ANNUAL INFORMATION FORM

("AIF")

of

CANARC RESOURCE CORP.

(the "Issuer" or "Canarc")

**Suite #800 - 850 West Hastings Street
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Dated: March 29, 2005

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CAUTION – FORWARD LOOKING STATEMENTS

Certain information, estimates and projections contained herein constitute forward-looking statements regarding the Issuer, its operations and projects. All statements that are not historical facts, involving without limitation, statements regarding future projections, plans and objectives, are forward-looking statements which involve risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements.

Such risk factors and uncertainties include fluctuations in precious metal prices, the unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, higher capital and operating costs, risks associated with exploration and mining operations and other risk factors, as discussed in the Issuer's filings with Canadian and American securities regulatory agencies. The Issuer disclaims any obligation to update any forward-looking statements.

ITEM 1: PRELIMINARY NOTES

1.1 Incorporation of Financial Statements, Proxy Circular and Other Documents

The information provided in the Annual Information Form ("AIF") is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this AIF. These documents must be read together with the AIF in order to provide full, true and plain disclosure of all material facts relating to Canarc Resource Corp. (the "Issuer" or "Canarc"). The documents listed below are not contained within nor attached to this document. The documents may be accessed by the reader as follows:

Type of Document	Effective Date / Period Ended	Date Filed / Posted	Document Name which may be viewed at the SEDAR website at "**www.sedar.com**" (or alternative location for non-SEDAR documents)
Audited annual financial statements (most recent) and management discussion and analysis	December 31, 2004	March 31, 2005	Audited Annual Financial Statements – English and Management Discussion and Analysis – English
Management Information Circular	April 26, 2004	May 20, 2004	Management Proxy / Information Circular - English
Report on the 1996 and 1997 Exploration Program on the New Polaris Mine Site	June 20, 2002	June 21, 2002	Engineering Report and Certificate of Qualification
News Releases for 2005 and 2004	Various dates		Press Release – English

1.2 Date of Information

All information in this AIF is as of March 29, 2005 unless otherwise indicated and the information contained herein is current as of such date, other than certain financial information which is current as of December 31, 2004, being the date of the Issuer's most recently completed financial year end.

1.3 Glossary of Terms

Certain terms used throughout this AIF are defined below:

"affiliate"	In respect of any company or corporation, another company or corporation which is its parent or subsidiary or which is controlled by the same person who controls it.
"g/t"	Grams per metric tonne.
"management committee"	A committee established under a joint venture agreement which determines the overall objectives of the venture, including the scope,

	size and nature of work programs. Each participant in the joint venture is represented on such committee and, unless otherwise set out in the joint venture agreement, voting is in proportion to the participants' respective property interests, and all or most decisions are made by simple majority.
"mineralization"	A natural aggregate of one or more valuable minerals.
"net profit interest" or "interest"	A specified percentage of the entire proceeds received from a mine's production less capital costs, labour and materials for the mining and treating of ore. Costs also usually include transportation to the point of sale, geological, assaying and local overhead expenses.
"net smelter return royalty" ("NSR")	A phrase used to describe a royalty payment made by a producer of metals, usually to a previous property owner, based on gross mineral production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.
"operator"	The party in a joint venture which carries out the operations of the joint venture.
"ore"	A natural aggregate of one or more minerals which may be mined and sold at a profit.
"ounces"	Troy ounces.
"ton"	2,000 pounds or 907 kilograms.
"tonnage" and "grade"	The quantity of ore reserves and the amount of gold and silver (or other products) contained in such reserves and include estimates for mining dilution but not for other processing losses.
"tonne"	2,205 pounds or 1,000 kilograms.
"wt%"	Percentage by weight.

1.4 Conversion Table

In this AIF, a combination of Imperial and metric measures are used with respect to mineral properties located in Canada. Conversion rates from Imperial measure to metric and from metric to Imperial are provided below:

Imperial Measure	Metric Unit	Metric Measure	Imperial Unit
2.47 acres	1 hectare	0.4047 hectares	1 acre
3.28 feet	1 metre	0.3048 metres	1 foot
0.62 miles	1 kilometre	1.609 kilometres	1 mile
0.032 ounces (troy)	1 gram	31.1 grams	1 ounce (troy)
1.102 tons (short)	1 tonne	0.907 tonnes	1 ton
0.029 ounces (troy)/ton	1 gram/tonne	34.28 grams/tonne	1 ounce (troy)/ton

1.5 Currency

Unless otherwise indicated, all dollar amounts are in United States dollars.

ITEM 2: CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Issuer was incorporated under the laws of British Columbia on January 22, 1987 under the name, "Canarc Resource Corp.", by registration of its Memorandum and Articles with the British Columbia Registrar of Companies. The Issuer is a reporting company in British Columbia, Ontario, Alberta, Quebec, Saskatchewan and Nova Scotia, and became a reporting company under the United States Securities Act of 1934 upon filing its Form 20F registration statement dated October 9, 1990.

The Issuer's address is as follows:

Head office:	Suite 800 – 850 West Hastings Street Vancouver, BC, Canada, V6C 1E1
Registered and records office:	c/o VECTOR Corporate Finance Lawyers Suite 1040 – 999 West Hastings Street Vancouver, BC, Canada, V6C 2W2

2.2 Intercorporate Relationships

The Issuer carries on its business in large part through a number of subsidiaries, held either directly or indirectly, and which are wholly owned unless otherwise noted as follows:

New Polaris Gold Mines Ltd. ("New Polaris") is a corporation formed through the amalgamation of 2820684 Canada Inc. ("2820684"), a former wholly-owned subsidiary of the Issuer which was incorporated under the Canada Business Corporation Act on May 13, 1992, and Suntac Minerals Inc.

Canarc (Barbados) Mining Ltd. is a company duly incorporated under the laws of Barbados on July 26, 1993. The Issuer owns 100% of the issued and outstanding shares.

Canarc Suriname (Barbados) Ltd. is a company duly incorporated under the laws of Barbados on January 26, 1994. The Issuer owns 100% of the issued and outstanding shares.

Carib Industries Ltd. is a company duly incorporated under the laws of the Cayman Islands, B.V.I., on January 17, 1990. The Issuer owns 78.5% of the issued and outstanding shares.

Minera Aztec Silver Corporation is a company duly incorporated under the Laws of Barbados on February 2, 1996 and continued into the province of British Columbia on January 7, 2000. The Issuer owns 63% of the issued and outstanding shares.

Canarc van Suriname N.V. is a company duly incorporated under the laws of Suriname. The Issuer owns 100% of the issued and outstanding shares.

Sara Kreek Resource Corporation N.V. is a company duly incorporated under the laws of Suriname on January 9, 1995. The Issuer owns 100% of the issued and outstanding shares.

Benzdorp Gold N.V. is a company duly incorporated under the laws of Suriname on February 4, 2004. The Issuer owns 40% of the voting shares with the right to acquire an additional 40%.

ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three-Year History

The Issuer commenced operations in 1987.

Over the course of the past three years, the Issuer has been engaged in natural resource exploration and development in Canada, Costa Rica, Mexico and Suriname. The major events in the development of the Issuer's business are set out below.

Canadian Properties

New Polaris:

The New Polaris property located in the Atlin Mining Division in British Columbia, Canada, is 100% owned by the Issuer, and is subject to a 15% net profit interest which may be reduced to a 10% net profit interest within one year of commercial production by issuing 150,000 common shares to Rembrandt Gold Mines Ltd.

The New Polaris property is the subject of a National Instrument 43-101 ("NI 43-101") compliant report dated as of June 20,2002 and filed on SEDAR. Godfrey Walton, P.Geo., is the Qualified Person who prepared the report. This high grade underground mine produced approximately 231,000 oz gold from 1938 to 1942 and from 1946 to 1951 when it was thought to be mined out. However, since 1990, the Issuer has invested over $12 million to delineate a 1.3 million oz gold resource that is still open for expansion. Due to the continued depressed gold markets, the Issuer wrote down the property by $3.2 million in 2001 and $5.5 million in 2002 to reflect management's estimate of the property's recoverable value.

In early 2003, as further disclosed in the Issuer's news release dated January 21, 2003, follow-up metallurgical test work on a mini-bulk sample of high grade gold ore increased the gold recoveries. Resource Development Inc. ("RDI"), a Canadian metallurgical consulting company in the mining industry, reported that the Issuer can consider two alternative scenarios for the gold recovery mill circuit at New Polaris. The first scenario calls for the production of a concentrate for treatment in a bio-leach plant to recover the gold from the con and produce doré gold bars onsite. The second scenario entails the production of a concentrate for shipping to an autoclave treatment facility to recover the gold from the con and produce doré gold bars offsite. In both scenarios, additional gold recoveries would be achieved by putting a small cyanide leach circuit in the mill onsite to capture up to 80% of the gold in the cleaner tailings.

In May 2003, the Issuer initiated new internal engineering and resource studies on the property. The studies were to evaluate various mine development alternatives and to determine which options are the most economically viable. The goal of the ongoing resource study was to refine the deposit model and to produce a new estimate of the reserves and resources that is compliant with NI 43-101. In late 2003, work continued on a scoping study with emphasis on detailed modelling based on an initial 650,000 oz. resource suitable for the first 10 year mine plan. Metallurgical testing continued to optimise the gold recoveries (up to 97%) into a saleable sulphide concentrate grading up to 125 gpt gold. Preliminary engineering and costing was carried out for a 600 tpd, high-grade underground mine, feeding a simple crush-grind-float process plant with seasonal shipping of the cons by barge and by train to autoclave facilities in Nevada, USA. In the course of resource modelling, a compelling deep footwall “C vein” drill target was identified below the old mine workings. Canarc planned to test this target as well as other deep vein prospects with a three hole drill program. In the last quarter of fiscal 2003, Canarc completed a 3-hole, 5,121 foot drilling program which was designed to test two deep targets beneath the underground mine workings.

In the fourth quarter of fiscal 2004, as disclosed in the Issuer’s news release dated December 14, 2004, the Phase 1 in-fill drilling program for the New Polaris property was completed.

Eskay Creek:

The Issuer has a one-third carried interest in the Eskay Creek property which is located in the Skeena Mining Division, British Columbia, Canada, pursuant to a joint venture with Barrick Gold Corp. (“Barrick”). The property is subject to a 2% net smelter return.

In December 1999, the Issuer announced that a drill program by Barrick on its GNC property intersected the same prospective rock formations that host the adjacent high grade Eskay Creek mine. Although no gold or silver mineralization was found, Barrick concluded that “the area remains prospective” and “further drilling is required”.

In 2003, Barrick, as operator for the GNC property, sampled a high grade gold mineralised zone and found several altered and mineralised zones in Betty Creek Formation volcanic rocks. Barrick also carried out IP geophysical surveying on the GNC property in the 22 zone area along strike to the south of the Eskay Creek mine. Several chargeability highs were detected with represent untested anomalies within favourable rocks. Barrick carried out a follow-up exploration mapping and sampling program in these prospect areas in 2004, but did not test these IP anomalies by drilling. In late 2004, Barrick reported that no further work was recommended in several zones in the property. However the untested IP anomalies represent additional exploration potential that should be drilled.

Costa Rica Property

Bellavista:

The Issuer has a net profit interest in the Bellavista gold property located near San Jose, Costa Rica. The Issuer’s property agreement is with Wheaton River Minerals Inc. (“Wheaton”) which sold the property to Glencairn Gold Corp. (“Glencairn”). Glencairn is now the majority owner and principal operator of the property. A property agreement provides Glencairn with the right to earn a 100% working interest in the property and requires Glencairn to make pre-production payments to the Issuer in the amount of $117,750 annually up to and including the year commercial production commences. Further information on the property and Glencairn’s development of the property is available at Glencairn’s website at www.glencairngold.com.

Mexican Properties

Sonia II:

In July 2004, the Issuer’s subsidiary, Minera Aztec S.A. de C.V. (“Minera Aztec”), entered into an option agreement to earn up to a 100% interest in the Sonia II property by making cumulative cash payments of $250,000 over a four-year period subject to financing, of which $10,000 have been paid. During fiscal 2004, the Issuer expended $19,303 in exploration related costs on the property.

Clara:

In March 2001, the Issuer's subsidiary, Minera Aztec Silver Corporation ("Aztec Silver") was granted an option to acquire a 100% interest in two mineral claims located in Mexico known as the "Clara" properties in consideration of incurring exploration expenditures on the property of $500,000, issuing 500,000 shares of the Issuer's subsidiary, Aztec Silver, and paying an aggregate of $185,000 to the optionor over a four year period. The optionor will retain a 2% net smelter return of which 50% may be purchased by the Issuer for $1,000,000. The agreement was subject to a due diligence review and the signing of a formal agreement. In fiscal 2003, Canarc determined not to proceed with the option and wrote off the property.

Other:

In July 2004, Minera Aztec entered into two option agreements to acquire up to a 100% interest in two properties in Mexico, namely the Dona Rica and the Mina La Patilla properties. Exploration expenditures of $69,469 were incurred for these properties which were written off by the end of fiscal 2004.

Suriname Properties

Sara Kreek:

The Issuer holds an 80% interest in the shares of Sara Kreek Resource Corporation N.V., the company which holds the Sara Kreek concession.

In May 1999, the Issuer announced a machine-trenching program on the Sara Kreek property in the Republic of Suriname. The goal of the program was to seek to establish a high grade, mineable gold ore reserve suitable for a feasibility study and, if positive, commercial production. In June 1999, a further bulldozer-trenching program from the Sara Kreek property also returned positive results.

However due to the lack of activity on the project since 1999, the Issuer wrote-down the property in 2002 by $1,717,000 to reflect management's estimate of the property's recoverable value. In fiscal 2004, the Sara Kreek property was further written-down by $3,184,000 to $100,000 based upon Canadian generally accepted accounting principles. A loan to the vendor that was included in acquisition costs, with a principal balance of $400,000 plus accrued interest remains outstanding and continues to be owed to the Issuer. The write-down of the property for accounting purposes does not affect the Issuer's legal claim and right to recover the outstanding loan plus accrued interest owed to it, and the Issuer continues with its collection efforts.

Benzdorp:

In April 1996, the Issuer entered into an option agreement to earn up to an 80% interest in the property by making cumulative cash payments of $750,000 and incurring property expenditures totalling $5 million over a four year period.

In August 2002, the Issuer amended its option agreement. Cash payments prior to commercial production were reduced to $300,000 and exploration expenditures of $5 million to be incurred by April 2005. The Issuer has already earned 40% interest in the property, and expects to exercise its right to increase its interest by an additional 40% by making additional option payments and exploration expenditures. In the first quarter of fiscal 2004, the final transfer of the Benzdorp property exploration concessions from N.V. Grasshopper Aluminium Company ("Grassalco") to the Issuer's subsidiary, Benzdorp Gold N.V., was completed, when the Articles of Incorporation of Benzdorp Gold N.V. received presidential assent.

In the last quarter of 2002, an initial bulldozer/excavator trenching program was implemented for the JQA prospect area of the Benzdorp property, and initial results from the trenching identified a broad zone of porphyry-style gold mineralization. Atrenching and sampling program was implemented in the first quarter of 2003 to follow up on the extensive gold mineralization which was trenched in 2002.

As disclosed in various news releases, the Issuer commenced and completed a Phase 1 drilling program on the property in 2003 and a Phase 2 drilling program in the first quarter of 2004. In 2005, the Issuer plans to further assess the metallurgical characteristics of saprolite and bedrock mineralization from the JQA prospect in order to determine the viability of gold recovery. The Issuer also plans to conduct a Phase 3 drilling program of about 3,000 metres in approximately 15 holes in order to extend the area of JQA mineralization in bedrock and to test other targets.

Other Matters

On May 17, 2002, the Issuer received final approval from the Toronto Stock Exchange ("TSE") for a private placement for 1,080,000 units at CAD$0.18 per unit, each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one common share at CAD$0.21 for a two-year period. The private placement closed on June 21, 2002.

In September 2002, the Issuer announced a non-brokered private placement for 1,250,000 units at a price of CAD$0.40 per unit for total proceeds of CAD$500,000. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. Each one warrant entitled the holder to purchase one common share of the Issuer for a period of two years and had an exercise price of CAD$0.50 per share. The private placement closed on October 22, 2002.

In March 2003, the Issuer closed a private placement for 1,250,000 units at CAD$0.52 per unit for total proceeds of CAD$650,000. Each unit consisted of one common share and one-half share purchase warrant. One share purchase warrant entitled the holder to purchase one common share at CAD$0.63 for a two-year period.

In November 2003, the Issuer closed two private placements. One private placement was for 250,000 units at CAD$1.05 per unit for gross proceeds of CAD$262,500; each unit was comprised of one flow-through common share and one-half share purchase warrant, with each whole warrant exercisable to acquire one common share at CAD$1.25 until November 13, 2005. These funds were expended in 2003. The second private placement was for 3,080,000 units at CAD$0.90 per unit for gross proceeds of CAD$2,772,000; each unit was comprised of one common share and one-half share purchase warrant, with each whole warrant exercisable to acquire one common share at CAD$1.10 until November 13, 2005.

In December 2003, the Issuer closed a private placement for 100,000 units at CAD$1.05 per unit for gross proceeds of CAD$105,000; each unit is comprised of one flow-through common share and one-half share purchase warrant, with each whole warrant exercisable to acquire one common share at CAD$1.25 until December 30, 2005. These funds were expended in fiscal 2004.

In October 2004, the Issuer closed a private placement for 750,000 flow-through common shares at CAD$0.65 per share for total proceeds of CAD$487,500. A finder's fee of 60,000 non-flow through common shares was issued. These funds were expended in fiscal 2004.

No equity financings occurred in the first quarter of fiscal 2005.

In January 2002, the Issuer granted 1,500,000 stock options to directors, employees and consultants, which have an exercise price of CAD$0.17 per share and an expiry date of January 16, 2007. In August 2002, 400,000 stock options were granted to employees and consultants, and have an exercise price of CAD$0.34 per share and an expiry date of August 28, 2007. In February 2003, options for 20,000 common shares were granted to a director and have an exercise price of CAD$0.51 per share and an expiry date of February 10, 2008. Additional stock options were granted in June 2003 to directors, employees and consultants for 1,660,000 common shares at an exercise price of CAD$0.52 per share and expiry dates of June 9, 2008 and June 12, 2008. In November 2003, stock options for 50,000 shares were granted, and have expiry date of November 10, 2005 and an exercise price of CAD$1.05.

In February 2004, the Issuer granted 600,000 stock options with an exercise price of CAD$1.00 and an expiry date of February 17, 2009. In September 2004, the Issuer granted 800,000 stock options to directors, which have an exercise price of CAD$0.70 and an expiry date of September 7, 2009; of these stock options, options for 250,000 shares are not exercisable until the market price of the Issuer's shares closes above CAD$1.25 per share on the Toronto Stock Exchange for 30 consecutive trading days. In October 2004, the Issuer granted 100,000 stock options to a director, which have an exercise price of CAD$0.70 and an expiry date of October 25, 2009.

No stock options were granted in the first quarter of fiscal 2005.

3.2 Significant Acquisitions

There were no significant acquisitions completed by the Issuer during its most recently completed fiscal year ended December 31, 2004 other than as provided in this AIF.

ITEM 4: DESCRIPTION OF THE BUSINESS

4.1 General Description

The Business of the Issuer

The principal business of the Issuer is the acquisition, exploration and, if warranted, development of natural resource properties of merit. The Issuer intends to seek and to acquire additional properties worthy of exploration.

The Issuer is a Canadian resource company currently engaged in the acquisition, exploration and, if warranted, development of precious metal properties in Canada, Costa Rica, Mexico and Suriname. The Issuer owns or holds, directly or indirectly, interests in the following projects:

- 100% ownership of the New Polaris property and a 33.3% carried interest in the GNC (Eskay Creek) property in British Columbia, Canada,
- 20% carried interest in the Bellavista property in Costa Rica,
- option to earn up to a 100% interest in the Sonia II property in Mexico, and
- option to earn up to 80% shareholdings, effectively 100% working interests subject to royalties, in both the Sara Kreek and Benzdorp properties in Suriname.

Details of the Issuer's interests in various mineral properties are provided in Items 3.1, 4.4 and 4.5.

The Issuer acquires properties by staking initial claims, negotiating for permits from government authorities, negotiating with holders of claims or permits, or purchasing companies with claims or permits. On these properties, the Issuer explores for minerals on its own or in joint ventures with others. Exploration for metals usually includes surface sampling, airborne and/or ground geophysical surveys and drilling. The Issuer is not limited to any particular metal or region, but the corporate focus is clearly on precious metals in the Americas.

Trends

In January 2002, the price of gold was at an average of $282 and over the past three years has slowly but steadily climbed 57% to an average of $442 in December 2004, but dipped slightly to $437 by mid-March 2005. Not only has this trend made the gold mining business more profitable, it has attracted investors back into the gold equities, driving up the share prices of most gold companies and providing a market for capital financing to the gold industry for the first time in years.

During the same period from January 2002 to December 31, 2004, the closing monthly market price for the Issuer's shares increased from CAD$0.17 to CAD$0.56 – a substantial increase of 229%. The closing monthly market price in February 2005 was CAD$0.58. During the period from 2002 to 2004, the Issuer's closing monthly market price reached a high of CAD$1.09 in October 2003. Management continues to foresee greater opportunities to finance the mineral exploration and development efforts on Canarc's gold properties, and also to evaluate and consider new acquisitions in the gold arena as a result of rising gold prices.

The Issuer has determined that the change in the provincial government in British Columbia has lead to increased incentives for resource development in the province. In addition, the price of gold bullion has continued to increase, reflecting in part the continued weaken United States dollar. These factors will make gold exploration in British Columbia increasingly attractive and will increase the opportunities for its New Polaris property.

Competitive Conditions

Canarc has no particular competitive advantage in Canada, Mexico and Costa Rica, but it enjoys a significant advantage in Suriname because there is only one other gold mining company, Cambior Inc., which is active in the country. However this advantageous position is partly offset by the increased political risk in Suriname as compared to the other jurisdictions in which Canarc is active in. Canarc's agreement on the Benzdorp property in Suriname was breached by its partner, the state mining company, N.V. Grasshopper Aluminium Company ("Grassalco"), in 1997 for failure to incorporate a local joint venture company, transfer the Benzdorp concession titles to that joint venture company and issue Canarc its 40% of the company's shares. However, after lengthy and repeated discussions with the partner, Grassalco, resolved its breach and the contract was returned to good standing in 2002, and in fiscal 2004, the final transfer of the Benzdorp property exploration concessions from Grassalco to Canarc's subsidiary, Benzdorp Gold N.V., was completed.

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Issuer may be unable to compete for nor acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Issuer will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Environmental Protection

Environmental legislation is evolving in a manner such that standards, enforcement, fines and penalties for non-compliance are becoming stricter and can be foreboding. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. To the best knowledge of the Issuer, it is in compliance with all environmental laws and regulations in effect in those countries where its properties are located.

Number of Employees

As of December 31, 2004 and March 29, 2005, the Issuer has seven employees.

4.2 Risk Factors Relating to the Issuer's Business

The Issuer's ability to generate revenues and profits from its natural resource properties, or any other resource property it may acquire, is dependent upon a number of factors, including, without limitation, the following:

Precious and Base Metal Price Fluctuations

The Issuer does not have any precious and base metal mining operations. The profitability of any such operations in which the Issuer has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Issuer such as the level of interest rates, the rate of inflation, central bank transactions, world supply of precious and base metals, foreign currency exchange rates, international investments, monetary systems and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer not receiving adequate returns on invested capital or the investments retaining their respective values.

Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Issuer has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Issuer's financial position.

Exploration and Development

There are no known bodies of commercial ore on the Issuer's mineral properties. Development of the Issuer's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development are speculative in nature and involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Issuer's mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The long-term profitability of the Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop, in the case of precious and base metal properties, metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Issuer's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

Calculation of Reserves and Resources and Precious Metal Recoveries

There is a degree of uncertainty attributable to the calculation of reserves and resources and their corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only.

Government Regulation

Operations, development and exploration on the Issuer's properties are affected to varying degrees by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Issuer's operations.

The activities of the Issuer require licenses and permits from various governmental authorities. While the Issuer currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Issuer will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Environmental Factors

All phases of the Issuer's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations. Environmental hazards may exist on the Issuer's properties which are unknown to the Issuer at present which have been caused by previous or existing owners or operators of the properties.

Title to Assets

Although the Issuer has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Issuer has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of such claims may be in doubt. The Issuer's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects.

Uncertainty of Funding

The Issuer's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flows will be generated in the near future. The Issuer has limited financial resources, and the mineral claims in which the Issuer has an interest and an option to acquire an interest require financial expenditures to be made by the Issuer. There can be no assurance that adequate funding will be available to the Issuer so as to exercise its option or to maintain its interests once those options have been exercised.

Further exploration work and development of the properties in which the Issuer has an interest or option to acquire depend upon the Issuer's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Issuer to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Issuer competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Issuer's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The Issuer may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Issuer may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Issuer may be unable to finance the cost required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Issuer may serve as directors and/or officers of other public and private companies, and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Issuer is also participating, such directors and officers of the Issuer may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Issuer and its shareholders. However, in conflict of interest situations, directors and officers of the Issuer may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. There is no assurance that the needs of the Issuer will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger programs; (ii) acquire an interest in a greater number of programs; and (iii) reduce their financial exposure to any one program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Issuer will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Issuer will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.

4.3 Asset-backed Securities Outstanding

Not applicable.

4.4 Material Mineral Projects

4.4.1 New Polaris Gold Project, British Columbia, Canada

The Issuer's interest in the New Polaris Gold property is the subject of a report (the "Walton Report"), dated June 19, 2002, prepared by Godfrey Walton, PGeo, of G.J. Walton & Associates Ltd, 5463 Cortez

Crescent, North Vancouver, British Columbia, Canada, V7R 4R1, a copy of which has been filed with the applicable regulatory bodies in June 2002 and which is incorporated herein by this reference.

The following description of the New Polaris Property has been summarized primarily from the Walton Report. Figures referred to are not reproduced in this AIF, and the reader is referred to the full report filed with the regulatory bodies and which is accessible at www.sedar.com.

Introduction: A small, high grade, underground past producing gold mine, New Polaris has become one of the largest gold deposits in western Canada as a result of Canarc's successful exploration programs. The geological resource is currently subject to a review suitable for a NI 43-101 report. The mineralisation is wide open along strike and at depth and could easily increase with further drilling. Because of heightened gold prices during 2002 and 2003 coupled with new flotation and leaching tests which indicate 96.7% recovery for gold as opposed to a 90% recovery from previous metallurgical studies, new engineering resource and scoping studies were underway for the New Polaris Property in 2003. The purpose of this engineering study is to evaluate various mine development alternatives and determine which options are the most economically viable. The goal of the resource study is to refine the deposit model and produce a new estimate of the reserves and resources that is compliant with NI 43-101.

Location and Access: Northwestern British Columbia, 60 miles south of Atlin, BC, Canada, and 40 miles east of Juneau, Alaska, on the west bank of the Tulsequah River near the BC-Alaska border. Access is available by small aircraft from Atlin or Juneau but ocean barging of equipment to the mine-site is possible during high tides in the summertime. Redcorp Ventures Ltd. ("Redcorp") received government approval to build its Tulsequah Chief mine located only 3 miles away from New Polaris and a 160 km access road from Atlin is planned.

Description and Ownership: Sixty-one crown granted mineral claims and one modified grid claim totalling 2,956 acres, 100% owned by Canarc subject to a 15% net profits interest ("NPI") to Rembrandt Gold Mines Ltd, which Canarc can reduce to 10% NPI.

Current Status: New Polaris is an advanced stage exploration project, requiring infill drilling to further define proven and probable ore reserves followed by a full feasibility study.

In fiscal 2004, the Phase 1 in-fill drilling program for the New Polaris property was completed. The Phase 1 in-fill drilling resulted in multiple high grade gold intercepts. Eleven holes totalling of 8,008 feet (2,441 metres of core) were drilled in late 2004 on 100 feet (30 metres) spacings to test the C zones over an initial 500 feet (152 metres) strike length by 200 feet (61 metres) down dip below the deepest mine level. All eleven drill holes intersected economically significant gold grades and vein widths in two main, sub-parallel, en-echelon, shear-veins, the "Upper C" and "Lower C".

Individual drill intercepts returned assays such as 0.93 opt (31.9 gpt) gold over 26.4 feet (8.05 metres) in the lower C vein and 0.45 opt (15.3 gpt) over 29.5 feet (9.0 metres) in the Upper C vein. The weighted average of all 22 vein intercepts graded 0.42 opt (14.4 gpt) over a 12.4 feet (3.78 metres) core length. True widths of the veins are estimated to be 85% to 90% of the core lengths. The C zones are still wide open at depth and to a certain extent along strike.

Also for the New Polaris property, metallurgical testing of gold ores has improved gold recoveries to the 95% level by optimizing the grinding, autoclaving and leaching processes. Additional detailed metallurgical testwork will be needed for any feasibility study on New Polaris.

A Phase 2 in-fill drilling program is now being planned for 2005, subject to financing, to continue defining and extending the known C zones and will also target two of the known Y zones. The purpose of this drilling program is to outline at least a 550,000 ounce resource amenable to a feasibility study for a

65,000 ounces per year high grade, underground gold mine with a minimum 8-year mine-life. The in-fill drilling program shall facilitate an updated resource model to be compliant with NI 43-101.

Canarc had previously reported a geological resource totalling 1.3 million oz gold based on extensive past drilling at New Polaris. However this resource estimate is not compliant with NI 43-101.

Mining History: Discovered by prospectors in 1929, the mine was constructed in 1936 and operated from 1937 to 1942 and again from 1946 to 1951. A total of 232,000 oz. of gold was produced from 760,000 tons ore grading 0.35 oz./ton. Flotation concentrates were shipped seasonally for refining to the smelter in Tacoma, Washington. The first barge load in 1951 sank in a storm off the B.C. coast, causing the mine to shut down. Cominco upgraded the mill in 1952 and used it to process the nearby Tulsequah Chief ores from 1953 to 1957. New Polaris was then dormant for 30 years until exploration resumed in 1988. Canarc acquired New Polaris in 1992, completed 135,000 feet of core drilling in 182 drill holes and discovered major new ore zones below and beyond the mine workings.

Geology: Mineralization associated with disseminated arsenopyrite, pyrite, and stibnite in quartz-carbonate-fuchsite veins and stockworks, and related carbonatized and sericitized alteration zones. Zones are developed along principal shear sets adjacent to a major crustal break. Host rocks are Paleozoic volcanics. Gold mineralisation is late Cretaceous to early Tertiary and epithermal or mesothermal shear vein type. Gold is occluded in finely disseminated arsenopyrite grains that permeate the altered wall rocks and vein stockworks. Gold mineralisation occurs along three major shear sets: the AB zones trending northwest/southeast, Y zones trending north/south, and C zones trending east/west. C zones generally link with the AB and with the Y zones at “junction arcs”. Gold values in stockworks show excellent continuity and uniformity, with very little nugget effect. Individual zones pinch, swell, and overlap en echelon. Individual ore blocks range from less than 1,000 tons to more than 100,000 tons in size. Widths range from 1 to 45 feet in thickness, averaging about 10 feet.

Mineral Resources – Historical: The previous resource calculations were reviewed to identify the order of magnitude of the “resource”. Although all of the estimations were made prior to NI 43-101 being implemented, the estimations are useful as a guide to the size of the deposit.

An estimate of New Polaris reserves was made prior to closure in 1951, where (i) “reasonably assured” ore was projected 25 feet in the plane of the vein above and below sampled drift sections of mineable grade, and (ii) while “possible” ore was projected an additional 25 feet beyond these confines (Parliament 1949). These reserves were based solely on underground sampling. The “remaining reserves” at the time of closure were 105,000 tons grading 0.42 ounces of gold per ton including 17% dilution.

Adtec Mining Consultants (1972) recalculated these “reserves”. These were recalculated to be 148,000 tons of 0.29 oz/ton Au based on similar definitions and existing mine drawings and assay plans. Adtec Consultants (1983) recalculated the remaining “reserves” within the mine workings and defined these to be in the order of 223,000 tons grading 0.32 oz/ton Au (diluted) based on a 0.15 oz/ton Au cutoff and a minimum mining width of 4 feet. These reserves were subdivided into 151,000 tons of “assured” and 72,000 tons of “reasonably assured” reserves.

The resources were recalculated by Beacon Hill in 1988 for Suntac Minerals Corporation using a minimum mining width of 5 feet (instead of 4 feet) with similar results. Their resource estimate was “limited to those areas where continuous sampling data was available along drifts, raises and stope backs, etc, and where it appears that minimal development work would be required to access the resource”. That calculation showed a total probable and possible resource of 244,420 tons grading 0.33 oz/ton Au with 132,210 tons grading 0.33 oz/ton Au classed as probable and 112,210 tons at 0.32 oz/ton Au classed as possible. In 1989, Beacon Hill added further probable and possible mining resource from 27 drill holes completed by Suntac. They estimated that the drilling had increased the resource by 380,000 tons grading 0.39 opt (probable) and 820,000 tons grading 0.39 opt (possible) which, added to their previously calculated resource, brought the overall resource potential up to 1,450,000 tons grading 0.38 opt (diluted) above the lowest worked level of the mine (600 level at elevation – 462 feet Below Sea Level 'BSL').

Montgomery Consultants were commissioned to conduct a geostatistical estimation of the geological resource for the Polaris-Taku Deposit in 1991. G.H. Giroux performed this review and calculated a total resource of 2,225,000 tons grading 0.433 oz/ton based on a geostatistical approach using a cut-off grade of 0.25 oz/ton Au. These resources were divided into 333,000 tons grading 0.437 oz/ton Au (probable) and 1,892,000 tons grading 0.432 oz/ton (possible). The calculation discounted much of the reserves around the old workings and did not include dilution and minimum mining width provisions. These calculations were based on both old and new drilling and extended the resource base down to roughly 1,200 feet BSL.

Watts, Griffis, and McOuat were contracted to review the previous resources in August 1992. Their review incorporated the residual resources within the mine workings, as calculated by Beacon Hill in 1989, into their overall estimate of a total (diluted) mineral resource of 1,600,000 tons at 0.46 oz/ton Au. Their calculations were based upon a minimum mining width of 5 feet or 15% dilution and a cut-off grade of 0.25 oz/ton Au. The improvement in grade stems from the inclusion of new deeper holes that extend the known mineralization to a depth of 1,200 feet BSL and exclusion of lower grade material previously included in the Montgomery estimate.

Giroux was further contracted to provide resource updates throughout 1992, and in February 1995 he recalculated the resources for the deeper drilled portions of the "C" Zone. The total resources calculated by Giroux were summarized in his updated report prepared in 1995. His calculations were based on an in-situ estimation with a 0.25 oz/ton Au cut-off. He did not include any of the North zone drilling.

The Giroux estimate is the most up to date externally prepared mineral inventory estimation, which includes what was left in the mine when it was closed and the new areas identified in drilling up to 1995. Although these estimations were completed prior to the implementation of NI 43-101 they can conform with the Probable Resource used by Giroux being called an Indicated Resource and the Possible Resource would be an Inferred Resource. This was confirmed by a telephone conversation between the author and Gary Giroux during the preparation of this report.

A new mineral inventory is warranted to add in the additional intersections identified in the geological modelling, the new intersections obtained during the 1996 and 1997 diamond drilling programs. At this time it would be beneficial for the project to re-classify the resource estimates so that they conform to NI 43-101.

Although the vein intersection requires significant modelling and drilling to confirm vein continuity, there are many vein intersections both in the old drilling and underground sampling and the new drilling that supports continuity. The stopes from the earlier mining also suggest good continuity of the vein systems even though they appear to have focused on mining the higher grades as evidenced by what was left on the edge of some of the stopes. The C zone is an area where significant widths have been obtained in drill holes and underground, which could develop tons quickly if continuity is demonstrated.

In 1997, the Issuer prepared an internal estimate of resources including all drilling results, and concluded that the New Polaris gold deposit contained 3.6 million tons grading 0.36 oz/ton for a total of approximately 1.3 million oz. This is not updated to be compliant with NI 43-101.

Mining: From 1931 to 1951, 51,825 feet of level development (on 10 levels) and 12,292 feet raise development were completed at New Polaris. Top level, Canyon, is 580 feet above sea level. Deepest level, 750, is 613 feet below sea level. An 821 feet deep internal winze was used for material handling, going from the A.J. to the 750 Level. Winze is accessed from the A.J. and Polaris Level adits, with Polaris being the main haulage and access level. Mine dewatered in 1996, ground conditions excellent.

Historic mining methods were shrinkage and resueing. Plans are to develop a ramp access mine. Mining methods will include longhole, shrinkage, cut-and-fill. Mining techniques will depend on factors such as ore body geometry, grade, dilution, etc.

Metallurgy: Historically, the mine operated using sulphide flotation, milling at a rate of 200 tons per day. Ore was crushed through primary and secondary crushers, and ground in a ball mill in closed circuit with a rake classifier. Rougher and scavenger flotation was used and the sulphide concentrate is thickened and filtered for shipment off site. Ninety percent gold recoveries were obtained, concentrate grade of 3.5-5.0 ounce per ton gold, and concentrate to ore ratio of 10:1. Recent test work completed on a preliminary basis indicates up to 97% of the gold reports to a rougher flotation concentrate. Cyanidation of the flotation tailings and pressure oxidation (autoclaving) of the flotation concentrate showed that up to 94 percent gold recovery was achieved. Additional metallurgical test work is planned to optimize grind, reagent addition and type, etc. Evaluation of direct marketing of the flotation concentrate, pressure oxidation and bio-oxidation to treat the flotation concentrate will be completed in future work.

Site Infrastructure: A new office/dry complex was built on the site in 1996. Several existing buildings were refurbished for bunkhouses and a kitchen facility. Existing camp is capable of supporting 35 personnel. Shop was refurbished for a maintenance facility, pipe shop, power-house, and compressor house. Three 200-kilowatt generators on site can be run separately or in parallel. Two 200 cubic feet per minute portable air compressors on site can supply compressed air for underground. Two 10,000 gallon fuel tanks, left from previous mining activities refurbished for additional fuel storage. Old main-street of the town-site is used as an air-strip. Manpower, equipment, and material mobilized to site using a Shorts Skyvan, capable of carrying 4,000 pounds.

Environmental: Canarc has been systematically eliminating all old mine buildings at the site, except those in current use. Test work indicates rock is non-acid generating. Water wells were installed and surface and ground water monitoring underway. Discharge permit obtained for the dewatering and care and maintenance phases of the mine pumping.

4.5 Other Mineral Projects

4.5.1 Eskay Creek Property, British Columbia, Canada

Introduction: The GNC property partially surrounds the high grade Eskay Creek mine of Barrick. The property is joint ventured with Barrick (66 2/3%) and covers the favourable Eskay Creek ore horizon along strike and at depth. Barrick explored the property systematically for Eskay Creek-type ore bodies.

Location and Access: Northwestern British Columbia, 80 km northwest of Stewart, B.C., accessible by truck via highway 37 and the Eskay access road.

Description and Ownership: Three modified grid claims totalling 930 hectares. Canarc’s 33 1/3% interest is carried whereby Barrick must incur all exploration and development costs to production, subject to repayment of those costs from cash flow.

Current Status: Early stage exploration.

In 2003, Barrick, as operator for the GNC property, sampled a high grade gold mineralised zone and found several altered and mineralised zones in Betty Creek Formation volcanic rocks. Barrick also carried out IP geophysical surveying on the GNC property in the 22 zone area along strike to the south of the Eskay Creek mine. Several chargeability highs were detected with represent untested anomalies within favourable rocks. Barrick carried out a follow-up exploration mapping and sampling program in these prospect areas in 2004, but did not test these IP anomalies by drilling. In late 2004, Barrick reported that no further work was recommended in several zones in the property. However the untested IP anomalies represent additional exploration potential that should be drilled.

Mining History: The Eskay Creek gold-silver deposit was discovered in 1988 and commenced production in 1994. The ore is so high grade (>3 oz. Gold equivalent per ton) that it is simply mined, crushed and shipped directly to smelters with no milling or concentrating. Canarc's GNC property partially surrounds Barrick's Eskay Creek mine and has had over $3 million in exploration completed by Barrick. Several mineral prospects have been drilled and potential targets still remain to be drilled.

Geology: The Eskay Creek ore bodies are strata bound, volcanogenic sulfide deposits that occur within certain favourable rock types, specifically the hanging wall mudstones and the footwall ineralis. This "Eskay Creek horizon" has been traced across the entire GNC property and several mineralized prospects have been found. The footwall minerals are typically altered to chlorite and sericite, and the hanging wall mudstones carry semi-massive sulfide mineralisation, including pyrite, chalcopyrite, sphalerite, and various silver minerals, encased by pervasive carbonate alteration.

4.5.2 Bellavista Gold Project, Costa Rica

Introduction: Bellavista is a large, low-grade development-stage epithermal gold deposit. Glencairn Gold Corp. ("Glencairn"), the operator, has identified a smaller, higher grade, mineable reserve suitable for low cost open pit, heap leach gold production; Canarc's property agreement is with Wheaton River Minerals Inc. ("Wheaton River") which sold the property to Glencairn in 2002. Canarc owns up to a 20% carried interest (after payback).

The Issuer has a net profit interest in Bellavista in which the Issuer is entitled to 5.67% of the net profits during the first payback period, then increasing to 10.40% during the second payback period and then to 20.24% of net profits thereafter, once commercial production commences. Thirty-five percent of this net profit interest will reduce the net profit interest to be received from Glencairn until $317,741 in advance royalty payments are repaid.

Location and Access: Costa Rica, 80 km west of San Jose near the town of Miramar, accessible by truck on the Pan American highway and a mine access road.

Description and Ownership: Several contiguous mineral concessions covering 2,000 hectares in the Central Gold Belt, owned by Glencairn (approximately 65%) and others. Canarc's 18.3% interest is carried whereby Glencairn must incur all development costs to production, subject to payback from cash flow.

Current Status: Canarc receives pre-production advance royalty payments totaling $117,750 annually up to and including the year commercial production commences.

In 2003, Glencairn began construction of the $26 million Bellavista gold mine which was about 15% over budget and two months behind schedule by November 2004 due to heavy rainfall and delays in the delivery of goods to the site. In December 2003, Glencairn commenced the $8 million Phase 1 program of road works, earthworks, pads and ponds for this open pit, heap leach gold mine. By January 2005, construction of the mine was 90% complete. Electrical power is provided to the mine site from Costa Rica's main power grid. All earthworks have been completed and leach pads installed. The crushers and agglomerator are in place, the conveying and stacking system has been assembled, and all road work has been completed. A contracted fleet of mining equipment is on site with both stripping and mining planned in February 2005. Glencairn expects to begin loading the leach pads with ore during the first quarter of 2005 with gold recovery to begin in the second quarter.

According to Glencairn, the Bellavista gold mine is scheduled to produce 60,000 ounces of gold per year for 7.3 years at projected operating cash costs of $198 per oz. Total ore reserves currently stand at 555,000 mineable oz contained in 11.2 million tonnes ore grading 1.54 gpt gold.

Mining History: The Bellavista and Montezuma mines produced small tonnages of gold-silver ore from underground workings at the turn of the century. In the 1980s, Minera Rayrock acquired a controlling interest and by 1996, had completed significant exploration work, including a feasibility study. Wheaton River bought out Rayrock's interest in 1997 and completed additional drilling required for a new feasibility study in 1998. Glencairn bought out Wheaton River's interest in 2002. A total of more than $30 million has been spent on the property to date.

Geology: Bellavista is an epithermal gold deposit hosted by volcanic rocks where they are crosscut by a major fault zone. Gold is associated with quartz-carbonate stockwork zones surrounded by minor quartz-sericite alteration.

Reserves: Rayrock outlined mineable reserves and resources totaling 1.96 million oz. contained in 37.4 million tones grading 1.63 gpt, economic at $400 gold. Wheaton River identified a smaller proven reserve of 11.2 million tones grading 1.54 gpt for 556,000 oz. (436,000 recoverable oz.) suitable for low cost open pit mining and heap leach processing.

Mining: As disclosed by Glencairn, if mining is undertaken, all ores will be mined from one open pit, crushed to 80% minus ¼ inch, higher grade ore will be crushed to 80% minus 65 mesh and agglomerated with the lower grade ore prior to stacking on the heap leach pad. Their metallurgical tests indicate gold recoveries of around 79%.

Production Model: The base case production model as disclosed by Glencairn calls for 60,000 oz./year for 7.3 years at a mill rate of 5,745 tonnes/day at a strip ratio of 1.32:1. Capital costs are estimated at $26 million and projected cash operating costs are $198 per oz.

4.5.3 Sara Kreek Mine, Suriname

Introduction: Sara Kreek is a placer gold mine in the Republic of Suriname, South America. Production in 2001 was approximately 10,000 oz. gold from the placer mine and gravity recovery systems. A second high grade, open pit lode mine is also ready for development, subject to financing. The second open pit mine is in the saprolite, a weathered bedrock and has been mined by the operator of the placer mine. The Sara Kreek property produced over 500,000 oz. gold historically and has the potential for additional discoveries in the million oz. plus range.

Location and Access: East central Suriname, 160 km south of Paramaribo, the capital city, accessible by charter aircraft to a 1,500 ft. airstrip on the property or by boat across Van Blommestein Lake (a large, man-made lake for a hydroelectric project), then by truck on the property access road.

Property Description: One Exploitation Concession measuring 17 km x 19 km, totalling 22,500 hectares. Canarc owns a 100% interest (subject to a 20% NPI <u>or</u> 1½ to 5½% NSR) in the subsurface mineral rights, as well as an 80% interest (reverting to 50% after payback of our investment) in the surface mineral rights. Canarc's local partner, Suriname Wylap Development Corp., currently operates the placer mine on the property.

Current Status: In 1999, Canarc completed a feasibility study recommending commercial production from one of the several lode prospects on the property. Management was seeking project financing for the new DP lode mine. In 2002, the property was written down to reflect management's estimate of the property's recoverable value. However due to the lack of activity on the project since 1999, the Issuer wrote-down the property in 2002 by $1,717,000 to reflect management's estimate of the property's recoverable value. In fiscal 2004, the Sara Kreek property was further written-down by $3,184,000 to $100,000 based upon Canadian generally accepted accounting principles. A loan to the vendor that was included in acquisition costs, with a principal balance of $400,000 plus accrued interest remains outstanding and continues to be owed to the Issuer. The write-down of the property for accounting purposes does not affect the Issuer's legal claim and right to recover the outstanding loan plus accrued interest owed to it, and the Issuer continues with its collection efforts.

The project is not updated to be compliant with NI 43-101.

Mining History: Gold production was first recorded from Sara Kreek in the late 1800s, when English and Dutch companies exploited the alluvial deposits. At their peak, several large dredges were in operation and a 200 km long narrow gauge railway was built from Paramaribo to Sara Kreek, to service the hundreds of families living there. The gold fields produced over 500,000 oz. gold, then fell dormant for 50 years, until Suriname Wylap Development Corp. modernized the placer mines and operated briefly in the late 1980s. Canarc acquired its property interests in 1993 and funded the re-commencement of placer gold mining in 1995. Gold production for 2001 was 10,000 oz., and the mine operated at around break-even at the then low gold prices.

Recent Work: Exploration to seek out the underlying lode sources to the placer gold began in earnest in 1994. In 1999, Canarc had completed 20,000 soil and silt samples, hundreds of deep auger holes, several kms of machine trenching and 28 diamond drill holes at a cost exceeding $4 million. Canarc also completed a feasibility study on the DP zone that recommends commercial production from a small, high grade, open pit to produce 13,500 oz. at a cash cost of $62 per oz. No further exploration programs were implemented since 1999, and the property was written down in 2002 to reflect management's estimate of the property's net recoverable value and in 2004 was further written-down by $3,184,000 to $100,000 based upon Canadian generally accepted accounting principles.

Regional Geology: The Guyana Shield became the focus of exploration interest in the past several years as a result of the 12 million oz. Las Cristinas gold discovery by Placer Dome in Venezuela, as well as the commencement of commercial production by Cambior at the 4 million oz. Omai gold deposit in Guyana, the only modern gold mine operating throughout the Guyana Shield. Both of these gold discoveries have strong affinities to the porphyry gold, bulk tonnage, open pit model. In addition, these lower Proterozoic greenstone belts are prolific for high grade, shear-hosted gold deposits elsewhere in the world, such as the 50 million oz. Ashanti mine in Ghana. The gold prospects at Sara Kreek exhibit shear-hosted or porphyry-type mineralization related to quartz-carbonate veins or stockworks within volcano-sedimentary greenstone belts intruded by tonalite-diorite plutons along major crustal breaks within the Guyana Shield. Deposit potential here is up to one million ounces plus.

Property Geology: All of the known gold prospects fall along a north trending greenstone belt of meta-volcanic and meta-sedimentary rocks, crosscut by northeast and northwest trending structures. Mineralization also appears to be related to late-stage quartz-feldspar porphyry or diorite intrusions. Gold is associated with pyrite, chalcopyrite and other sulfide minerals in quartz-carbonate veins, shears and stockwork zones.

Significant Results: Canarc found multiple soil anomalies by reconnaissance sampling, including two main mineralized shear zones that extend for 7 km and 6 km respectively. Follow-up deep augering, machine trenching and diamond drilling has confirmed high grades over mineable widths in four gold prospect areas. Trench results include 13.6 gpt over 10 m, 2.3 gpt over 40 m and 1.2 gpt over 160 m. Drill intersections include 7.0 gpt over 13.5 m, 2.9 gpt over 16.6 m and 5.9 gpt over 10.7 m.

Reserves: DP mine reserves are 16,000 oz. gold contained in 65,000 tonnes soft saprolite ore grading 7.5 gpt, still open in 3 directions. No reserves are estimated for the placer mine but there are several kilometres of known gold-bearing creek gravels that should support many years of placer mining.

Mining: DP mine methods are shallow open pit truck and shovel operation, no drilling or blasting, 8:1 strip ratio, 8½ month mine life. The placer mine is an open pit, excavator and hydraulicing operation**.**

Processing: DP mine process gives an 85%+ recovery using gravity methods. The ore is cleaned and screened in a trommel, reduced to ¼ inch in a crusher, ground to 80%-200 mesh in a ball mill, and the gold is separated using Falcon concentrators and a shaking table. A bulk sample for metallurgical testing consistently returned higher grades than the channel sampling. The placer mine recovers coarse gold only with sluice boxes.

Exploration Target: The exploration target at Sara Kreek is for shear-hosted gold deposits of several million tonnes containing up to one million oz. gold or more to 300 m depth. The two main gold mineralized shear zones have been traced semi-continuously over 13 km of combined strike length on the property.

Production Model: Base case production for the DP mine is 13,600 oz. over a 9 month period, capital costs estimated at $1.25 million and total operating costs come in at $62 per oz. Similar positive exploration results were found at the EB, WP and PP prospects, leading management to believe that production will come from several high grade open pits that could eventually coalesce into one large lode gold mining operation with million oz. plus potential.

Sara Kreek DP Mine Fact Sheet

Contained Gold	16,000 oz.
Mineable Reserves	65,000 t
Ore Grade	7.5 gpt
Mill Recovery	85%+
Recoverable Gold	13,500 oz.+
Strip Ratio	8:1
Mine Life	8½ months
Capital Cost	US $1.25 million
Operating Cost	US $0.81 million
Mine Revenues	US $3.50 million
Equipment Resale	US $0.20 million
Net Cash Flow (after capital & cash costs)	US $1.62 million
Net Present Value (10%)	US $1.47 million
Internal Rate Return	150%
Cash Costs	US $62 per oz.

4.5.4 Benzdorp Property, Suriname

Introduction: Benzdorp is historically the most prolific gold producing region in the Republic of Suriname with alluvial production exceeding 1 million oz. gold. Canarc's exploration results confirm the potential for a new gold discovery.

Location and Access: Southeastern Suriname, 300 km southeast of Parimaribo, the capital city, accessible by charter aircraft to the nearby Tabiki airstrip or by boat up the Marowijne River, then by ATV on the property roads.

Property Description: Four exploration concessions measuring 42 km x 31 km, totaling 138,000 hectares. Canarc holds an option to acquire a 100% interest (subject to a 20% NPI or 1½ to 6% NSR) in the subsurface mineral rights from N.V. Grasshopper Aluminium Company ("Grassalco"), the state-owned mining company.

Current Status: In the first quarter of 2004, the final transfer of the Benzdorp property exploration concessions from Grassalco to Canarc's subsidiary, Benzdorp Gold N.V., was completed, when the Articles of Incorporation for Benzdorp Gold N.V. received presidential assent. Canarc owns 40% of the voting shares of Benzdorp Gold N.V., and holds an option to earn an additional 40% currently in escrow by paying $450,000 to Grassalco and spending at least $5 million on exploration prior to April 2005. At December 31, 2004, the Issuer had paid $300,000 to Grassalco and incurred about $4.7 million in exploration expenditures.

In the first quarter of 2004, the Issuer commenced a Phase 2 exploration drilling program to estimate an initial mineral resource for the JQA discovery. The JQA discovery area encompasses an area 600 m by 500 m, and is still open for expansion in several directions as well as depth. In 2004, the Issuer completed 3,984 metres of diamond drilling in 13 holes. All 13 holes encountered significant porphyry gold mineralization in saprolite starting at surface. Of the 11 holes that penetrated bedrock, 8 holes intersected strong porphyry gold-copper, stock-work mineralization over a 200 metre by 200 metre area, extending the JQA mineralized zone up to 350 metres in depth. The porphyry gold mineralization in each of these 8 holes starts at surface, implying a very low strip ratio of waste to ore. Higher grade gold mineralization was typically intersected in the near surface, oxidized saprolite and two of the holes bottomed in ore-grade mineralization in bedrock. The JQA mineralized zone is wide open along strike, and to a certain extent at depth. The deep drilling program for the JQA prospect also intersected significant copper values within the zone of mineralization. These copper intersections are hosted by quartz stockworks confirming the porphyry nature of gold-copper mineralization at the JQA prospect. Copper mineralization is a bit more intermittent than the gold mineralization. In 2005, the Issuer plans to further assess the metallurgical characteristics of saprolite and bedrock mineralization from the JQA prospect in order to determine the viability of gold recovery, and preliminary metallurgical testing was completed in 2004. The Issuer also plans to conduct a Phase 3 drilling program of about 3,000 metres in approximately 15 holes in order to extend the area of JQA mineralization in bedrock and to test other targets.

Mining History: Gold production was first recorded from Benzdorp in the late 1800s when English and Dutch companies exploited the alluvial deposits. The Jungle Queen dredge produced over 500,000 oz. alone over a 40-year period. In more recent times, hundreds of illegal small-scale miners typically produce up to 10,000 oz. gold each year by reprocessing the river gravels. Canarc acquired its property option in 1996 and has spent $2 million on thousands of soil samples, hundreds of deep auger drill holes, and six long bulldozer trenches.

Property Geology: Most of the known gold prospects occur on the easternmost 5% of the property within a northeast-trending greenstone belt of meta-volcanic and meta-sedimentary rocks intruded by dioritic plutons and crosscut by northeast north and northwest-trending structures. Every creek for 20 km has produced or is currently producing placer gold. Canarc has focused on four gold prospects that are now drill ready. The JQA prospect alone measures 750 m long x 250 m wide averaging 1 gpt gold, open in all directions. The exploration target here is a porphyry gold deposit of several hundred million tonnes containing 2.5 to 10 million oz. gold down to 250 m in depth.

4.5.5 Clara Property, Mexico

Introduction: The Issuer's subsidiary, Aztec Silver, had an option to earn a 100% interest in the Clara high sulphidation epithermal gold-silver project, located in Jalisco State, Mexico, from Tech-Cominco, which was preparing a formal joint venture agreement.

Location and Access: The Clara claim was located approximately 80 kilometres west of the city of Guadalajara, Jalisco State, Mexico. The claim was located immediately south of the town of Etzatlan, an old mining town. Access to Etzatlan from Guadalajara is very good, along paved roads, via the towns of Tala and Ahualulco. The property was accessed along a good dirt road from Etzatlan that connects to the ejido of Ampara, located 5 km SW of the Clara claim.

Description and Ownership: The Clara claim did not cover the entire area of interest and additional staking was recommended in order to cover the entire alteration system. Two additional claims were believed to be in effect, both of which cover the Calabaza Mine and the strike extensions of the associated vein system. It was recommended that the owners of these claims be identified in order to acquire those properties if further work was warranted – the Calabaza Vein system itself is a valid stand-alone exploration target.

Clara III was an exploration claim which was to expire in December 2004. The property would have to be converted to exploitation status whereby the 6 monthly holding costs increase from M$5.97 per hectare to about M$30 per hectare – these amounts were subject to adjustment for inflation on an annual basis, and could be reduced if the charges were seen to impede investment in the mining sector.

Current Status: In 2003, Canarc decided not to proceed with the option and the property was written off.

Mining History: Etzatlan was recorded as a significant mining community in a book entitled, "The Mines of Mexico", which was authored in 1905 by J.R. Southworth. Several mines, owned by the Amparo Mining Company, were described, including Santo Domingo, San Juan, Descrubidora, and La Posesion. "Immense bodies of gold ore averaging $20 per ton" are described (approximately 1 ounce per tonne), which were shipped to Torreon or Mapimi. Mine workings reportedly date back to early Spaniard activity in the 1600s, with some shafts / workings reaching a depth of 1,000 feet below surface.

The Culebra mine, dating back to the early 1800s, produced high-grade silver ore valued at $3,750 per ton. Cominco recognized the potential for high sulphidation precious metal mineralisation in the mid-1990s, and subsequently staked any available land at that time. Cominco's exploration activities comprised of air-photo interpretation, soil sampling, rock chip sampling, pima clay alteration mapping, geological mapping, IP survey, and acquisition of available magnetic data.

Property Geology: The Clara property exhibited many similarities to other high sulphidation gold-silver deposits, such as the 50Moz Yanacocha, and the 7Moz Pierina mines in Peru, including large advanced argillic alteration zone covers over 3 km^2, central, dickite altered core zone includes vuggy silica alteration, multiple IP-resistivity and gold-in-soil anomalies, gold assays up to 2.8g/t Au in grab samples, and work completed to date includes geological mapping, PIMA clay-alteration mapping, soil sampling, rock chip sampling, and an IP-resistivity survey.

Geologically, early andesites were overlain by agglomerates, red-bed conglomerates (or lahar), and crystal lithic tuffs. The conglomerates and tuffs have undergone advanced argillic alteration, intense fracturing, and silicification. The area of strongest alteration was bounded by ENE, NE, and NW trending faults, as shown above. Small, high-grade gold vein showings lay along the East Fault. Soil sampling showed a gold anomaly peripheral to the highly altered core, suggesting strong acid leaching in the center of the system. Geophysically, the system was sandwiched between two positive magnetic anomalies, suggesting a strong magmatic contribution to the fault-bounded mineralized system.

An IP survey showed the presence of numerous chargeability and resistivity highs that are obvious targets for drill testing, as is the dickite core, which is associated with occurrences of vuggy silica. The resistivity highs in the SW part of the system could also represent a silicified zone related to structural intersections.

ITEM 5: DIVIDENDS

5.1 Dividends

To date and including each of the three most recently completed fiscal years ended December 31, 2004, the Issuer has not paid any dividends on its common shares nor does it intend to pay any dividends on its shares in the immediate future. Dividends will, in all probability, only be paid in the event the Issuer successfully brings one of its properties into production.

The Directors of the Issuer may from time to time declare and authorize payment of such dividends, if any, as they may deem advisable and need not give notice of such declaration to any shareholder. No dividend shall be paid otherwise than out of funds and/or assets properly available for the payment of dividends and a declaration by the Directors as to the amount of such funds or assets available for dividends shall be conclusive. The Issuer may pay any such dividend wholly or in part by the distribution of specific assets and in particular by paid up shares, bonds, debentures or other securities of the Issuer or any other corporation or in any one or more such ways as may be authorized by the Issuer or the Directors and where any difficulty arises with regard to such a distribution the Directors may settle the same as they think expedient, and in particular may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled shall be made to any shareholders on the basis of other value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees for the persons entitled to the dividend as may seem expedient to the Directors.

Any dividend declared on shares of any class by the Directors may be made payable on such date as is fixed by the Directors.

Subject to the rights of shareholders (if any) holding shares with special rights as to dividends, all dividends on shares of any class shall be declared and paid according to the number of such shares held.

The Directors may, before declaring any dividend, set aside out of the funds properly available for the payment of dividends such sums as they think proper as a reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which such funds of the Issuer may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Issuer or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same in reserve, carry forward such funds, which they think prudent not to divide.

If several persons are registered as joint holders of any share, any one of them may give an effective receipt for any dividend, bonuses or other moneys payable in respect of the share.

No dividend shall bear interest against the Issuer. Where the dividend to which a shareholder is entitled includes a fraction of a cent, such fraction shall be disregarded in making payment thereof and such payment shall be deemed to be payment in full.

Any dividend, bonuses or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the register, or to such person and to such address as the holder or joint holders may direct in writing. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The mailing of such cheque or warrant shall, to the extent of the sum represented thereby (plus the amount of any tax required by law to be deducted) discharge all liability for the dividend, unless such cheque or warrant shall not be paid on presentation or the amount of tax so deducted shall not be paid to the appropriate taxing authority.

Notwithstanding anything contained in the Issuer's Articles of Incorporation, the Directors may from time to time capitalize any undistributed surplus on hand of the Issuer and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Issuer as a dividend representing such undistributed surplus on hand or any part thereof.

ITEM 6: DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The authorized capital of the Issuer consists of 100,000,000 common shares without par value.

All common shares of the Issuer rank equally as to dividends, voting powers and participation in assets and in all other respects. Each share carries one vote per share at meetings of the shareholders of the Issuer. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the common shares. The shares presently issued are not subject to any calls or assessments.

There was a Shareholders Rights Plan detailed below:

> Shareholder Rights Plan:
>
> On October 25, 1995, the shareholders of the Issuer approved a shareholders rights plan (the "Plan"). The Plan became effective on November 14, 1995. The Plan was intended to ensure that any entity seeking to acquire control of the Issuer made an offer that represented fair value to all shareholders and provided the board of directors with sufficient time to assess and evaluate the offer, to permit competing bids to emerge, and, as appropriate, to explore and develop alternatives to maximize value for shareholders.
>
> Under the Plan, each shareholder at the time of the Plan's adoption was issued one Right for each common share of the Issuer held. Each Right entitled the registered holder thereof to purchase from treasury one common share at CAD$25, subject to certain adjustments intended to prevent dilution. Until the occurrence of certain events the rights traded with the common shares and be represented by the certificates for the common shares.
>
> The Rights were exercisable after the occurrence of specified events set out in the Plan generally related to when a person, together with affiliated or associated persons, acquired, or made a take-over bid to acquire, beneficial ownership of 20% or more of the outstanding common shares of the Issuer in a transaction not approved by the Directors. On the occurrence of these certain triggering events, the Rights entitled holders (other than the acquiring person or group) to acquire shares of the Issuer at a 50% discount to the prevailing market price. The rights will not be triggered, however, by purchasers of common shares of the Issuer made under a "permitted bid": A takeover bid made for all shares to all holders of common shares on identical terms which complied with other conditions, including a requirement that it remained open for at least 60 days.

The Rights expired in November 2003.

The rights of holders of common shares may not be modified other than by vote of 3/4 of the common shares voting on such modification. Because a quorum for a general meeting of shareholders can exist with one shareholder (proxy-holder) personally present, the rights of holders of common shares may be modified by the votes of less than a majority of the issued common shares of the Issuer.

Shareholders may apply to the Supreme Court of British Columbia for various remedies on the grounds that the affairs of the Issuer are being conducted in a manner oppressive to one or more of the shareholders or that some resolution of shareholders has been passed or is proposed that is unfairly prejudicial to one or more of the shareholders. That Court may, with a view to bringing it to an end or to remedying the matters complained of, make an interim or final order if it considers appropriate, including the following:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;
(b) regulate the conduct of the Issuer's affairs in the future;
(c) provide for the purchase of the common shares of any shareholder of the Issuer by another shareholder of the Issuer, or by the Issuer;
(d) in the case of a purchase by the Issuer, reduce the Issuer's capital or otherwise;
(e) appoint a receiver or receiver manager;
(f) order that the Issuer be wound up;
(g) authorize or direct that proceedings be commenced in the name of the Issuer against any party on the terms the Court directs;
(h) require the Issuer to produce financial statements;
(i) order the Issuer to compensate an aggrieved person; and
(j) direct rectification of any record of the Issuer.

Where a special resolution to modify the rights of the holders of common shares has been passed, the holders of not less than 10% of the common shares, who are entitled to vote and did vote against the special resolution (in person or by proxy), may apply to the Supreme Court of British Columbia to set aside the resolution.

There are no restrictions on the purchase or redemption of common shares by the Issuer while there is any arrearage in the payment of dividends or sinking fund installments.

The directors of the Issuer call all annual general meetings and extraordinary general meetings. Any one or more shareholders holding 10% or more of the Issuer's shares can requisition a meeting. In certain circumstances, a shareholders' meeting can be called by the Supreme Court of British Columbia.

There are no limitations on the rights to own securities.

There are no provisions in the Issuer's Articles of Incorporation that would have an effect on delaying, deferring or preventing a change of capital.

There are no by-law provisions governing the ownership threshold above which shareholder ownership must be disclosed.

There are no conditions in the Memorandum and Articles governing changes in capital that are more stringent than is required by law.

6.2 Constraints

There are no known constraints on the ownership of the securities of the Issuer to ensure that the Issuer has a required level of Canadian ownership.

6.3 Ratings

There are no known ratings, including provisional ratings, by rating organizations for securities of the Issuer which are outstanding and such ratings continue in effect.

ITEM 7: MARKET FOR SECURITIES

7.1 Trading Price and Volume

The Issuer's common shares are traded on The Toronto Stock Exchange in Canada (the "TSX") under the symbol "CCM".

The following table provides the high and low prices and volume for the Issuer's shares for the periods indicated as traded on the TSX (stated in terms of Canadian dollars):

(Stated in terms of Canadian dollars)

Month	High (CAD$)	Low (CAD$)	Volume
2004			
January	$0.95	$0.75	1,552,800
February	$1.09	$0.85	1,370,700
March	$1.06	$0.81	1,390,400
April	$1.10	$0.78	2,609,000
May	$0.99	$0.81	682,300
June	$1.06	$0.88	1,821,600
July	$0.93	$0.72	757,300
August	$0.78	$0.68	226,500
September	$0.75	$0.54	806,700
October	$0.70	$0.60	783,100
November	$0.68	$0.49	2,637,100
December	$0.60	$0.49	1,257,500

ITEM 8: ESCROWED SECURITIES

8.1 Escrowed Securities

The Issuer does not have any escrowed securities.

ITEM 9: DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

The following are the full names, province/state and country of residence, and their respective positions with the Issuer and their principal occupations within the preceding five years for all of the directors and officers of the Issuer:

Name and Ordinary Residence (1)	Principal Occupation or Employment during the past five years (1) (2)	Current Position with Company and Period of Service	Approximate number and percentage of voting securities beneficially owned, directly or indirectly or over which direction or control is exercised (as of March 29, 2005)
Bradford J. Cooke(3) BC, Canada	President and CEO of Canarc Resource Corp.	President, Chief Executive Officer and Director (since Jan. 22, 1987)	580,480 (0.99%)
Chris Theodoropoulos(3) BC, Canada	Associate Counsel with Getz Prince Wells; President and Director, Century Gold Corp.	Director (since March 12, 1996)	Nil
Derek Bullock Ontario, Canada	President, Delitova Corporation	Director (since March 12, 1996)	5 (0.00%)
Leonard Harris(3) Colorado, USA	Retired	Director (since June 5, 2001)	200,000 (0.34%)
Stephen G. Macklem Illinois, USA	Managing Director Island Creek Capital, LLC from 2002; Independent trader from 1997 to 2002	Director (Since Sept 7, 2004)	Nil
Stewart L. Lockwood BC, Canada	Lawyer with Vector Corporate Finance Lawyers from 2001, Counsel for the Issuer prior thereto.	Secretary (since 1994)	14,174 (0.02%)
Philip Yee BC, Canada	Controller for Augusta Group from 1996 to 2003	Finance Manager (since May 2004)	Nil

(1) The information as to residence and principal occupation during the past five years is not within the knowledge of the Issuer and has been furnished by the respective directors and officers.
(2) Unless otherwise stated above, each of the above-named nominees has held the principal occupation or employment indicated for at least five years.
(3) Member of Audit Committee.

As at the date hereof, the Issuer does not have an executive committee.

At the Issuer's Annual General Meeting held on June 16, 2004, the directors were re-elected for a period of one year, with the exception of Stephen Macklem who was appointed to the Board of Directors on September 7, 2004.

As at March 29, 2005, 794,659 common shares of the Issuer are beneficially owned, directly or indirectly, by the directors and senior officers, as a group, representing 1.36% of the issued and outstanding voting securities (58,518,448 common shares).

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of the AIF and during the 10 years prior to the date of the AIF, none of the directors or officers of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

(a) is or has been a director or executive officer of any company (including the Issuer), that while that person was acting in that capacity:

   (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

   (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

   (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

(b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer and shareholder.

Subsequent to December 31, 2000, no director, officer or promoter of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is or has:

(a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

9.3 Conflicts of Interest

Certain directors and officers of the Issuer are and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Issuer. As required by law, each of the directors of the Issuer is required to act honestly, in good faith and in the best interests of the Issuer. Any conflicts which arise shall be disclosed by the directors and officers in accordance with the Business Corporations Act (British Columbia) and they will govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

ITEM 10: PROMOTERS

10.1 Promoters

Within the three most recently completed financial years ended December 31, 2004 and up to the date of this AIF, the Issuer does not have nor employed any person or company acting or performing as a promoter for the Issuer.

ITEM 11: LEGAL PROCEEDINGS

11.1 Legal Proceedings

There are no known legal proceedings to which the Issuer is a party or which any of its property is the subject or any such proceedings known to the Issuer to be contemplated.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

12.1 Interest of Management and Others in Material Transactions

Within the three most recently completed financial years ended December 31, 2004 and up to the date of this AIF, none of the following:

(a) director or executive officer of the Issuer;

(b) a person or company that is direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of outstanding voting securities of the Issuer; and

(c) an associate or affiliate of any of the persons or companies referred to in the above paragraphs (a) or (b),

has any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Issuer to the best of the Issuer’s knowledge.

ITEM 13: TRANSFER AGENT AND REGISTRAR

13.1 Transfer Agent and Registrar

The Issuer’s transfer agent and registrar is:

Computershare Trust Company of Canada
3rd Floor, 510 Burrard Street
Vancouver, BC
Canada
V6C 3B9

ITEM 14: MATERIAL CONTRACTS

14.1 Material Contracts

There are no other contracts, other than those herein disclosed in this AIF and other than those entered into in the ordinary course of the Issuer's business, that is material to the Issuer and which was entered into in the most recently completed fiscal year ended December 31, 2004 or before the most recently completed financial year but is still in effect as of the date of this AIF.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

KPMG LLP are the external auditors of the Issuer and reported on the fiscal 2004 audited financial statements of the Issuer which were filed with securities regulators on March 31, 2005.

Report on the 1996 and 1997 Exploration Program on the New Polaris Mine Site, dated June 20, 2002 and prepared by Godfrey Walton, M.Sc., P.Geo., of G.J. Walton & Associates Ltd.. 5463 Cortez Crescent, North Vancouver, British Columbia, was filed with securities regulators on June 21, 2002.

15.2 Interests of Experts

To the best of its knowledge, the experts named in Item 15.1 did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Issuer when the experts prepared their respective reports.

ITEM 16: ADDITIONAL INFORMATION

16.1 Additional Information

Additional information relating to the Issuer are as follows:

(a) may be found on SEDAR at www.sedar.com;

(b) additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Issuer's Information Circular pertaining to its most recent Annual General Meeting of security holders that involves the election of directors; and

(c) is also provided in the Issuer's financial statements and management discussion and analysis for its most recently completed financial year ended December 31, 2004.