

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

The full name and address of the principal office in Canada of the Company is:

Canarc Resource Corp.
#301 – 700 West Pender Street
Vancouver, BC V6C 1G8

2. **Date of Material Change**

The date of the material change is September 28, 2012.

3. **News Release:**

The date and method(s) of dissemination of the News Release issued under section 7.1 of National Instrument 51-102 is/are as follows:

Date of Issuance: October 1, 2012

The news release was disseminated via SEDAR to the securities commissions in British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia as well as to the TSX Toronto Stock Exchange and was disseminated via fax and/or e-mail by Marketwire.

4. **Summary of Material Change**

Canarc Resource Corp. (the “Company”) announces that it closed a brokered private placement transaction on September 28, 2012 with Canford Capital Inc. (“Canford”) for a private placement equity financing of CA\$1.13 million with Canaccord Genuity Corp. acting as the Agent. Canford was the sole subscriber and became an insider of the Company by virtue of holding more than 10% of the issued and outstanding share capital of the Company.

In conjunction with the closing of the private placement, the Company has also agreed to grant to Canford a 120 day period of exclusivity to complete due diligence and execute an option agreement to earn up to a 51% interest in the New Polaris gold mine project in return for up to a CA\$30 million investment in exploration and development of the property, with Canarc as the manager of the project during the option period.

5. **Full Description of Material Change**

The private placement consisted of 11,300,000 units priced at CA\$0.10 per unit with each unit comprised of one common share and one transferable share purchase warrant. Each warrant is exercisable for a period of 36 months at a price of CA\$0.15 during the first two years and CA\$0.20 thereafter until expiry on the third anniversary of the date of issuance of the warrants. The warrants are subject to an accelerated expiry whereby if, after January 29, 2013, the 10 day volume weighted average trading price on the Toronto Stock Exchange equals or exceeds CA\$0.30 per share, the Company will have the right to accelerate the exercise of the warrants by giving 30 days written notice to the warrant holder. All common shares issued in the private placement are subject to a hold period of four months plus one day from the closing date of the private placement.

Agent's fees for Canaccord Genuity Corp. were comprised of a cash commission of 8% of the funds raised, a corporate finance fee and an Agent's Warrant to purchase up to 904,000 common shares for a period of 36 months, with the same exercise prices and accelerated expiry terms as the private placement warrant issued to Canford.

The net proceeds from the financing will be added to working capital and used for general and administrative expenses.

In conjunction with the closing of the private placement Canarc also agreed to grant Canford Capital Inc a 120 day period of exclusivity, from the date of the private placement closing, to negotiate and execute an option agreement to earn up to a 51% interest in New Polaris for a total investment in exploration and development of the New Polaris property totalling \$30 million.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

No significant facts remain confidential and no information has been omitted in this report.

8. **Executive Officer**

The name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and the Report or an officer through whom such executive officer may be contacted is as follows:

Name:	Bradford Cooke
Bus. Tel:	(604) 685-9700

9. **Date of Report**

Dated at Vancouver, BC, this 4th day of October, 2012.

"Philip Yee"
Philip Yee, Chief Financial Officer