FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

Canarc Resource Corp. (the "Company" or "Canarc")
#301 – 700 West Pender Street
Vancouver, BC V6C 1G8

Item 2: Date of Material Change

May 6, 2016.

Item 3: News Release

The news release was disseminated on May 9, 2016 through Marketwire and filed on SEDAR.

Item 4: Summary of Material Change

The Company announced that it has signed a definitive agreement with Endeavour Silver Corp. ("Endeavour") dated May 6, 2016 pursuant to which Canarc will sell to Endeavour 100% of the shares of Canarc's wholly-owned subsidiary, Oro Silver Resources Ltd., which indirectly holds a 100% interest in the El Compas Gold-Silver Mine Project ("El Compas") in Zacatecas, Mexico, in consideration for 2,147,239 free-trading common shares of Endeavour, with an aggregate deemed value of CAD$10.5 million.

Item 5: Full Description of Material Change

The Company announced that it has signed a definitive agreement with Endeavour dated May 6, 2016 pursuant to which Canarc will sell to Endeavour 100% of the shares of Canarc's wholly-owned subsidiary, Oro Silver Resources Ltd., which indirectly holds a 100% interest in the El Compas Gold-Silver Mine Project ("El Compas") in Zacatecas, Mexico, in consideration for 2,147,239 free-trading common shares of Endeavour, with an aggregate deemed value of CAD$10.5 million (the "Sale Transaction").

The Endeavour shares will be issued at a deemed price of CAD$4.89 per share, equal to the volume-weighted average trading price on the TSX for the 10 trading-day period immediately prior to May 6, 2016. As additional consideration, Endeavour will assume Canarc's obligation to deliver an aggregate of 165 troy ounces of gold (or the US Dollar equivalent) to Marlin Gold Mining Ltd. ("Marlin") in three equal payments of 55 troy ounces which are due in October 2016, 2017 and 2018. The foregoing gold delivery obligation was incurred by Canarc in connection with its acquisition of El Compas from Marlin.

Closing of the Sale Transaction will take place following receipt of all necessary regulatory approvals and other customary closing conditions, no later than June 30, 2016. The Sale Transaction was negotiated by Canarc management and approved by the independent directors of Canarc, with Chairman and director Bradford Cooke abstaining from any deal discussions and the Board meeting to review and approve the Sale Transaction, due to his status as a director and officer of Endeavour.

Rationale for Sale Transaction and Benefits to Canarc

- Opportunity for Canarc to turn a C$2 million investment into C$10.5 million in less than one year, making this a highly profitable transaction for the company

- Canarc’s enhanced treasury with no need to take on secured debt obligations, allows the company to continue actively seeking and pursue even more substantial growth M&A opportunities aimed to create additional value for our shareholders

- Places Canarc in the strongest financial position that it has been in for many years

- Provides Canarc with a generous profit while eliminating the risks associated with the development, financing and start-up of a new mining operation

- Endeavour shares have significant upside potential that could further increase Canarc’s treasury

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

N/A.

Item 7: Omitted Information

N/A.

Item 8: Executive Officer

The following executive officer of the Company is knowledgeable about the material change disclosed in this report and may be contacted as follows:

Philip Yee, Chief Financial Officer
Telephone: 604.685-9700

Item 9: Date of Report

May 16, 2016.