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George Cross News Letter

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NO. 42 (1997)
FEBRUARY 28, 1997

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CANARC RESOURCE CORP.

[CCM-T] 29,180,411 SHS.

POLARIS TAKU GOLD ZONES EXTENDED - Bradford Cooke, president, reports Canarc Resource Corp. has extended two new gold zones by underground drilling in the 200 hole feasibility program now ongoing at the 100% owned Polaris Taku property located on the Tulsequah River about 100 km south of Atlin, northwestern BC. **REMBRANDT GOLD MINES LTD.** [RTG-ALBERTA] retains a 10% NPI.

Drilling on the AJ level continues to intersect ore grades over

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mineable widths in the Serpentine zone (DDH96-24, 97-2 to 7) and the "D" zone (DDH 96-17, 97-11 to 13). Highlights include drill intersections of 0.49 oz.gold/ton over 17.4 feet and 0.30 oz/ton over 8.7 feet in the Serpentine zone, and 0.26 oz/ton over 26.0 feet and 0.38 oz/ton over 10.0 feet in the "D" zone.

Significant drill intercepts are tabled overleaf P.3. SEE MAPS OVERLEAF PAGES 1 AND 2. True widths averaged 80% of intersected core lengths and the cut-off grade of 0.20 oz.gold/ton.

Drill holes 97-2 to 7 delineated the Serpentine zone over a 600 foot length and 250 feet vertically, still open in all directions. This new zone appears to belong to the "Y" type vein set, a swarm of two dozen or more, north-trending, mineralized shears. DDH97-8 also intersected a separate "Y" type mineralized zone. DDH 97-1 experienced drilling problems and was abandoned at 32 feet.

These "Y" type zones pinch and swell along strike and down dip, having produced some of the widest and richest ore stopes in the mine historically. Excellent ore reserve potential remains in these "Y" zones but they have only received limited drilling to date.

Drill holes 97-9 and 10 tested the "25" zone, the uppermost and westernmost of three "C" type zones within the mine. This zone was mined and drilled for 220 feet along strike. It then turns to meet the "A" zone to the southwest and "Y" zone to the northeast and it remains open down dip.

The "C" type zones are northeast-trending, consistently mineralized shears that link the "AB" zones with the "Y" zones in three discrete areas of the mine forming what was called "junction arcs". Since these zones were only discovered and developed later in the mine life, the "C" zones represent a significant part of the current resources at Polaris.

Drill holes 97-11 to 13 outline the "D" zone, a new fourth "C" type zone not previously drilled, developed or mined. It has been traced for 150 feet along strike and 100 feet down dip, still open in all directions.

Underground rehabilitation, drilling, mapping and sampling will continue on an ongoing basis throughout 1997 as part of the feasibility program. Canarc is also carrying out engineering, metallurgical, environmental and permitting work in order to complete a full feasibility study in early 1998.

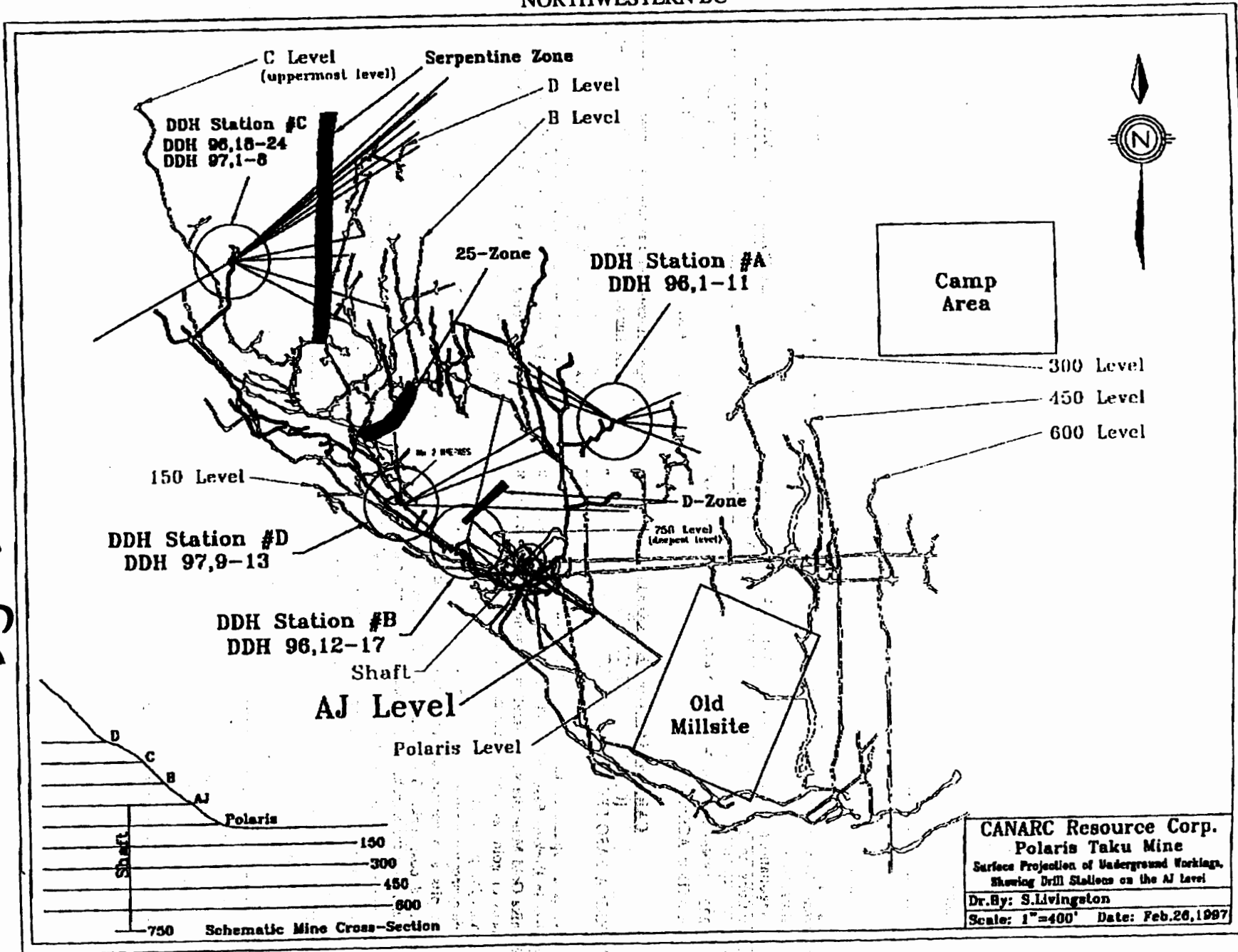
Canarc also reports the conclusion in a two year old claim dispute governing the claim adjoining the Polaris Taku property to the north. In 1995, Canarc filed a complaint with the Chief Gold Commissioner of BC asking that the North 1 claim of Ecstall Mining Corp. be cancelled. The Chief Gold Commissioner recently rendered his final decision on this matter and agreed with Canarc to reject the filing of the North 1 claim. As a result, Canarc has acquired a new claim covering an additional 600 acres immediately along strike from the Polaris Taku gold deposit to the north. Canarc intends to carry out a surface exploration program on the new claim this summer. (SEE GCNL NO.235, 5Dec96, P.2 FOR PREVIOUS POLARIS TAKU PROJECT INFORMATION)

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POLARIS TAKU PROPERTY
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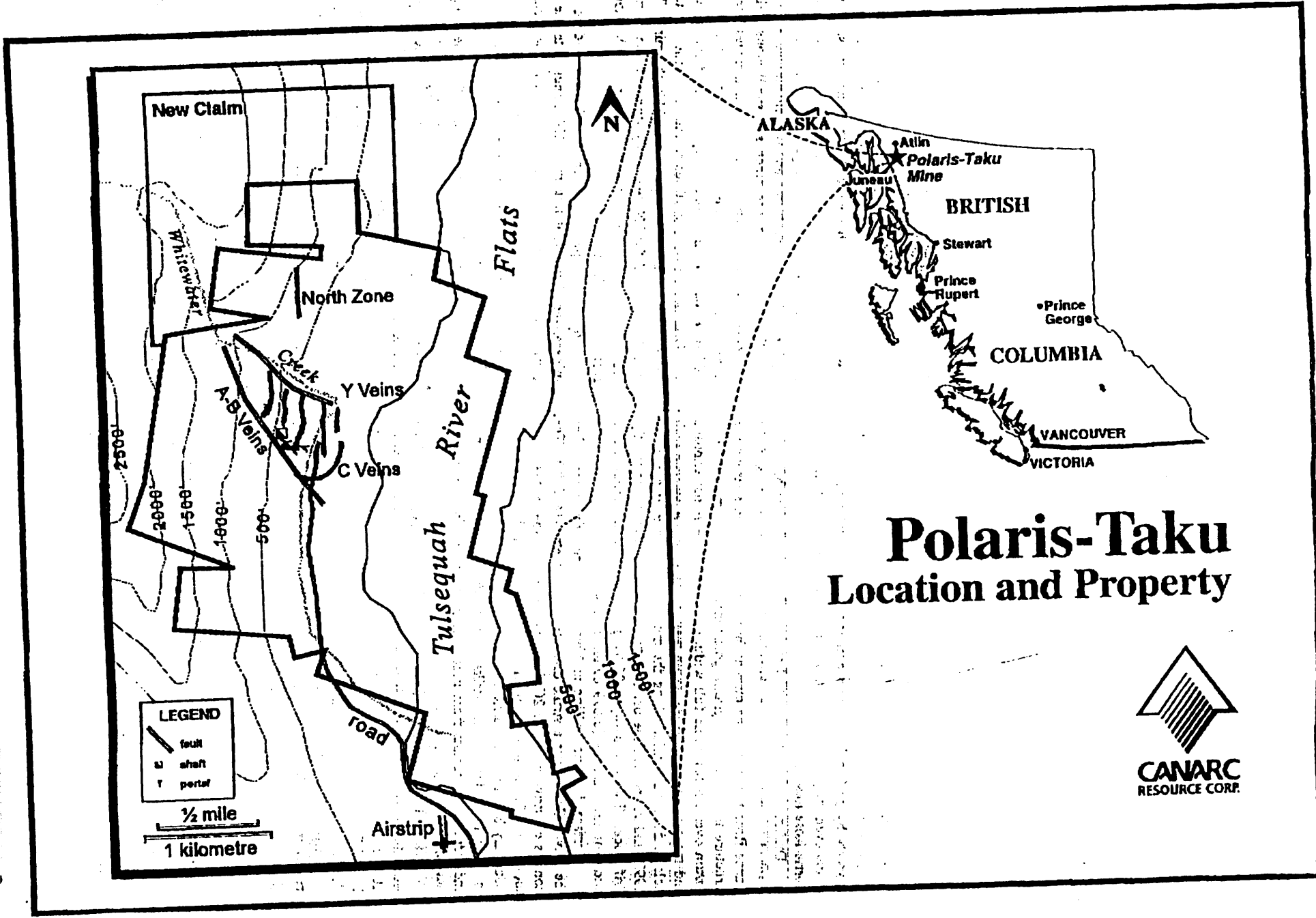


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POLARIS TAKU PROPERTY
NORTHWESTERN BC

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Polaris-Taku Location and Property



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POLARIS TAKU PROPERTY
 NORTHWESTERN BC

| DRILL HOLE # | FROM (FT.) | TO (FT.) | CORE LENGTH (FT.) | GOLD GRADE (OZ./TON) |
|--------------|-------------|----------|-------------------|----------------------|
| 96-24 | 549.8 | 567.2 | 17.4 | 0.49 |
| 97-03 | 468.6 | 473.6 | 5.0 | 0.21 |
| 97-04 | 371.4 | 376.4 | 5.0 | 0.21 |
| | 641.7 | 651.0 | 9.3 | 0.25 |
| 97-05a | 731.8 | 735.0 | 3.2 | 0.53 |
| 97-06 | 565.0 | 567.2 | 2.2 | 0.76 |
| | 626.9 | 632.0 | 5.1 | 0.49 |
| 97-07 | 33.9 | 42.6 | 8.7 | 0.30 |
| 97-08 | 68.4 | 71.8 | 3.4 | 0.49 |
| 97-09 | 171.7 | 176.7 | 5.0 | 0.32 |
| 97-10 | 144.6 | 149.6 | 5.0 | 0.52 |
| | 176.7 | 197.3 | 20.6 | 0.24 |
| | incl. 191.7 | 197.3 | 5.6 | 0.48 |
| 96-17 | 183.3 | 203.0 | 19.7 | 0.23 |
| 97-11 | 300.8 | 303.9 | 3.1 | 0.48 |
| | 441.3 | 446.6 | 5.3 | 0.54 |
| | 492.1 | 502.1 | 10.0 | 0.38 |
| 97-12 | 435.1 | 442.1 | 7.0 | 0.44 |
| 97-13 | 199.1 | 206.9 | 7.8 | 0.40 |
| | 218.7 | 244.7 | 26.0 | 0.26 |
| | incl. 228.7 | 238.7 | 10.0 | 0.39 |
| | 787.6 | 792.6 | 5.0 | 0.36 |
| | 837.6 | 842.9 | 5.3 | 0.24 |

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