

THE GOLD DISCOVERY PREMIUM SERVICE

Excerpt Gold Discovery Letter July/August Issue

Canarc Resource Corp. CCM.TO

Canarc came out with some impressive drill results this month on their Polaris gold property in northern British Columbia, Canada. Reported grades were up to 23 g/t gold. Although the current drill program is designed to delineate an NI 43-101 compliant gold resource of 600,000 to 650,000 oz. The ultimate exploration target is much higher. Remember that previous drilling already suggested a resource base of 1.3 million ounces gold (not NI 43-101 compliant). After proving at least 600,000+ ounces of gold NI 43-101 compliant, Canarc plans to focus on developing New Polaris into production.

People may wonder why the company doesn't continue drilling in order to prove up multi-million ounces of gold. The problem is the cost and time of drilling deeper than 700m in order to expose the greater potential of the deposit. We asked the company's management what the current resource estimate is, what eventually could be proven up and how the company is planning to do that. Below, you'll find a brief summary of a Q&A session between us and company's management regarding Polaris:

1. What is it about the geology of the New Polaris property that you have to go deeper to expose the greater potential of the deposit?

New Polaris is a classic orogenic gold vein deposit hosted in volcanic rocks adjacent to a deep crustal fault structure. These types of deposits are well known to extend to great depths, for example the Red Lake, Kirkland Lake and Timmins districts in Canada, the Ashanti belt in Ghana, and the Bulyanhulu mine in Tanzania etc. In 1995, Canarc drilled 4 deep holes to 700 m deep and every hole intersected not one but two parallel high grade veins going to depth.

2. What does management think is the potential of New Polaris in terms of ounces?

If 1.3 million oz are found in the top 500 m, then the potential must be at least 2, 3, 4 million oz in the top 1500 m from surface.

3. How long would it take to prove up the bigger potential?

We may try to drill some deeper holes this year but to prove up the deep ore is not cost effective drilling from surface. It is more typical and reasonable in these deposits to put them into production and then drill from underground to prove up the deep ore.

4. What is the difference economically in drilling from surface as opposed to drilling underground?

Less distance to drill = much cheaper total costs.

5. Will you start mining the upper portion of the deposit because it will provide cash flow to continue the development of the greater potential of the deposit?

Yes, first we want to put the upper portion of the deposit into production, and then we will focus on drilling the deep ore from underground.

END.

Canarc Resource Corp.: Additional High Grade Drill Results from New Polaris Property, B.C.

Wednesday July 5, 4:20 pm ET

Canarc Resource Corp. reports that additional high grade drill results have been intersected in the Phase 3 infill drill program on the New Polaris property in northwestern B.C.

Drilling highlights include 23.0 gpt gold over 3.8 m (0.67 oz per ton over 12.5 ft) in hole 1676E-7 and 15.3 gpt gold over 5.5 m (0.45 oz per ton over 18.0 ft) in hole 1676E-4.

Canarc owns a 100% interest (subject to a 10% net profit royalty) in the New Polaris property, a former high-grade, underground gold mine that produced 231,000 oz of gold between 1939 and 1951. From 1990 to 1997, Canarc invested over CA\$15 million exploring New Polaris to outline an historic resource of 1.3 million oz gold contained within 3.6 million tons grading 0.36 oz per ton (3.3 million tonnes grading 12.3 gpt) that preceded NI 43-101, and which is not compliant with it and therefore should not be relied upon.

In 2006, Canarc plans to complete 20,000 m (65,000 ft) of infill core drilling in approximately 65 holes on a 30 m (100 ft) grid pattern to depths of 360 m (1,200 ft) using two drill rigs in order to delineate a NI 43-101 compliant, measured, indicated and inferred gold resource of 600,000 to 650,000 oz contained within 1.2 to 1.6 million tons grading 0.4 to 0.5 oz per ton gold (1.1 to 1.5 million tonnes grading 13.7 to 17.2 gpt gold). Results will be released approximately every two weeks from June to September.

After completing a new resource estimate, Canarc plans to refine the conceptual mine plan, complete an initial economic evaluation and enter into the provincial mine development permitting process by year-end. The New Polaris project should then move to a full feasibility study and final permitting in 2007.