ANNUAL INFORMATION FORM

(“AIF”)

of

CANARC RESOURCE CORP.

(the “Issuer” or “Canarc”)

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Dated: June 12, 2003

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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 at the following locations:

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)
Management Information Circular	April 28, 2003	April 29, 2003	Management Proxy / Information Circular - English
Audited annual financial statements (most recent)	December 31, 2002	April 29, 2003	Audited annual financial statements – English
Quarterly financial statements (most recent)	March 31, 2003	May 30, 2003	Form 51-901F (BC) Interim financial statements – 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 2002 and 2003	Various dates		Press Release – English

1.2 Date of Information

All information in this AIF is as of June 12, 2003 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, 2002, 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.
"Company Act"	Company Act, R.S.B.C. 1996, c.62.
"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	34.48 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 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, 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.

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.

Canarc Virginia (Barbados) Ltd. is a company duly incorporated under the laws of Barbados on July 26, 1993.

Sara Kreek Resource Corporation N.V. is a company duly incorporated under the laws of Suriname on January 9, 1995.

Carib Industries Ltd., 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.

Benzdorp Gold NV is in the process of being incorporated under the laws of Suriname, pending final governmental approval. The Issuer will initially own 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.

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 US$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 US$3.2 million in 2001 and US$5.5 million in 2002 to reflect management's estimate of the property's recoverable value.

In early 2003, metallurgical test work on a mini-bulk sample of high grade gold ore increased the gold recoveries. Previous metallurgical studies recovered up to 90% of the gold in the property's ores but new flotation and leaching tests indicate that up to 96.7% of the gold can now be recovered through standard procedures.

Resource Development Inc. ("RDI"), a widely respected metallurgical consulting company in the mining industry, has reported initial test results. On the basis of these new test results, 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 engineering and resource studies on the property. 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.

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. The property is subject to a 2% net smelter return.

In December 1999, the Issuer announced that a drill program by Barrick Gold Corp. ("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". Barrick plans additional drilling on the GNC claims in 2003.

Costa Rica Properties

The Issuer has an 18.3% carried interest in a Bellavista gold property located near San Jose, Costa Rica. A property agreement provides Glencairn Gold Corp. ("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 US$117,750 annually up to and including the year commercial production commences.

Mexican Properties

Lobo:

In February 1999, the Issuer's subsidiary, Minera Aztec Silver Corporation ("Aztec Silver"), entered into an agreement for 9 properties (Lobos 4, 9, 10, 14 –19) covering 485,949 hectares in central Mexico with Far West Mining Ltd. ("Far West"). The agreement required Far West to spend US$5.5 million on work expenditures, to make US$500,000 in cash payments and to issue 1 million shares (subject to regulatory approval) to Aztec Silver over a 3 year term to earn a 50% interest in the properties. In 2000, Noranda Minerals Inc. ("Noranda") optioned the Lobo 6 and Lobo 8 properties in the State of Zacatecas, Mexico.

By June 2000, the Issuer announced that Far West had completed the initial RC drilling program at Lobo 14, totalling 6,071 metres drilled in 16 holes to test 6 separate targets in 2 prospect areas. Overall results on the properties did not meet expectations and Far West dropped all of its interests in Lobo properties. The Issuer also announced that Noranda had notified the Issuer that the drill program on the Lobo 6 property failed to intersect mineralization and that, as a result, it would be dropping its option on the Lobo 6 and 8 properties.

The Issuer wrote-off the Lobo properties in 2001.

La Nopalera:

On August 10, 1999, the Issuer's subsidiary, Aztec Silver, entered into an agreement with Minera Uruachic S.A. de C.V. to acquire up to a 60% interest in the La Nopalera mineral claim located in Chihuahua State, Mexico. Under the terms of the agreement, as amended October 8, 1999, Aztec Silver could earn a 60% interest in the La Nopalera claim by paying CAD$55,000, issuing 250,000 of its common shares and carrying out exploration expenditures of CAD$1,000,000 within a 4 year period ending October 15, 2003. The agreement also included two additional properties, the La Flor Del Trigo and the El Pavo Real mineral claims.

Aztec Silver finalized a prospectus in the Province of British Columbia with an effective date of April 5, 2000. The 1,700,000 share offering proposed in the Prospectus was to raise approximately CAD$1,450,000 for Aztec Silver. Part of the proceeds of the offering was to have been spent on the Nopalera Property. In June 2000, Canaccord Capital Corporation ("Canaccord"), the agent for Aztec Silver, marketed out of the IPO and the offering was not completed. Canaccord also resigned as Agent for Aztec Silver at the request of the Issuer. Due to the incompletion of the IPO and the lack of funds for future exploration, the property option agreement on the Nopalera properties fell into default and was relinquished in October 2000.

Clara:

In March 2001, 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 US$500,000, issuing 500,000 shares of the Issuer's subsidiary, Aztec Silver, and paying an aggregate of US$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 US$1,000,000. The agreement is subject to a due diligence review and the signing of a formal agreement.

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 US$1,717,000 to reflect management's estimate of the property's recoverable value.

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 US$750,000 and incurring property expenditures totalling US$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 US$300,000 and exploration expenditures were reduced to US$3 million to be incurred prior to April 2006. The Issuer has already earned 40% interest in the property, and expects to exercise its right to increase its interest by an additional 40% once the property owner is able to incorporate a company in Suriname to transfer the Benzdorp concessions into, on behalf of the Issuer and the property owner. In June 2003, the final transfer of the Benzdorp property exploration concessions from N.V. Grasshopper Aluminium Company ("Grassalco") to the Issuer's subsidiary, Benzdorp Gold NV, was completed.

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. An aggressive trenching and sampling program was planned for the first quarter of 2003 to follow up on the extensive gold mineralization which was trenched in 2002. The first drilling program is planned to get underway in the second quarter of 2003 on the Benzdorp property.

Other Matters

In May 2001, the Issuer announced a CAD$450,000 equity financing. The private placement was for 3,000,000 units at a price of CAD$0.15 per unit, with each unit consisting of one common share and one common share purchase warrant; the private placement closed on June 1, 2001. The warrants have a three year term and each warrant can be exercised to purchase one common share at CAD$0.18 in the first two years and at CAD$0.20 in the third year. The proceeds were added to working capital so as to maintain a positive treasury into 2002. The Issuer also announced further cost-cutting measures by laying off the balance of its geological staff.

On June 5, 2001, a new Board of Directors was elected at the Annual General Meeting of the Shareholders held in Vancouver, BC, Canada. Two new directors were appointed, Leonard Harris and

Stephen Peck, joining three incumbents, Derek Bullock, Chris Theodoropoulos and Bradford Cooke. At the Company's AGM held in May 2002 and in May 2003, all existing directors were re-elected for the ensuing year.

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 consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at CAD$0.21 for a two-year period. In addition, an insider also subscribed for 70,000 shares at CAD$0.22 per share. 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 is comprised of one common share and one-half of one non-transferable share purchase warrant. Each one warrant entitles the holder to purchase one common share of the Issuer for a period of two years and has 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 consists of one common share and one-half share purchase warrant. One share purchase warrant entitles the holder to purchase one common share at CAD$0.63 for a two-year period.

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 $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 $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 an expiry date of June 9, 2008.

At the Issuer's Annual General Meeting held in May 2003, all existing directors were re-elected for the ensuing year.

3.2 Significant Acquisitions and Significant Dispositions

There were no other significant acquisitions or dispositions completed by the Issuer during its most recently completed fiscal year ended December 31, 2002 other than as provided in this AIF.

In early 2002, the Issuer did write-down the New Polaris property by US$5,486,286 due to continued depressed gold markets when gold prices remained below US$300 and, during 2002, the Sara Kreek property was written down by US$1,717,000 to reflect management's estimate of its net recoverable value.

In February 2003, Prudent Bear Funds, Inc. ("Prudent Bear") announced that it had acquired control and direction through its Prudent Bear Fund of over 8,662,000 common shares and warrants to purchase an additional 250,000 common shares of the Issuer. Prudent Bear would have, at that time, control and direction of over 18.77% of the Issuer assuming the exercise of such warrants. Prudent Bear acquired the shares and warrants for investment purposes, and has filed an Early Warning Report with the British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia Securities Commissions in respect of the shares and warrants acquired.

3.3 Trends

In April 2001, the price of gold bottomed at US$255 and over the past two years has slowly but steadily climbed 41% to the US$360 range as of the date of this AIF. 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 April 2001 to early June 2003, the market price for the Issuer's shares increased from CAD$0.17 to CAD$0.50 – a substantial increase of 194%. Management continues to foresee greater opportunities to finance our own 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 a change in the provincial government in British Columbia will lead to increased incentives for resource development in the province. In addition, the price of gold bullion has continued to increase, reflecting in part, a weakening United States dollar. These factors will make gold exploration in British Columbia increasingly attractive and will increase the opportunities for its New Polaris property.

ITEM 4: NARRATIVE 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 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,
- 18.3% carried interest in the Bellavista property in Costa Rica,
- option to earn up to 100% in the Clara 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, negotiation 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.

Competitive Conditions

Canarc has no particular competitive advantage in Canada, Costa Rica and Mexico, 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 June 2003, the final transfer of the Benzdorp property exploration concessions from Grassalco to Canarc's subsidiary, Benzdorp Gold NV, 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.

Research and Development Expenditures

The Issuer is not in the research and development business.

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, 2002 and March 31, 2003, the Issuer had only one full time employee, namely Mr. Bradford Cooke, the President of the Issuer.

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 the 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 the 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 44-133 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 early 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, a new scoping study is currently underway for the New Polaris Property. The purpose of these engineering and resource studies are to evaluate the current reserves and resources and to develop various mine development alternatives to determine which options are the most economically viable.

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: Because of heightened gold prices during 2002 and early 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, a new scoping study is currently underway for the New Polaris Property. The purpose of the engineering and resource study is to evaluate various mine development alternatives and to determine which options are the most economically viable. Redcorp has 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.

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.

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 National Policy 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 National Policy 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 National Policy 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 Gold. The property is joint ventured with Barrick (66 2/3%) and covers the favourable Eskay Creek ore horizon along strike and at depth. Barrick continues to explore the property systematically for Eskay Creek-type ore bodies. They tend to be of small tonnage but extremely high grade.

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.

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 significant 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 owns an 18.3% carried interest (after payback) and Glencairn is currently seeking project financing.

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: Glencairn is in discussions with financial institutions regarding project financing. Canarc receives pre-production advance royalty payments totaling US$117,750 annually.

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 Minerals' interest in 2002. A total of more than US$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 US$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 US $28.3 million, operating costs come in at a low US $156 per oz and total cash operating costs are US$179 per oz.

4.5.3 Sara Kreek Mine, Suriname

Introduction: Sara Kreek is the largest operating gold mine in the Republic of Suriname, South America. Production in 2001 was approximately 10,000 oz. gold from the small, open pit placer mine and gravity recovery systems. A second high grade, open pit lode mine is also ready for development, subject to financing. 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 or 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. Our local partner, Suriname Wylap Development Corp., currently operates the small placer mine on the property.

Current Status: The Sara Kreek Placer mine currently operates at a small profit. In 1999, Canarc completed a feasibility study recommending commercial production from one of the several lode prospects on the property. Management is now seeking project financing for the new DP lode mine. 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 the past 5 years, Canarc has 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 US$4 million. Most recently, Canarc 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 US$62 per oz.

Regional Geology: The Guyana Shield became the focus of exploration interest in the past six 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 US$1.25 million and total operating costs come in at US$62 per oz. Similar positive exploration results were found at the ED, 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 June 2003, the final transfer of the Benzdorp property exploration concessions from Grassalco to Canarc's subsidiary, Benzdorp Gold NV, was completed. Canarc owns 40% of the voting shares of Benzdorp Gold NV, and holds an option to earn an additional 40% currently in escrow by paying US$300,000 to Grassalco and spending US$3 million on exploration prior to April 2006.

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 confirm the discovery of a broad zone of porphyry-style gold mineralization. Results include 0.91 gpt over 142 m, 0.80 gpt over 146 m, 0.90 gpt over 59 m, 2.45 gpt over 17 m, 1.20 gpt over 62 m, 2.68 gpt over 19 m, 44.4 gpt over 2 m and 18.0 gpt over 2 m. The first drilling program is scheduled to get underway in the second quarter of 2003.

Initial metallurgical tests in early 2003 show gold recoveries from a 4.7 kg trench sample of saprolite mineralization in the JQA prospect area of the Benzdorp property. The purpose of these initial tests was to establish whether the gold content could be readily recovered from saprolite ore using simple gravity and flotation methods and without any crushing or grinding of the sample. Almost 80% of the gold was recovered in this simple manner, indicating that the processing of saprolite ore should have very low costs on a per oz or per tonne basis. Test work was conducted by Process Research Associates Ltd. ("PRI"), metallurgical specialists to the mining industry. Although additional gold recoveries are still possible through optimization of the gravity and flotation circuits, PRI first recommends a test program of grinding the saprolite ore. Because saprolite is soft and clay-rich, it has a low work index and so should be very amenable to lower cost grindin g methods.

In May 2003 a recent geochemical sampling program by Canarc has defined two new gold anomalies on the Benzdorp property. The JQW anomaly lies a few hundred metres west of the main JQA prospect and measures 700 m long by 100 m to 300 m wide, open to the north, east and south. A total of 42 soil samples range up to 12.82 gpt and average 190 ppb (excluding the high grade samples) above a background of less than 1 ppb gold. The JQW and Roche Kreek anomalies both lie along a 10 km long north south-trending mineralized gold belt at Benzdorp that has historically produced over one million oz gold. Anomalous samples in both of these large new gold anomalies were actually found by Canarc's reconnaissance soil sampling program in 1996 but the follow up work was only recently completed. Five of the soil samples are particularly high grade, (12.82 gpt, 11.99, 5.31, 5.17 and 0.59 gpt gold), confirming a generally high grade northeasterly trend to the mineralization at JQW. Since the host rocks appear to be sheared, saproplitized mafic volcanics, the JQW anomaly could represent higher grade, vein-type mineralization flanking the lower grade, porphyry-style mineralization in the JQA prospect. Further evidence of a major mineralized, northeast-trending shear structure along Pointu Kreek, which separates JQW from JQA, is provided by two recent 2 m wide chip samples in porknocker pits along the creek bank, that returned 44.4 gpt and 18.0 gpt gold respectively. If continuous across Pointu Kreek, the JQA-JQW mineralized system would appear to be over 1,000 m wide.

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 since then has spent US$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, Minera Aztec Silver Corporation, has 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 are preparing a formal joint venture agreement.

Location and Access: The Clara claim is located approximately 80 kilometres west of the city of Guadalajara, Jalisco State, Mexico. The claim is 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 is 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 does not cover the entire area of interest and additional staking is recommended in order to cover the entire alteration system. Two additional claims are believed to be in effect, both of which cover the Calabaza Mine and the strike extensions of the associated vein system. It is recommended that the owners of these claims be identified in order to acquire those properties if further work is warranted – the Calabaza Vein system itself is a valid stand-alone exploration target.

Clara III is an exploration claim which expires in December 2004. The property will 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 are subject to adjustment for inflation on an annual basis, and could be reduced if the charges are seen to impede investment in the mining sector.

Current Status: Early stage exploration.

Mining History: Etzatlan is 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, are described, including Santo Domingo, San Juan, Descrubidora, and La Posesion. "Immense bodies of gold ore averaging US$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 US$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 exhibits 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 km², 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 are 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 is bounded by ENE, NE, and NW trending faults, as shown above. Small, high-grade gold vein showings lie along the East Fault. Soil sampling shows a gold anomaly peripheral to the highly altered core, suggesting strong acid leaching in the center of the system. Geophysically, the system is sandwiched between two positive magnetic anomalies, suggesting a strong magmatic contribution to the fault-bounded mineralized system.

An IP survey shows 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: SELECTED CONSOLIDATED FINANCIAL INFORMATION

(All figures set out in this Item 5 are in terms of United States dollars.)

5.1 Annual Information

The following table sets forth, according to Canadian GAAP, selected consolidated financial information of the Issuer for the last three completed financial years ended December 31, 2002. This information is derived from the consolidated financial statements of the Issuer and should be read in conjunction with those financial statements and notes thereto.

			As at and for the fiscal years ended December 31 (Expressed in thousands of US dollars except per share amounts)		
			2002	**2001**	**2000**
(a)	Net sales or total revenues		$246	$41	$21
(b)	Income (loss) from continuing operations:				
	(i)	in total	$(7,477)	$(3,660)	$(771)
	(ii)	on a per share basis	$(0.17)	$(0.09)	$(0.02)
	(iii)	on a fully diluted per share	Not calculated as effect is anti-dilutive		

		As at and for the fiscal years ended December 31 (Expressed in thousands of US dollars except per share amounts)		
		2002	2001	2000
	basis			
(c)	Net income (loss):			
	(i) in total	$(7,477)	$(3,660)	$(771)
	(ii) on a per share basis	$(0.17)	$(0.09)	$(0.02)
	(iii) on a fully diluted per share basis	Not calculated as effect is anti-dilutive		
(d)	Total assets	$10,217	$17,081	$20,696
(e)	Total long-term financial liabilities	Nil	Nil	Nil
(f)	Cash dividends per share	Nil	Nil	Nil
(g)	Shareholders' equity	$10,058	$16,837	$20,204
(h)	Working capital (deficiency)	$621	$366	$(42)
(i)	Write-off of mineral property costs	$7,220	$3,150	$245

5.2 Dividends

To date, 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.

5.3 Foreign GAAP

Not applicable, as the Issuer adopts Canadian GAAP.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS

(All figures set out in this Item 6 are in terms of United States dollars.)

This Management Discussion and Analysis (MD&A) should be read in conjunction with audited consolidated financial statements and related notes thereto of the Issuer which are incorporated by reference in this AIF.

The principal business of the Issuer is the acquisition, exploration and, if warranted, development of natural resource properties of merit. The Issuer currently has interests in properties in Canada, Costa Rica, Mexico and Suriname.

The Issuer has financed its activities and operations primarily through subscriptions for equity capital. No assurances can be provided that its capital requirements can be satisfied in the long-term and such requirements are dependent upon its ability to obtain appropriate financing and conditions in the financial markets.

6.1. General Financial Overview

Since its incorporation, the Issuer has endeavoured to secure valuable mineral properties that in due course could be explored, developed and brought into production to provide the Issuer with positive cash flow. To that end, the Issuer has expended its funds exploring and developing mineral properties each year since incorporation. As a result, the Issuer has incurred losses during each of its fiscal years since incorporation. Losses are typical of development-stage exploration and mining companies and are expected to continue until positive cash flow is achieved.

The Issuer's accounting policy is to defer all costs of acquiring natural resource properties and their related exploration and development costs until the property to which they relate is placed into production, sold or abandoned. At that time, capitalized costs are either amortized over the useful life of the orebody, following the commencement of production or written off if the property is sold or abandoned.

The Issuer explores for minerals and has no operating property. The Issuer has no earnings and therefore finances these exploration activities by the issuance of common shares. The key determinants of the Issuer's operating results are the following:

(a) the state of capital markets, which affects the ability of the Issuer to finance its exploration activities;
(b) the writedown and abandonment of mineral properties as exploration results provide further information relating to the underlying value of such properties; and
(c) market prices for natural resources.

The Issuer knows of no trends, demands, commitments, events or uncertainties outside of the normal course of business that may result in the Issuer's liquidity either materially increasing or decreasing at the present time or in the foreseeable future. Material increases or decreases in the Issuer's liquidity are substantially determined by the success or failure of the Issuer's exploration programs and overall market conditions for smaller resource companies. The Issuer is not aware of any seasonality in the business that have a material effect upon its financial condition, results of operations or cash flows other than those normally encountered by public reporting smaller resource companies. The Issuer is not aware of any changes in the results of its operations that are other than those normally encountered in its ongoing business.

Set forth below is a brief summary of the Issuer's financial operations during the last two fiscal years. For more detailed information, reference should be made to the consolidated financial statements thereon incorporated by reference to this AIF.

6.2 Summary of Quarterly Results

The following table sets forth selected financial information of the Issuer for each of the last eight quarters ending at the end of the most recently completed fiscal year:

Quarter Ended (expressed in thousands of US dollar except for per share amounts)

		Dec 31, 2002	Sep 30, 2002	Jun 30, 2002	Mar 31, 2002	Dec 31, 2001	Sep 30, 2001	Jun 30, 2001	Mar 31, 2001
(a)	Net sales or total revenues	8	32	196	10	4	33	(2)	6
(b)	Income or loss from continuing operations:								
	(i) in total	(1,859)	(141)	(5,427)	(50)	(3,457)	(29)	(62)	(112)
	(ii) on a per share basis	(0.04)	(0.01)	(0.12)	-	(0.08)	-	-	-
	(iii) on a fully diluted per share basis	(0.03)	-	(0.10)	-	(0.07)	-	-	-
(c)	Net income or loss:								
	(i) in total	(1,859)	(141)	(5,427)	(50)	(3,457)	(29)	(62)	(112)
	(ii) on a per share basis	(0.04)	(0.01)	(0.12)	-	(0.08)	-	-	-
	(iii) on a fully diluted per share basis	(0.03)	-	(0.10)	-	(0.07)	-	-	-

6.3 Liquidity and Capital Resources and Results of Operations

The Issuer's operations consist of the exploration and evaluation of natural resource properties. The Issuer's financial success is dependent upon its ability to find economically viable properties and develop them. The process can take many years and is largely dependent on factors beyond the control of the Issuer. The Issuer's historical capital needs have been met by the sale of the Issuer's stock. The Issuer's funds on hand have for the past several years been sufficient to cover the Issuer's administrative expenses. There is no assurance that equity funding will be possible at the times required by the Issuer.

As of December 31, 2002, the Issuer had a cash balance of $215,000 and a working capital of US$621,000.

As it is at the exploration and development stage, the Issuer capitalizes its acquisition, exploration and development costs of its mineral properties. Should any of these properties be placed into production, such costs would be amortized over the life of the properties on a unit-of-production basis. Should exploration results of any of its properties prove unsatisfactory, the Issuer would then abandon such property or properties, and write off costs incurred up to that time. The impact on its net loss for the fiscal period would be dependent upon the amount of costs deferred up to the time of the write-off.

The Issuer is a junior exploration company with no revenue-producing operations. Activities include acquiring mineral properties and conducting exploration programs. The mineral exploration business is risky and speculative and most exploration projects will not become mines. The Issuer often offers to a major mining company the opportunity to acquire an interest in a property in return for the funding by the major mining company, of all or part of the exploration and development of that property. For the funding of property acquisitions and exploration that the Issuer conducts itself, the Issuer does not use long-term debt. Rather, it depends on the issuance of shares from the treasury to investors. Such stock issues, in turn, depend on numerous factors, important among which are a positive mineral exploration climate, positive stock market conditions, a company's track record and experience of management.

For the Three Months Ended March 31, 2003

The Issuer had a cash balance of $441,000 and a working capital of $979,000 as at March 31, 2003, in contrast to December 31, 2002 balances of $215,000 and $621,000, respectively, thereby reflecting 105% and 58% respective improvements in financial resources and overall liquidity. Current assets increased by 54% to $1,006,000 and current liabilities decreased by 13% to $27,000 during the first quarter ended March 31, 2003 relative to the December 31, 2002 year end. In the March 31, 2003 quarter, the Issuer closed a private placement for 1,250,000 units which contributed net proceeds of $424,000. Also the exercise of 575,000 warrants provided further proceeds of $80,000 to the Issuer's treasury. The Issuer's principal sources of funds for 2003 are from shares-for-cash payments from its partner on the Bellavista project in Costa Rica and from equity financing sources.

The Issuer incurred a net loss of $45,000 for the three months ended March 31, 2003, representing 10% less than the $50,000 net loss for the same period in 2002. For the first quarter in 2003, the Issuer incurred increased expenses in almost all categories, but such increases were offset by the significantly higher revenues of $116,000 which were realized, in contrast to revenues of only $10,000 in the 2002 first quarter. During the March 31, 2003 quarter, expenditures were incurred for the Benzdorp property in Suriname as the Issuer pursued an aggressive trenching and sampling program during this period.

Selected consolidated financial information for the March 31, 2003 is as follows (expressed in thousands of US dollar except for per share amounts):

Net sales or total revenues	$116
Net income (loss) from continuing operations	$(45)
Net income (loss)	$(45)
Earnings (loss) per share	$(0.001)
Total assets	$10,686
Long-term liabilities	-
Cash dividends per share	-
Shareholders' equity	$10,531
Working capital	$979

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

The Issuer had cash and cash equivalents of $215,000 and working capital of $621,000 as at December 31, 2002, as compared to $70,000 and $366,000, respectively, at December 31, 2001, representing respective increases of 207% and 70%. This was largely attributable to the Issuer's closing of two private placements in 2002 which resulted in proceeds of $433,000 whereas only one private placement closed in 2001 for proceeds of $293,000. Also the exercise of warrants in 2002 provided further proceeds of $83,000.

In 2002, the Issuer incurred a net loss of $7,477,000, representing a significant increase of 104% relative to the 2001 net loss of $3,660,000. The main contributing factor to the increase in losses is the 2002 write-down of resource properties of $7,220,000 in contrast to 2001 write-downs of $3,150,000, an increase of

129%. Continued depressed gold markets in early 2002 resulted in the write-down of $5,486,286 for the New Polaris property in BC, Canada, which was already written down by $3,187,104 in 2001. Also in 2002, the Sara Kreek property in Suriname was written down by $1,717,000.

In 2002, the Issuer adopted a new accounting principle for stock based compensation plans such as stock options in which these new standards were to resolve issues involving cost transparency of stock options and to increase relevance of financial information. This new standard resulted in the recognition of $182,000 in compensation expense in 2002, which was not recognized in prior fiscal years.

The Issuer did realize 2002 revenues of $246,000 in contrast to 2001 revenues of $41,000, which was attributed to the revenues from the Bellivista project in Costa Rica.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

The Issuer had a working capital of $366,000 at December 31, 2001 as compared to a working capital deficiency of $42,000 at December 31, 2000. Current assets rose by 48% to $474,000 and current liabilities dropped 70% to $108,000 during the 2001 fiscal year, as the Issuer continued to pay down its current accounts. The Issuer's principal sources of funds continue to be the annual cash payments from our partner on the Bellavista project in Costa Rica and the raising of capital from time to time by issuing securities.

The Issuer experienced a net loss of $3,660,000 for the year ended December 31, 2001 as compared to a loss of $771,000 for the 2000 fiscal year. The Issuer incurred cash expenditures totalling $280,000 on general, administrative, and other costs in the 2001 fiscal year in contrast to $563,000 in the 2000 fiscal year. The use of capital during the 2001 year was mainly directed toward expenses rather than asset acquisitions or development programs.

Management elected to take a write-down of $3,187,000 on the New Polaris property to reflect the impairment of this project and value due to the lack of recent development activity, the depressed gold price and capital markets for gold shares, and the reduced values of comparable projects in the junior resource sector. The Issuer also incurred a $258,000 loss on the disposition of certain capital assets, principally in Suriname, where there was a significant reduction in the size of Canarc's office, equipment and furniture in 2001.

6.4 Foreign GAAP

Not applicable. The Issuer adopts the Canadian GAAP for its financial information which are stated in terms of United States dollars.

ITEM 7: MARKET FOR SECURITIES

The Issuer's common shares are listed for trading in Canada under the symbol CCM on the Toronto Stock Exchange and in the United States under the symbol CRCUF on the OTCBB quotation system.

ITEM 8: DIRECTORS AND OFFICERS

8.1 Name, Address, Occupation and Security Holding

The following are the full names, municipality of residence, and positions with the Issuer and principal occupations within the preceding five years of all of the directors and officers of the Issuer:

Name and Municipality of Ordinary Residence [(1)]	**Principal Occupation or Employment during the past five years** [(2)]	**Current Position with Company and Period of Service**	**Approx. no. of voting securities beneficially owned, directly or indirectly or over which direction or control is exercised**
Bradford J. Cooke [(3),] West Vancouver, BC, Canada	President and CEO of Canarc Resource Corp.	President, Chief Executive Officer and Director since Jan. 22, 1987	400,480
Chris Theodoropoulos[(3)] West Vancouver, BC, Canada	Barrister & Solicitor, President and Director, Century Gold Corp.	Director since March 12, 1996	Nil
Derek Bullock Ontario, Canada	President, Bullock Engineering Corporation, Mining & Mineral Resource Consultants	Director since March 12, 1996	34,895
Stephen Peck[(3)] New York, USA	Partner, Torrey Associates LLC	Director since June 5, 2001	282,300
Len Harris Lone Tree, Colorado, USA	Retired	Director since June 5, 2001	Nil
Stewart L. Lockwood Vancouver, BC, Canada	Lawyer with Vector Corporate Finance Lawyers from 2001, Counsel for the Issuer prior thereto.	Secretary since 1994	33,220

(1) The information as to municipality of 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 May 27, 2003, the directors were re-elected for a period of one year. The Issuer's next Annual General Meeting will be held next year and it is anticipated that all of the above directors will be nominated for re-election. Officers of the Issuer are appointed by the Board of Directors.

As the date hereof, 750,895 common shares of the Issuer are beneficially owned, directly or indirectly, by the directors and senior officers, as a group, representing 1.53% of the issued and outstanding voting securities (49,037,274 common shares).

8.2 Corporate Cease Trade Orders or Bankruptcies

During the 10 years prior to the date of this 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, has been a director or officer of any other company that, while that person was acting in that capacity:

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

(b) 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

8.3 Penalties or Sanctions

Subsequent to January 1, 2002, 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 Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

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

8.4 Personal Bankruptcies

During the 10 years prior to the date hereof, no director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control or the Issuer, or a personal holding company of any such persons has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 such person or company.

8.5 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 Company 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 9: ADDITIONAL INFORMATION

The Issuer will provide to any person or company, upon request to the Secretary:

(a) when the securities of the Issuer are in the course of a distribution pursuant to a short form prospectus of a preliminary short form prospectus has been filed in respect of a distribution of its securities:

   (i) one copy of the AIF of the Issuer, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
   (ii) one copy of the comparative financial statement of the Issuer for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Issuer subsequent to the financial statements for its most recently completed financial year,
   (iii) one copy of the information circular of the Issuer in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate, and
   (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or

(b) at any other time, one copy of any other documents referred to in Items (a)(i), (ii) and (iii) above, provided the Issuer may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Issuer.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the Issuer's Information Circular pertaining to its most recent Annual General Meeting. Additional information is also provided in the Issuer's comparative financial statements for its most recently completed financial year.