

CANARC RESOURCE CORP.
(the “Company”)

MAJORITY VOTING POLICY – DIRECTOR ELECTIONS

In an uncontested election of directors of the Company, each director shall be individually elected by the affirmative vote of a majority (50% + 1 vote) of the shares, represented in person or by proxy, that were voted with respect to such director’s election at any meeting for the election of directors. The Company’s forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. If any nominee for director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election (a “Majority Withheld Vote”), the director must immediately tender his or her resignation to the Nomination Committee of the Company (the “Committee”), to take effect on the acceptance by the board of directors of the Company (the “Board”). In this policy, an “uncontested election” means an election where the number of nominees for director is equal to the number of directors to be elected.

The Committee will expeditiously consider the director’s offer to resign and shall make a recommendation to the Board whether or not to accept it. The Committee shall be expected to make a recommendation to the Board to accept the resignation except in situations where extenuating circumstances would warrant the applicable director continuing to serve on the Board. In considering whether or not to recommend the acceptance of the resignation, the Committee will consider all factors deemed relevant by the members of the Committee, including, without limitation, any stated reasons why shareholders withheld votes from the election of the director, the director being a member of an established committee of the Board with mandated tied to a specific time limit that may be jeopardized by the immediate acceptance of the director’s resignation, and the effect that such resignation may have on the Company’s ability to comply with corporate governance guidelines and applicable laws.

The Board will act on the Committee’s recommendation and make a final decision with respect to the acceptance of any resignation within 90 days of the applicable shareholders’ meeting and promptly announce such decision, including its reasons for rejecting the resignation, if applicable, by way of a press release, a copy of which shall be delivered to the Toronto Stock Exchange (“TSX”) and any applicable stock exchange upon which the securities of the Company trade, as required by the policies of such stock exchange. In considering the Committee’s recommendation, the Board will consider the factors considered by the Committee and such additional information and factors that the Board considers to be relevant. The Board shall accept the resignation of the director, except in situations where exceptional circumstances would warrant the director to continue to serve on the Board. Subject to any corporate law restrictions and the policies of the TSX, the Board is not limited in any action it may take if a director’s resignation is accepted, including (1) leaving a vacancy in the Board unfilled until the next annual general meeting, (2) filling the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or (3) calling a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

Any director who tenders his or her resignation will not participate in the meeting where deliberations of the Committee, if he or she is a member of the Committee, or of the Board in considering whether their resignation should be accepted. If each member of the Committee received a Majority Withheld Vote in the same election, or if a sufficient number of Committee

members received a Majority Withheld Vote such that the Committee no longer has a quorum, the Board may appoint an independent committee amongst themselves to consider the offers of resignation and recommend to the Board whether to accept them.

If a sufficient number of Board members received Majority Withheld Votes in the same election such that the Board no longer has a quorum, then such directors who received a Majority Withheld Vote shall not be permitted to vote at any meeting of the Board at which his or her resignation is considered; however, he or she shall be counted for the purpose of determining whether the Board has a quorum. If all of the Board members received a Majority Withheld Vote in the same election, then the entire Board shall consider whether or not to accept each offer of resignation.

In the event that any director who received a Majority Withheld Vote does not tender his or her resignation in accordance with this Policy, he or she will not be re-nominated by the Board.

The Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy.