UG	4.0	0.52								
		UG	7.0	0.40	89							
UG		4.6	0.51	56								
		UG	4.7	0.36	39							