



FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2011, 2010 AND 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## **REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

### **To the Shareholders of Amarc Resources Ltd.**

We have audited the accompanying financial statements of Amarc Resources Ltd. (“the Company”), which comprise the balance sheets as at March 31, 2011 and 2010, and the statements of operations and comprehensive loss, shareholders’ equity and cash flows for each of the years in the three-year period ended March 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Amarc Resources Ltd. as at March 31, 2011 and 2010 and its financial performance and its cash flows for each of the years in the three year period ended March 31, 2011 in accordance with Canadian generally accepted accounting principles.



**INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

Vancouver, Canada  
July 25, 2011

# AMARC RESOURCES LTD.

## Balance Sheets

(Expressed in Canadian Dollars)

	March 31, 2011	March 31, 2010
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 6,811,177	\$ 4,310,460
Amounts receivable and prepaid expenses (note 13 (a))	1,197,540	172,223
Marketable securities (note 5)	113,750	45,376
Balance due from related parties (note 10)	57,632	29,870
	<u>8,180,099</u>	<u>4,557,929</u>
Refundable deposits and other prepayment	162,095	92,095
Equipment (note 6)	27,513	37,863
Mineral property interests (note 7)	2	2
	<u>\$ 8,369,709</u>	<u>\$ 4,687,889</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 64,995	\$ 32,999
<b>Shareholders' equity</b>		
Share capital (note 9)	46,352,087	36,474,363
Contributed surplus (note 9(e))	1,852,377	1,852,377
Accumulated other comprehensive income (loss)	65,749	(2,625)
Accumulated deficit	(39,965,499)	(33,669,225)
	<u>8,304,714</u>	<u>4,654,890</u>
Nature and continuance of operations (note 1)		
Commitments (note 7(a), 9(b))		
Subsequent events (note 7(a), 9(c), 13)		
	<u>\$ 8,369,709</u>	<u>\$ 4,687,889</u>

*The accompanying notes are an integral part of these financial statements.*

Approved by the Board of Directors

*/s/ Robert A. Dickinson*

Robert A. Dickinson  
Director

*/s/ Rene G. Carrier*

Rene G. Carrier  
Director

# AMARC RESOURCES LTD.

## Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars, except for weighted average number of outstanding shares)

	Years ended March 31		
	2011	2010	2009
<b>Expenses</b>			
Amortization	\$ 11,791	\$ 16,228	\$ 21,704
Exploration (note 8)	5,039,366	3,195,315	4,619,185
Legal, accounting, and audit	81,770	36,289	37,120
Management and consulting	3,965	23,241	58,464
Office and administration	196,948	153,518	178,078
Salaries and benefits	692,893	311,512	208,906
Shareholder communication	174,878	103,538	122,932
Stock-based compensation (note 9(c))	–	138,385	244,061
Travel	77,146	48,493	53,960
Trust and filing	33,422	59,138	25,915
	6,312,179	4,085,657	5,570,325
<b>Other items</b>			
Foreign exchange loss (gain)	(115)	39,576	(218,818)
Gain on disposal of fixed assets	–	–	(14,007)
Interest and other income	(63,470)	(23,688)	(309,149)
Interest expense	500	–	–
Provision for bad debt	29,067	–	–
Tax related to flow-through financing (note 9 (b))	18,113	–	80,809
Loss for the year	\$ 6,296,274	\$ 4,101,545	\$ 5,109,160
Loss for the year	\$ 6,296,274	\$ 4,101,545	\$ 5,109,160
Unrealized loss (gain) on marketable securities	(68,374)	2,625	–
Total comprehensive loss for the year	\$ 6,227,900	\$ 4,104,170	\$ 5,109,160
Basic and diluted loss per share	\$ 0.07	\$ 0.05	\$ 0.07
Weighted average number of common shares outstanding	89,132,492	75,376,733	68,465,500

*The accompanying notes are an integral part of these financial statements.*

# AMARC RESOURCES LTD.

## Statements of Shareholders' Equity

(Expressed in Canadian Dollars, except for number of shares)

	Year ended March 31, 2011		Year ended March 31, 2010		Year ended March 31, 2009	
	<u>Number of</u> <u>shares</u>		<u>Number of</u> <u>shares</u>		<u>Number of</u> <u>shares</u>	
<b>Share capital</b>						
Balance at beginning of the year	83,839,473	\$ 36,474,363	72,739,473	\$ 31,247,065	67,739,473	\$ 30,747,065
Common shares issued pursuant to the Newton property option agreement at a fair value of \$0.17 per share (note 9(b))	–	–	100,000	17,000	–	–
Exercise of share warrants at \$0.10 per share (note 9(b))	5,000,000	500,000	–	–	5,000,000	500,000
Private placement at \$0.50 per share, net of issue costs (note 9(b))	–	–	11,000,000	5,210,298	–	–
Private placement at \$0.80 per share, net of issue costs (note 9(b))	5,812,500	4,449,343	–	–	–	–
Private placement at \$0.65 per share, net of issue costs (note 9(b))	8,076,923	4,928,381	–	–	–	–
Balance at end of the year	102,728,896	\$ 46,352,087	83,839,473	\$ 36,474,363	72,739,473	\$ 31,247,065
<b>Contributed surplus</b>						
Balance at beginning of the year		\$ 1,852,377		\$ 1,713,992		\$ 1,469,931
Stock-based compensation		–		138,385		244,061
Balance at end of the year		\$ 1,852,377		\$ 1,852,377		\$ 1,713,992
<b>Accumulated other comprehensive income (loss)</b>						
Balance at beginning of the year		\$ (2,625)		\$ –		\$ –
Unrealized gain (loss) on marketable securities' (note 5)		68,374		(2,625)		–
Balance at end of the year		\$ 65,749		\$ (2,625)		\$ –
<b>Accumulated deficit</b>						
Balance at beginning of the year		\$ (33,669,225)		\$ (29,567,680)		\$ (24,458,520)
Loss for the year		(6,296,274)		(4,101,545)		(5,109,160)
Balance at end of the year		\$ (39,965,499)		\$ (33,669,225)		\$ (29,567,680)
<b>Total Shareholders' Equity</b>		\$ 8,304,714		\$ 4,654,890		\$ 3,393,377

The accompanying notes are an integral part of these financial statements.

# AMARC RESOURCES LTD.

## Statements of Cash Flows

(Expressed in Canadian Dollars)

Cash provided by (used in)	Years ended March 31		
	2011	2010	2009
<b>Operating activities</b>			
Loss for the year	\$ (6,296,274)	\$ (4,101,545)	\$ (5,109,160)
Adjustments for:			
Amortization	11,791	16,228	21,704
Common shares received, included in exploration expenses	–	(48,001)	–
Common shares issued, included in exploration expenses	–	17,000	–
Unrealized foreign exchange loss (gain)	(18)	9,863	(12,216)
Gain on disposal of equipment	–	–	(14,007)
Provision for bad debt	29,067	–	–
Stock-based compensation	–	138,385	244,061
Changes in working capital:			
Amounts receivable and prepaid expenses	(1,124,384)	2,136	(17,204)
Balances due from related parties	(27,762)	70,799	(282,902)
Accounts payable and accrued liabilities	31,996	(340)	(11,038)
Cash used in operating activities	(7,375,584)	(3,895,475)	(5,180,762)
<b>Investing activities</b>			
Proceeds from sale of equipment	–	34,148	–
Purchase of equipment	(1,441)	–	(74,097)
Cash provided by (used in) investing activities	(1,441)	34,148	(74,097)
<b>Financing activities</b>			
Proceeds from issuance of shares	9,877,724	5,210,298	500,000
Cash provided by financing activities	9,877,724	5,210,298	500,000
<b>Increase (decrease) in cash and equivalents</b>	<b>2,500,699</b>	<b>1,348,971</b>	<b>(4,754,859)</b>
Cash and equivalents, beginning of the year	4,310,460	2,971,352	7,713,995
	6,811,159	4,320,323	2,959,136
Effect of exchange rate fluctuations on cash held	18	(9,863)	12,216
Cash and equivalents, end of the year	\$ 6,811,177	\$ 4,310,460	\$ 2,971,352
<b>Components of cash and equivalents are as follows:</b>			
Cash	\$ 6,811,177	\$ 4,310,460	\$ 2,971,352
<b>Supplementary cash flow information:</b>			
Interest received	\$ 63,470	\$ 23,688	\$ 309,149
Interest paid	\$ 500	\$ –	\$ –
<b>Non cash investing and financing activities:</b>			
Issuance of common shares for property option fees	\$ –	\$ 17,000	\$ –
Marketable securities received	\$ 35,000	\$ –	\$ –
Common shares received, included in exploration expenses	\$ –	\$ 48,001	\$ –

*The accompanying notes are an integral part of these financial statements.*

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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## 1. NATURE AND CONTINUANCE OF OPERATIONS

Amarc Resources Ltd. (the "Company") is incorporated under the laws of the province of British Columbia, and its principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in British Columbia.

These financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") assuming a going concern. The Company has incurred losses since inception and its ability to continue as a going concern depends upon its capacity to develop profitable operations and to continue to raise adequate financing. These financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

## 2. BASIS OF PRESENTATION

These financial statements are prepared in accordance with Canadian GAAP and are presented in Canadian dollars.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) *Cash and equivalents*

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash.

### (b) *Equipment*

Equipment is recorded at cost and is amortized over its estimated useful life using the declining balance method at various rates ranging from 20% to 30% per annum.

### (c) *Mineral property interests and related asset retirement obligations*

The acquisition costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis over the estimated useful life of the related properties following the commencement of production, or written-off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life or are greater than the estimated fair market value, the unrecoverable portion is charged to operations in that period.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, on the date of issue or as otherwise provided under the agreement terms for the mineral property interest. Costs for properties for which the Company does not possess unrestricted ownership and exploration rights, such as

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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option agreements, are expensed in the period incurred or until a feasibility study has determined that the property is capable of commercial production.

Exploration costs and option payments are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as they are made.

Administrative expenditures are expensed in the period incurred.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected from the asset. If the carrying amount of the long-lived asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset value which is amortized over the same basis as the asset being retired. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

The Company has no material asset retirement obligations as the disturbance at the exploration sites as at March 31, 2011 has been minimal.

(d) *Government assistance*

Due to the uncertainty of approval associated with mineral exploration tax credits and other government grants for which the Company applies, government grants are recorded and credited to exploration expenses when the proceeds of these grants are actually received, or when received subsequent to the balance sheet date prior to the issuance of the financial statements.

(e) *Share capital*

Common shares issued for mineral property interests are recorded at their fair market value based upon the trading price of the shares on the TSX Venture Exchange on the date of issue or as otherwise provided under the agreement terms to issue the shares.

The proceeds from common shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits of the exploration expenditures incurred pursuant to these agreements are transferred to the purchaser of the flow-through shares.

Share issue costs are deducted from share capital.

(f) *Stock-based compensation*

The Company accounts for all non-cash stock-based payments to non-employees, and employee awards that are direct awards of shares that call for settlement in cash or other assets, or that are



# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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share appreciation rights which call for settlement by the issuance of equity instruments, using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of non-cash stock-based payments is periodically re-measured until counterparty performance is complete, and any change therein is recognized in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of non-cash stock-based payments to service providers that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

Consideration received by the Company upon the exercise of share purchase options and warrants, and the stock-based compensation previously credited to contributed surplus related to such options and warrants, is credited to share capital.

(g) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of potential impairments of asset values, rates for amortization of equipment, the determination of future income tax liability and related valuation allowance, and the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(h) *Foreign currency translation*

Revenues and expenses conducted in foreign currencies are translated at average exchange rates for the period. Amortization is translated at the same exchange rates as the assets to which it relates. Foreign exchange gains or losses are recognized in the statement of operations.

(i) *Segment disclosures*

The Company is operating in a single reportable segment – the acquisition, exploration and development of mineral properties in Canada.

(j) *Income taxes*

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, generally using the enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets also result from unused loss carry-forwards and other deductions.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

Under the Canadian Income Tax Act, a company may issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the qualifying expenditure of the proceeds by the company. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

(k) *Loss per share*

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

When the Company is in a net loss position, diluted loss per share is not presented separately as the effect of the outstanding options and warrants would be anti-dilutive.

(l) *Impairment of long-lived assets*

The Company reviews and evaluates its long-lived assets, including mineral properties and plant and equipment, for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. Measurement of an impairment loss is based on the excess of the estimated fair value of the asset over its carrying value.

At each reporting period and whenever events or circumstances indicate that an asset's fair value may not be at least equal to its carrying value, management of the Company reviews the net carrying value. These reviews involve consideration of the fair value of each property to determine whether a permanent impairment in value has occurred and whether any asset write down is necessary.

(m) *Financial instruments*

All financial instruments, including derivatives, are included on the Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are recognized in the statements of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period earnings (loss).
- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in earnings (loss).
- Held for trading financial instruments are measured at fair value. All changes in fair value are included in earnings (loss) in the period in which they arise.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in earnings (loss) in the period in which they arise, except for cash flow hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in other comprehensive income (loss).

In accordance with this standard, the Company has classified its financial instruments as follows:

Financial Instrument	Classification	Measurement
Amounts receivable	Loans and Receivables	Amortized cost
Balance due from related parties	Loans and Receivable	Amortized cost
Marketable securities and investments (i)	Available for Sale	Fair Value
Accounts payable and accrued liabilities	Other Financial Liability	Amortized cost

- (i) Marketable securities are classified as available-for-sale securities and are measured at fair market value with unrealized gains or losses recorded in comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in earnings (loss).

(n) *Comparative figures*

Certain of the prior years' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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## 4. CHANGES IN ACCOUNTING POLICIES

*Accounting standards not yet adopted*

### International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board ("AcSB") announced that 2011 is the changeover date for publicly-listed companies to use IFRS. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, although early adoption was permitted. Due to the Company's March 31 fiscal year end, the transition date for the Company is April 1, 2011.

The adoption of IFRS will require the restatement, for comparative purposes, of amounts reported by the Company for the annual and interim periods for prior years.

## 5. MARKETABLE SECURITIES

As at March 31, 2011 and March 31, 2010, the Company held common shares in several public and private companies. These marketable securities were classified as available-for-sale securities with total initial costs amounting to \$48,001 (2010 – \$48,001). The estimated fair value of these securities at March 31, 2011 was \$113,750 (2010 – \$45,376).

## 6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
March 31, 2011			
Site equipment	\$ 45,498	\$ 29,040	\$ 16,458
Computers	30,607	19,552	11,055
	<u>\$ 76,105</u>	<u>\$ 48,592</u>	<u>\$ 27,513</u>
March 31, 2010			
Site equipment	\$ 44,057	\$ 21,986	\$ 22,071
Computers	30,607	14,815	15,792
	<u>\$ 74,664</u>	<u>\$ 36,801</u>	<u>\$ 37,863</u>

## 7. MINERAL PROPERTY INTERESTS

The Company has recorded the following interest in royalties in currently non-producing properties at a nominal value on the balance sheet:

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

	March 31 2011	March 31 2010
Ana, Yukon Territory (b)	\$ 1	\$ 1
Mann Lake, Saskatchewan (b)	1	1
	\$ 2	\$ 2

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to its properties is in good standing.

(a) *British Columbia, Canada*

(i) Newton Property

In August 2009, the Company entered into an agreement ("Newton Agreement") with Newton Gold Corporation ("NGC") (formerly named New High Ridge Resources Inc.), whereby the Company acquired the right to earn an 80% interest in the Newton property by making a cash payment of \$60,000 (paid), issuing 100,000 of the Company's common shares (issued) to the underlying owners and funding exploration expenditures to the amount of \$240,000 on or before December 31, 2009 (completed) and an additional \$4,700,000 (completed) over seven years from the effective date of the agreement (see note 13 for subsequent events). In consideration of the Company agreeing to issue to the underlying owners 100,000 common shares, NGC has agreed to issue to the Company 100,000 common shares (issued).

The agreement with NGC is subject to an underlying option agreement ("Underlying Agreement") with arm's length parties, whereby NGC has the right to acquire a 100% undivided interest in all the claims held under that agreement through a series of staged payments and share issuances, which payments and share issuances have been completed, and exploration expenditures to the amount of \$240,000 on or before December 31, 2009 (completed). The claims held under the Underlying Agreement are subject to a 2% net smelter royalty, which may be purchased by NGC for \$2,000,000. Annual advance royalty payments of \$25,000 are required starting in January 2011.

Subsequent to March 31, 2011, the Company completed its earn-in requirements under the Newton Agreement, and entered into a joint venture with NGC on this property (the "Newton Joint Venture Agreement") effective May 16, 2011.

(ii) NEWS claims

As at March 31, 2011, the Company had acquired, by staking claims, a 100% interest in the NEWS claims, which extend primarily to the south, and also to the north, from the Newton property.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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## (iii) Tulox Property

The Tulox property (the "Property") was acquired by the Company in stages by staking between 2005 to 2007.

In April 2009, the Company entered into an agreement with Tulox Resources Inc. ("Tulox") (formerly named Sitec Ventures Corp.) and amended on March 23, 2010 and July 27, 2010, an unrelated British Columbia company, whereby Tulox may acquire a 50% interest in the property for consideration of 1,525,000 Tulox common shares (525,000 shares issued) and by incurring \$1,000,000 in expenditures on the property over three years. Under this agreement, Tulox may acquire a 100% interest for additional consideration of 1,100,000 of its common shares and by incurring a further \$1,000,000 in expenditures on the property on or before August 1, 2013.

Tulox has made cash payment of \$10,000 and issued 525,000 common shares to date under the April 2009 Option Agreement. The agreement is subject to certain conditions including regulatory approval. Under the agreement, the Company will receive a 3% net smelter returns ("NSR") royalty following the commencement of commercial production on the property. In addition, the Company receives a "back-in right" whereby the Company can acquire a 60% interest in the property by agreeing, within 90 days of the completion of a pre-feasibility study, to fund a further \$10,000,000 of exploration expenditures on the property. However, upon exercise of the "back-in right", the Company's entitlement to NSR will reduce to 1.2% from 3%.

Subsequent to March 31, 2011, Tulox assigned the option agreement to a subsidiary company, Newlox Gold Ventures Corp ("Newlox"), as part of a corporate reorganization and Newlox entered into an amended option agreement with Amarc. Under this amended option agreement, Newlox can acquire a 100% interest in the Property by spending \$2,000,000 on the Property and issuing 2,350,000 common shares in its capital to Amarc, in tranches ending August 2013.

## (iv) Galileo and Hubble Properties

As at March 31, 2011, the Company held a 100% interest in the Galileo and Hubble properties, which are located within the Blackwater-Davidson district approximately 120 kilometres southwest of Vanderhoof.

## (v) Sitlika Properties

The Company acquired by staking 100% interests in several mineral properties located in the Omineca, Cariboo and Clinton Mining Divisions of British Columbia, ranging in location from approximately 110 kilometers northeast of Smithers to approximately 35 kilometers southwest of Williams Lake. As of March 31, 2011, these properties included the Aspira, Huge East, Megamine, and Polymet claims.

## (b) Yukon Territory and Saskatchewan

The Company has a 5% net profits interest ("NPI") in the 46 mineral claims comprising the Ana Property in the Yukon, and a 2.5% NPI in a mineral lease comprising the Mann Lake Property in Saskatchewan. These net profit interests have been recorded at a nominal value of \$1 each (note 7). The Company has neither active exploration programs nor does it plan to undertake any new programs on these properties at the present time.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## 8. EXPLORATION SCHEDULE

Exploration expenses for the year ended March 31, 2011

	Newton program BC	Sitlika program BC	Generative BC	Other (including METC-BC)	Total
Assays and analysis	\$ 539,649	\$ –	\$ 13,789	\$ 43,297	\$ 596,735
Drilling	1,255,720	–	–	–	1,255,720
Equipment rental	134,408	–	–	1,800	136,208
Geological	2,067,273	–	163,057	489,028	2,719,358
Graphics	35,502	–	4,926	14,939	55,367
Helicopter	25,703	–	–	–	25,703
Mineral Exploration Tax Credit	–	–	–	(1,127,201)	(1,127,201)
Property fees and assessments	174,008	–	1,125	36,063	211,196
Property option payments	24,999	–	–	–	24,999
Site activities	817,657	–	888	14,570	833,115
Sustainability	184,428	–	7,495	4,069	195,992
Travel and accommodation	104,783	–	3,779	3,612	112,174
Incurred during fiscal 2011	5,364,130	–	195,059	(519,823)	5,039,366
Cumulative expenditures, March 31, 2010	2,472,098	7,286,194	3,753,086	11,752,696	25,264,074
Cumulative expenditures, March 31, 2011	\$ 7,836,228	\$ 7,286,194	\$ 3,948,145	\$ 11,232,873	\$ 30,303,440

Exploration expenses for the year ended March 31, 2010

	Newton program BC	Sitlika program BC	Generative BC	Other (including METC-BC)	Total
Assays and analysis	\$ 149,350	\$ 23,243	\$ 54,657	\$ 24,319	\$ 251,569
Drilling	617,938	1,178	–	51,190	670,306
Equipment rental	13,244	13,738	–	1,547	28,529
Geological	1,374,625	143,587	211,755	26,428	1,756,395
Graphics	12,946	2,198	1,980	990	18,114
Helicopter	–	79,505	1,645	37,011	118,161
Mineral Exploration Tax Credit	–	–	–	(252,086)	(252,086)
Property fees and assessments	9,339	26,837	12,258	26,185	74,619
Property option payments	77,000	–	–	–	77,000
Site activities	151,796	72,675	3,956	26,620	255,047
Sustainability	32,764	120,100	810	2,620	156,294
Travel and accommodation	33,096	5,362	1,270	1,639	41,367
Incurred during fiscal 2010	2,472,098	488,423	288,331	(53,537)	3,195,315
Cumulative expenditures, March 31, 2009	–	6,797,771	3,464,755	11,806,233	22,068,759
Cumulative expenditures, March 31, 2010	\$ 2,472,098	\$ 7,286,194	\$ 3,753,086	\$ 11,752,696	\$ 25,264,074

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## Exploration expenses for the year ended March 31, 2009

	Newton program BC	Sitlika program BC	Generative BC	Other (including METC-BC)	Total
Assays and analysis	\$ –	\$ 462,881	\$ 24,415	\$ 109,053	\$ 596,349
Drilling	–	806,590	–	–	806,590
Engineering	–	370,280	500	–	370,780
Equipment rental	–	69,988	35,953	13,203	119,144
Geological	–	1,496,369	549,721	496,574	2,542,664
Graphics	–	6,004	10,008	2,845	18,857
Helicopter	–	582,325	–	18,170	600,495
Mineral Exploration Tax Credit	–	–	–	(1,435,072)	(1,435,072)
Property fees and assessments	–	41,435	12,361	19,059	72,855
Property option payments	–	50,000	–	10,000	60,000
Site activities	–	353,582	40,378	95,714	489,674
Sustainability	–	15,682	1,895	628	18,205
Travel and accommodation	–	317,731	7,039	33,874	358,644
Incurred during fiscal 2009	–	4,572,867	682,270	(635,952)	4,619,185
Cumulative expenditures, March 31, 2008	–	2,224,904	2,782,485	12,442,185	17,449,574
Cumulative expenditures, March 31, 2009	\$ –	\$ 6,797,771	\$ 3,464,755	\$ 11,806,233	\$ 22,068,759

## 9. SHARE CAPITAL

### (a) *Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares.

### (b) *Share issuances*

#### Fiscal year ended March 31, 2011

During the year ended March 31, 2011, the Company completed a brokered and non-brokered private placement of 13,889,423 of its common shares, consisting of 5,812,500 flow-through shares at a price of \$0.80 per share and 8,076,923 non-flow-through shares at a price of \$0.65 per share, for aggregate gross proceeds of \$9,900,000. The Company incurred costs about \$522,000 in finder's and other fees relating to this private placement. In accordance with the terms of the flow-through share agreements, the Company is obligated to spend the proceeds of \$4,650,000 from the issuance of the flow-through shares on eligible exploration activities by December 31, 2011. The Company is subject to a tax, calculated monthly, on the portion of the proceeds remaining unspent each month after February 2011. As at March 31, 2011, approximately \$3,150,000 remained to be spent on eligible exploration activities.



# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

In October 2010, pursuant to the exercise of 5,000,000 share warrants (the "Warrants") the Company issued 5,000,000 flow-through shares for aggregate gross proceeds of \$500,000. Prior to the exercise of the Warrants, the Company and the holders of the Warrants (the "Holders") agreed to amend the terms of the Warrants whereby the Holders were entitled to acquire flow through shares instead of non-flow through shares as had been originally stipulated in the terms of the Warrants. Consequently, the Company also entered into flow through share agreements with the Holders, whereby the Company agreed to spend the proceeds from the issuance of the flow-through shares on eligible exploration activities before December 31, 2011 (completed).

## Fiscal year ended March 31, 2010

During the year ended March 31, 2010, the Company completed a private placement of 11,000,000 of its common shares at a price of \$0.50 per share, consisting of 4,800,000 flow-through shares and 6,200,000 non-flow-through shares for aggregate gross proceed of \$5,500,000.

In August 2009, the Company issued 100,000 common shares pursuant to the Newton property agreement (note 7(a)(i)). The Company recorded this issuance and the corresponding property option fees at \$17,000, being the estimated fair value of the shares using the quoted market price on the date of issuance.

### (c) *Share purchase option compensation plan*

The Company has a share purchase option compensation plan approved by the shareholders that allows the Company to grant up to 10% of the issued and outstanding shares of the Company at any one time, typically vesting over up to two years, subject to regulatory terms and approval, to its directors, employees, officers, and consultants. The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of ten years and terminate 90 days following the termination of the optionee's employment, except in the case of retirement or death.

The continuity of share purchase options for the year ended March 31, 2011 was:

Expiry date	Exercise price	March 31, 2010	Granted	Exercised	Expired/Cancelled	March 31, 2011
July 19, 2011	\$ 0.70	1,615,200	-	-	(28,000)	1,587,200
April 28, 2012	\$ 0.70	70,000	-	-	-	70,000
March 30, 2013	\$ 0.51	50,000	-	-	-	50,000
		1,735,200	-	-	(28,000)	1,707,200
Weighted average exercise price		\$ 0.69	-	-	\$ 0.70	\$ 0.69

Subsequent to March 31, 2011, a total of 5,000 options were cancelled and 1,582,200 options expired unexercised.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity of share purchase options for the year ended March 31, 2010 was:

Expiry date	Exercise price	March 31, 2009	Granted	Exercised	Expired/Cancelled	March 31, 2010
July 19, 2011	\$ 0.70	1,713,600	–	–	(98,400)	1,615,200
April 28, 2012	\$ 0.70	–	70,000	–	–	70,000
March 30, 2013	\$ 0.51	–	50,000	–	–	50,000
		1,713,600	120,000	–	(98,400)	1,735,200
Weighted average exercise price	–	\$ 0.70	\$ 0.62	–	\$ 0.70	\$ 0.69

No options were granted during the 2011 fiscal year. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted or vesting and which have been reflected in the statements of operations are as follows:

	Year ended March 31		
	2011	2010	2009
Exploration			
Engineering	\$ –	\$ 5,658	\$ 18,796
Environmental, socioeconomic and land	–	2,385	3,793
Geological	–	47,961	75,889
Exploration	–	56,004	98,478
Operations and administration	–	82,381	145,583
Total compensation cost recognized in operations, credited to contributed surplus	\$ –	\$ 138,385	\$ 244,061

The assumptions used to estimate the fair value of options vesting during the respective periods were as follows:

	Year ended March 31		
	2011	2010	2009
Risk free interest rate	–	2.48%	1.96%
Expected life	–	3 years	3 years
Expected volatility	–	85%	83%
Expected dividends	–	nil	nil

No options were granted during the 2011 fiscal year.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## (d) Share purchase warrants

The continuity of share purchase warrants (each warrant redeemable for one common share) for the year ended March 31, 2011 was:

Expiry date	Exercise Price	March 31, 2010	Issued	Exercised (note 9(b))	Expired/Cancelled	March 31, 2011
February 9, 2011	\$ 0.10	5,000,000	–	5,000,000	–	–
Weighted average exercise price		\$ 0.10	–	\$ 0.10	–	–

The continuity of share purchase warrants (each warrant redeemable for one common share) for the year ended March 31, 2010 was:

Expiry date	Exercise Price	March 31, 2009	Issued	Exercised	Expired/Cancelled	March 31, 2010
February 9, 2011	\$ 0.10	5,000,000	–	–	–	5,000,000
Weighted average exercise price		\$ 0.10	–	–	–	\$ 0.10

## (e) Contributed surplus

The components of contributed surplus are:

	March 31, 2011	March 31, 2010
Estimated fair value of warrants	\$ 982,110	\$ 982,110
Cumulative stock-based compensation	1,275,363	1,275,363
Contributed surplus transferred to share capital relating to options exercised	(405,096)	(405,096)
Total	\$ 1,852,377	\$ 1,852,377

The warrants exercised during the year ended March 31, 2011 had no fair value assigned to them when granted; consequently there was no impact on contributed surplus upon their exercise.

## 10. RELATED PARTY BALANCES AND TRANSACTIONS

Balances receivable	March 31 2011	March 31 2010
Hunter Dickinson Services Inc. (a)	\$ 57,632	\$ 29,870

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

Transactions	Year ended March 31		
	2011	2010	2009
Hunter Dickinson Services Inc. (a):			
Services rendered and expenses reimbursed	\$ 2,819,419	\$ 1,526,583	\$ 2,658,528
Cash advances	\$ 154,750	\$ –	\$ –
United Mineral Services Ltd. (b)			
Promissory note issued against receipt of cash	\$ 872,580	\$ –	\$ –
Payment of the interest on the promissory note	\$ 500	\$ –	\$ –
Farallon Minera Mexicana S.A. de C.V. (c):			
Sale of equipment	\$ –	\$ –	\$ 32,679

- (a) Hunter Dickinson Services Inc. ("HDSI") is a private company which has certain directors in common with the Company. Pursuant to an agreement dated July 2, 2010, HDSI provides geological, corporate development, administrative and management services to the Company at annually set rates. As per the agreement with HDSI, the Company may provide advances to, or receive advances from, HDSI for exploration and administrative services. HDSI also incurs third party costs on behalf of the Company. Prior to July 2, 2010, HDSI had provided services to the Company on a full cost recovery basis, pursuant to an agreement dated June 1, 2008.
- (b) United Mineral Services Ltd. ("UMS") is a private company controlled by a director of Amarc. Pursuant to a loan agreement dated December 6, 2010, the Company received a loan of \$872,580 from UMS against a promissory note payable on demand and bearing interest at a rate of 1% per annum, calculated monthly and payable quarterly. On December 20, 2010, the Company made a partial repayment of \$500,000 against the principal amount of the loan. On January 6, 2011, the loan was fully repaid, along with accrued interest.
- (c) Farallon Minera Mexicana S.A. de C.V. ("FMM"), a subsidiary of Farallon Resources Ltd., was until recently a public company which had certain directors in common with the Company. During the year ended March 31, 2009, the Company sold some used equipment to FMM at market value, for \$32,679.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## 11. INCOME TAXES

As at March 31, 2011 and 2010, the estimated tax effects of the significant components within the Company's future income tax assets (liabilities) are as follow:

	March 31 2011	March 31 2010
Future income tax assets (liabilities):		
Resource pools	\$ 3,110,000	\$ 2,707,000
Loss carry forwards	1,476,000	1,057,000
Financing expenses	148,000	65,000
Equipment	12,000	9,000
Available-for-sale financial assets	(9,000)	-
Subtotal	4,737,000	3,838,000
Valuation allowance	(4,737,000)	(3,838,000)
Net future income tax asset	\$ -	\$ -

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	March 31 2011	March 31 2010
Combined Canadian federal and provincial statutory rate	28%	29.6%
Income tax at statutory rates	\$ (1,763,000)	\$ (1,215,000)
Permanent differences	757,000	435,000
Tax rate differences	108,000	128,000
Adjustments of taxes of prior periods	(1,000)	(41,000)
Change in valuation allowance	899,000	693,000
	\$ -	\$ -

At March 31, 2011, the Company had taxable capital losses of \$1.6 million (2010 – \$1.6 million) that do not expire and \$4.3 million (2010 – \$2.6 million) in non-capital losses expiring in various periods from 2015 to 2031.

## 12. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) Capital Management Objectives

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company manages its capital structure and makes adjustments to it in

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, having maturity dates of three months or less from the date of acquisition and that are readily convertible to known amounts of cash.

There were no changes to the Company's approach to capital management during the year ended March 31, 2011.

## (b) *Carrying Amounts and Fair Values of Financial Instruments*

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2011 and 2010.

	Financial assets at fair value as at March 31, 2011			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments	\$ 78,750	\$ 35,000	\$ –	\$ 113,750

  

	Financial assets at fair value as at March 31, 2010			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments	\$ 45,376	\$ –	\$ –	\$ 45,376

## (c) *Financial Instrument Risk Exposure and Risk Management*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

## (i) Credit Risk

The Group's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, and amounts receivable and other assets. The carrying value of the Group's cash and equivalents and amounts receivable and other assets represent the maximum exposure to credit risk.

	Carrying Amount	
	March 31, 2011	March 31, 2010
Financial assets		
Cash and equivalent	\$ 6,811,177	\$ 4,310,460
Amounts receivable	1,307,241	232,159
Available-for-sale financial assets	113,750	45,376
Balance due from related parties	57,632	29,870
Total	\$ 8,289,800	\$ 4,617,865

## Impairment losses

At March 31, 2011, the Company has recorded a provision for bad debt amount to \$ 29,067 (2010 – \$nil)

## Cash and equivalents.

The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents in high quality investments with major financial institutions and in federal government-backed treasury bills.

## Amounts receivable

Included in the Company's receivables is the Company's claim for 2009 Mineral Exploration Tax Credit ("BC METC") with interest totaling to an amount of \$904,143 and an HST receivable amount of \$251,002. The Company received the 2009 BC METC claim in April 2011 and HST claims in June 2011.

## (ii) Liquidity Risk

The Company ensures that there is sufficient cash in order to meet its short term business requirements, after taking into account the Company's holdings of cash and equivalents. The Company's cash and equivalents are invested in business accounts which are immediately available on demand for the Company's use.

The Company has sufficient cash and equivalents to meet commitments associated with its financial liabilities.

# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

	Carrying Amount	
	March 31, 2011	March 31, 2010
Amounts payable and accrued liabilities		
Carrying amount	\$ 64,995	\$ 32,999
Contractual cash flow	\$ 64,995	\$ 32,999
Due in following year	\$ 64,995	\$ 32,999

## (iii) Market Risk

The significant market risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk and price risk.

### Foreign exchange risk

The Company incurs substantially all of its expenditures in Canada and a significant portion of its cash and equivalents are denominated in Canadian dollars ("CAD"). At March 31, 2011, the Company was exposed to foreign exchange risk to the extent of exchange rate fluctuation and a resultant change in the value of its cash and equivalents held in US dollars ("USD").

At March 31, 2011, the exposure of the Company's financial assets to foreign exchange risk is cash held in United States dollars with the amount equivalent to \$17,323 (2010 – \$118,199)

Substantially all of the Company's liabilities are denominated in Canadian dollars.

The Company currently does not engage in foreign currency hedging.

The following significant exchange rates were applied during the year and at the reporting dates:

	2011	2010
Canadian dollars per United States dollar		
Closing rate at March 31	0.9696	1.0158
Average rate during the year	1.0164	1.0904

### Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash equivalents. The Company's policy is to invest cash in variable rate financial instruments having maturity dates of three months or less from the date of acquisition and cash reserves are to be maintained in cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Assuming that all other variables remain constant, a 10 basis point increase or decrease in interest rates would have resulted in a decrease or increase in the loss of approximately \$6,000 in the year (2010 – \$2,000).



# AMARC RESOURCES LTD.

Notes to the Financial Statements

Years ended March 31, 2011, 2010, and 2009

(Expressed in Canadian Dollars, unless otherwise stated)

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## Price risk

The Company is subject to price risk in respect of its investments in marketable securities (note 5).

### **13. SUBSEQUENT EVENTS**

#### *(a) METC refund*

Subsequent to March 31, 2011, the Company received \$872,580 in mineral exploration tax credits in respect of its fiscal year ended March 31, 2009 under the British Columbia Mineral Exploration Tax Credit program. This amount has been included in exploration expenses for the year ended March 31, 2011. The Company also received \$31,563 in interest related to this tax credit, which has been recorded as interest income.

#### *(b) Newton joint venture agreement*

Subsequent to March 31, 2011, the Company entered into a joint venture agreement (the "Newton Joint Venture Agreement") with Newton Gold Corp. on the Newton property (note 7(a)(i)). The companies also agreed to incorporate the adjacent NEWS mineral claims into that agreement, resulting in a project area totaling 284 mineral claims.

#### *(c) Tulox Property option agreement*

Subsequent to March 31, 2011, the Company entered into an amended Option Agreement with Newlox Gold Venture Corp on the Tulox Property (note 7(a)(iii)).



YEAR ENDED MARCH 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARC RESOURCES LTD.**  
**YEAR ENDED MARCH 31, 2011**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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1.1	Date.....	1
1.2	Overview.....	1
1.3	Selected Annual Information .....	8
1.4	Summary of Quarterly Results.....	9
1.5	Results of Operations.....	10
1.6	Liquidity.....	10
1.7	Capital Resources .....	11
1.8	Off-Balance Sheet Arrangements .....	11
1.9	Transactions with Related Parties.....	11
1.10	Fourth Quarter.....	11
1.11	Proposed Transactions .....	12
1.12	Critical Accounting Estimates .....	12
1.13	Changes in Accounting Policies including Initial Adoption.....	12
1.14	Financial Instruments and Other Instruments .....	12
1.15	Other MD&A Requirements.....	12
1.15.1	Additional Disclosure for Venture Issuers without Significant Revenue .....	12
1.15.2	Disclosure of Outstanding Share Data.....	13
1.15.3	Internal Controls over Financial Reporting and Disclosure Controls.....	13
1.16	International Financial Reporting Standards ("IFRS") .....	13

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **1.1 Date**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Amarc Resources Ltd. ("Amarc", or the "Company") for the year ended March 31, 2011, which are publicly available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as of July 22, 2011.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

## **1.2 Overview**

Amarc is focused on mineral exploration in south-central British Columbia ("BC"). Its aim is the discovery and development of bulk-tonnage gold or gold-copper deposits with the potential to deliver value to the Company.

In order to achieve its objective, the Company has assembled a capable and experienced mineral exploration team.

Under the Newton Joint Venture Agreement, Amarc has an 80% interest in the Newton gold-copper property, located approximately 100 kilometres southwest of the City of Williams Lake, which includes extensive adjacent mineral claims. In 2011, the Company successfully completed at the Newton property a drill campaign which followed on from the 2010 discovery drilling. In addition, Amarc holds a 100% interest in approximately 840 square kilometers of mineral claims primarily over the Galileo project, which is located some 16 kilometres to the west of the Richfield Ventures Corp.'s Davidson-Blackwater deposit and approximately 120 kilometres southwest of Vanderhoof.

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Figure 1. Location of the Newton and Galileo Properties.

### *The Newton Joint Venture*

The Newton property is located approximately 110 kilometres southwest of the City of Williams Lake, BC (see Figure 1). Core drilling by previous operators at Newton tested for porphyry-style copper mineralization which in general returned low grade copper results. However, four drill holes (06-12, 06-03, 92-04 and 06-11), positioned in the easternmost part of the area drilled, intercepted 105 metres of 1.20 g/t gold (including 49 metres at 2.33 g/t gold), 95 metres at 0.51 g/t Au, 60 meters of 0.69 g/t gold and 46 meters of 0.54 g/t gold, respectively. Holes 06-12 and 06-03 also bottomed in mineralization. Geological interpretation by Amarc suggests the presence of a bulk-tonnage gold environment.

The most intensively developed mineralization includes disseminated sulphides, and appears to be preferentially localized within pervasively altered volcanoclastic and epiclastic rock units. These host rocks are characterized by both a high permeability and wide geographic distribution – a permissive environment for bulk-tonnage style mineralization.

An initial 14-hole diamond drill program completed by Amarc in early 2010 returned broad continuous intervals of bulk-tonnage style gold and silver mineralization. Significant assay results from this discovery drilling program are tabulated below.

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

NEWTON PROJECT  
ASSAY RESULTS FROM THE 14-HOLE, 2010 DISCOVERY DRILL PROGRAM

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ <sup>1</sup> (g/t)
9001		3.0	39.0	36.0	118	0.60	0.9	0.62
		228.0	297.0	69.0	226	1.41	10.9	1.59
	incl.	233.1	234.0	0.9	3	11.19	22.2	11.56
	incl.	252.8	297.0	44.2	145	1.74	15.9	2.00
		441.0	477.0	36.0	118	0.34	0.6	0.35
9002		222.0	255.2	33.2	109	0.96	2.8	1.01
	incl.	234.0	252.0	18.0	59	1.10	3.3	1.15
9003		3.0	224.5	221.5	727	0.60	5.6	0.69
	incl.	18.0	39.0	21.0	69	0.71	2.3	0.75
	incl.	96.0	224.5	128.5	421	0.84	8.9	0.99
	And	156.0	198.0	42.0	138	1.25	16.8	1.53
9004		6.0	195.0	189.0	620	1.56	7.9	1.69
	incl.	54.0	195.0	141.0	463	2.01	10.0	2.17
	And	96.0	195.0	99.0	325	2.76	12.2	2.96
	And	126.0	195.0	69.0	226	3.79	9.1	3.94
	And	129.0	132.0	3.0	10	13.47	14.4	13.71
	And	168.9	195.0	26.1	86	5.54	12.5	5.75
9005		12.0	27.0	15.0	49	0.32	1.4	0.34
		41.0	54.0	13.0	43	0.44	4.4	0.51
		76.0	163.2	87.2	286	0.50	7.1	0.62
	incl.	88.0	89.0	1.0	3	16.56	221.6	20.25
		279.0	303.0	24.0	79	0.34	0.8	0.35
9006		9.0	306.5	297.5	976	0.26	2.3	0.29
	incl.	78.0	192.2	114.2	375	0.32	3.7	0.38
	incl.	264.0	306.5	42.5	139	0.43	0.6	0.43
9007		48.0	252.0	204.0	669	0.33	4.5	0.41
	incl.	48.0	66.0	18.0	59	0.49	1.9	0.52
	incl.	135.0	216.0	81.0	266	0.46	8.0	0.59
	And	183.0	216.0	33.0	108	0.62	13.4	0.84
9008		18.0	42.0	24.0	79	0.44	6.4	0.55
		123.7	129.0	5.3	17	0.44	8.0	0.58
9009		15.0	147.9	132.9	436	0.25	5.9	0.35
	incl.	66.0	114.0	48.0	158	0.36	6.3	0.47
9010		35.4	189.0	153.6	504	0.29	3.0	0.34
	incl.	35.4	69.0	33.6	110	0.52	3.2	0.58
9011		83.4	207.0	123.6	406	0.44	2.3	0.47
	incl.	149.0	207.0	58.0	190	0.60	2.4	0.64
	And	186.0	207.0	21.0	69	1.13	2.9	1.18
9012		No reportable intercepts						
9013		No reportable intercepts						
9014		72.0	210.0	138.0	453	0.74	4.2	0.81

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ <sup>1</sup> (g/t)
	incl.	147.0	210.0	63.0	207	1.17	6.8	1.28
	And	168.0	207.0	39.0	128	1.45	6.5	1.56
	And	204.0	207.0	3.0	10	11.70	50.8	12.55

1. Gold equivalent calculations use metal prices of Au US\$900/oz and Ag US\$15/oz

Metallurgical recoveries and net smelter returns are assumed to be 100%.

AuEQ = (Au g/t) + (Ag g/t x 0.482/28.94).

Surface exploration programs also completed in 2010 included induced polarization ("IP") geophysics and soil sampling surveys, together with geological mapping. This work defined a significant bulk-tonnage gold target extending over an area of approximately eight square kilometres. The approximately 200 metre by 200 metre area drill-tested by the Phase 1 drill program is located in the southeastern sector of the extensive anomaly.

A 28-hole core drilling program completed in the first quarter of 2011 executed a series of widely spaced, exploration-style drill holes to test the extensive mineralised system and the discovery drill zone. Significant assay results from this drilling campaign are tabulated below.

**NEWTON PROJECT  
ASSAY RESULTS FROM THE 28-HOLE, 2011 DRILL PROGRAM**

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ <sup>1</sup> (g/t)
10015		95.0	134.0	39.0	128	0.35	3.1	0.41
		194.0	230.0	36.0	118	0.43	4.7	0.51
10016		141.0	249.0	108.0	354	0.37	1.5	0.40
	incl.	231.0	249.0	18.0	59	0.57	1.8	0.60
10017		75.0	215.0	140.0	459	0.35	2.3	0.39
	incl.	138.0	168.0	30.0	98	0.52	3.4	0.58
		307.3	311.5	4.3	14	1.13	4.6	1.21
10018		54.0	60.0	6.0	20	0.47	0.8	0.49
		141.0	150.0	9.0	30	0.45	2.6	0.49
10019		321.2	393.0	71.8	236	0.49	1.9	0.52
10020		18.0	156.0	138.0	453	0.46	4.1	0.53
	incl.	63.0	98.7	35.7	117	0.58	2.3	0.62
	incl.	116.8	156.0	39.3	129	0.79	10.5	0.97
	and	116.8	132.0	15.3	50	1.55	5.9	1.65
		294.0	297.0	3.0	10	6.58	1.0	6.59
10021	No reportable intercepts							
10022	No reportable intercepts							
10023		30.0	39.0	9.0	30	0.46	2.0	0.49
		249.0	288.0	39.0	128	1.21	2.0	1.24
	incl.	249.0	273.0	24.0	79	1.81	1.6	1.84
	and	267.0	273.0	6.0	20	5.15	2.6	5.19
10024	No reportable intercepts							
10025	No reportable intercepts							
10026		185.0	221.0	36.0	118	0.41	2.7	0.45
10027		75.0	78.0	3.0	10	2.31	0.2	2.31
		102.0	135.0	33.0	108	0.34	6.2	0.44

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ <sup>1</sup> (g/t)
10028		26.0	65.0	39.0	128	0.14	0.5	0.15
10029		15.0	240.0	225.0	738	0.31	1.0	0.33
	incl.	153.0	189.0	36.0	118	0.80	1.3	0.82
	and	162.0	174.0	12.0	39	1.77	1.2	1.79
10030		18.0	42.0	24.0	79	0.83	0.9	0.85
10031		171.0	183.0	12.0	39	0.89	2.3	0.92
		207.0	210.0	3.0	10	1.11	2.9	1.16
11032	No reportable intercepts							
11033		159.0	183.0	24.0	79	0.37	1.3	0.39
11034		9.1	33.0	23.9	78	0.34	3.0	0.39
11036		10.0	31.0	21.0	69	0.25	1.3	0.27
11037	No reportable intercepts							
11038	No reportable intercepts							
11039	No reportable intercepts							
11040		15.4	171.0	155.6	511	0.58	2.9	0.63
	incl.	15.4	42.0	26.6	87	1.12	4.2	1.19
	incl.	69.0	108.0	39.0	128	0.71	3.6	0.77
11041		133.0	136.0	3.0	10	2.29	0.2	2.29
11042	No reportable intercepts							
11043	No reportable intercepts							

1. Gold equivalent calculations use metal prices of Au US\$900/oz and Ag US\$15/oz

Metallurgical recoveries and net smelter returns are assumed to be 100%.

AuEQ = (Au g/t) + (Ag g/t x 0.482/28.94).

2. Drill Hole Dips -90 Degrees

3. Drill Hole 11035 lost, redrilled as hole 11037

Highlights from the 2011 drilling include important intercepts in hole 11040 which have established that the discovery zone potentially extends eastward under shallow cover and remains open to the east.

Follow-up diamond drilling, focused primarily on the open region to the east of Hole 11040, is planned in 2011 to continue to test and delineate gold mineralization within the Newton bulk-tonnage gold target,

Also included in the Newton Joint Venture Agreement (Newton JV Agreement) are extensive mineral claims extending south of the discovery area. Public domain information indicates that the region has favourable geology and geochemistry for porphyry gold-copper deposits and Newton-style gold deposits.

Amarc completed in 2010 a 7,000 line-kilometre ZTEM (Z-axis Tipper Electromagnetic system) airborne geophysical survey over the Newton region. The ZTEM technology is an innovative airborne electromagnetic system that provides unparalleled resolution and depth of investigation and can detect conductors more than one kilometre below surface. High-sensitivity magnetometry data is collected concurrently.

Initial field evaluations in 2010, including prospecting, soil geochemical sampling and IP geophysical surveys, were completed on selected targets. These field surveys defined three significant copper-molybdenum multi-element geochemical and coincident IP geophysical anomalies that are to be drill tested in 2011. In addition, several new targets have been defined which will be further assessed through ground investigations in 2011.



**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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*Newton Joint Venture Agreement*

In August 2009, Amarc entered into an Option and Joint Venture Agreement (the "Newton Agreement") with Newton Gold Corp. ("NGC", initially named High Ridge) with respect to the Newton property. Under the terms of the Newton Agreement Amarc has earned into an 80% interest in the Newton property within an accelerated timeframe, by making a \$60,000 cash payment, issuing 100,000 Amarc shares to the underlying owners and funding \$4.9 million in exploration expenditures, and has entered into the Newton Joint Venture Agreement (the "Newton JV Agreement") with NGC.

The companies have also agreed to incorporate extensive adjacent mineral claims into the Newton JV Agreement, resulting in a project area totalling 284 mineral claims. The Newton Joint Venture has a 100% undivided interest in all claims held under the Newton JV Agreement. Amarc will continue to be the operator of the property as manager under the Newton JV Agreement.

The claims defined in the underlying option agreement to the Newton Agreement are subject to a 2% net smelter returns royalty, which may be purchased for \$2 million. Advance annual royalty payments of \$25,000 are required starting in 2011.

*The Galileo and Hubble Properties*

Amarc owns a 100% of the extensive Galileo and Hubble properties, which are located within the Blackwater-Davidson district 120 kilometres southwest of Vanderhoof. In 2011, the Company completed a 4,400 line kilometre helicopter-borne, magnetic and electromagnetic geophysical survey. Twelve deposit-scale targets have been identified for immediate follow-up in the field by Induced Polarization (IP) ground geophysical surveys.

The Galileo property is located approximately 16 kilometres to the west of the Richfield Ventures Corp.'s Davidson-Blackwater deposit (Indicated Resource of 53.5 million tonnes at 1.06 g/t gold and 5.6 g/t silver, and Inferred Resource of 5.5 million tonnes at 0.96 g/t gold and 4.0 g/t silver). It is also 13 kilometres south of the Capoose deposit (Indicated Resource of 31.2 million tonnes at 0.38 g/t gold and 25.5 g/t silver and Inferred Resource of 37.3 million tonnes at 0.37 g/t gold and 24.6 g/t silver) and just three kilometres west of the 3T's vein gold deposit (best intercepts include 34 metres at 1.19 g/t gold and 101.2 g/t silver) both of which are held by Silver Quest Resources Ltd. (see Amarc news release dated May 31, 2011).

Both Newton and Galileo are located proximal to the City of Williams Lake, a full service regional centre which is approximately 250 kilometres northeast of Vancouver. The region is characterized by low-lying and gently rolling hills. It is well served by existing transportation and power infrastructure, supporting a number of operating mines and late-stage development projects. These include the Gibraltar copper-molybdenum mine (Proven and Probable Reserves of 472 million tonnes grading 0.315% copper and 0.008% molybdenum, Taseko Mines Limited) that has been in operation since 1973, and the Mount Polley copper-gold mine (Proven and Probable Reserves of 46.2 million tonnes grading 0.34% copper, 0.29 g/t gold and 0.95 g/t Ag, Imperial Metals Corp.) that commenced production in 2008, as well as late-stage development projects – notably the Prosperity gold-copper project (Proven and Probable Reserves of 831 million tonnes grading 0.43 g/t gold and 0.22% copper, Taseko Mines Limited).

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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*The Tulox Property Agreement*

The Tulox property is located in the Cariboo region and covers an area of 54 square kilometres acquired over the period of 2005 to 2007. The Tulox property is underlain by Mesozoic volcanic and sedimentary rocks that have been intruded by Mesozoic intrusive rocks. These rocks are overlain by Cenozoic volcanic and pyroclastic rocks. The Tulox property hosts gold and gold indicator element anomalies, as assessed from geochemical surveys.

In April 2009, Amarc entered into an option agreement with Tulox Resources Inc. ("Tulox", formerly named Sitec Ventures Corp.) with respect to the Tulox property. Effective July 7, 2011, Tulox assigned this agreement to Newlox Gold Ventures Corp. ("Newlox") as part of a corporate reorganization, and Newlox has entered into an amended option agreement with Amarc (the "Option Agreement"). Under this Option Agreement, Newlox can acquire a 100% interest in the Tulox property by spending \$2,000,000 on the Tulox Property and issuing 2,350,000 common shares in its capital to Amarc, in tranches ending August 2013.

Tulox has made a \$10,000 cash payment and issued 525,000 common shares to date under the April 2009 option agreement. Upon preparation of a Preliminary Assessment or a Prefeasibility Study, Amarc may exercise a one-off Back-In Right to obtain 60% interest in the Tulox property by completing an additional \$10 million in Mineral Exploration Expenditures on the Property. The Tulox property is subject to a 3% net smelter returns royalty payable to Amarc, which is reduced to 1.2% in the event that the Back-In Right is exercised by Amarc.

*Other Property Interests – BC, Yukon, Saskatchewan*

Amarc also has a 5% net profits interest ("NPI") in the 46 mineral claims that comprise the Ana Property in Yukon, and a 2.5% NPI in a mineral lease over the Mann Lake Property in Saskatchewan. The Company has no plans to undertake any programs on either of these properties in 2011.

*Market Trends*

Although there has been periodic volatility in the gold market, the annual average price has increased for the past four years. In response to the global economic uncertainty that began in mid 2008, gold prices increased in 2009 and have, largely, continued to do so since that time. The average price in 2008 was US\$872/oz, in 2009 was US\$974/oz and in 2010 was US\$1227/oz. The average price in 2011 to mid July is US\$1,456/oz.

Copper prices increased significantly between late 2003 and mid 2008, and then declined in late 2008. The average price in 2008 was approximately US\$3.16/lb. Prices began to increase again in 2009 and have continued to do so, overall, in 2010 and 2011, averaging US\$2.34/lb in 2009 and US\$3.42/lb in 2010. The average price in 2011 to mid July is US\$4.27/lb.

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.3 Selected Annual Information**

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars.

	<b>As at March 31</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Current assets	\$ 8,180,099	\$ 4,557,929	\$ 3,279,621
Refundable deposits and other prepayment	162,095	92,095	93,000
Mineral property interests	2	2	4
Equipment	27,513	37,863	54,091
<b>Total assets</b>	<b>8,369,709</b>	<b>4,687,889</b>	<b>3,426,716</b>
Current liabilities	64,995	32,999	33,339
Shareholders' equity	8,304,714	4,654,890	3,393,377
<b>Total shareholders' equity &amp; liabilities</b>	<b>8,369,709</b>	<b>4,687,889</b>	<b>3,426,716</b>
<b>Working capital</b>	<b>\$ 8,115,104</b>	<b>\$ 4,524,930</b>	<b>\$ 3,246,282</b>
	<b>Years ended March 31</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Expenses (Income)</b>			
Amortization	\$ 11,791	\$ 16,228	\$ 21,704
Exploration	5,039,366	3,195,315	4,619,185
Legal, accounting and audit	81,770	36,289	37,120
Management and consulting	3,965	23,241	58,464
Office and administration	196,948	153,518	178,078
Salaries and benefits	692,893	311,512	208,906
Shareholder communication	174,878	103,538	122,932
Travel and conference	77,146	48,493	53,960
Trust and filing	33,422	59,138	25,915
Foreign exchange loss (gain)	(115)	39,576	(218,818)
Gain on disposal of equipment	-	-	(14,007)
Interest and other income	(63,470)	(23,688)	(309,149)
Interest expense	500	-	-
Provision for bad debt	29,067	-	-
Tax relating to flow-through shares	18,113	-	80,809
<b>Subtotal</b>	<b>6,296,274</b>	<b>3,963,160</b>	<b>4,865,099</b>
Stock-based compensation expense	-	138,385	244,061
<b>Net loss for the year</b>	<b>\$ 6,296,274</b>	<b>\$ 4,101,545</b>	<b>\$ 5,109,160</b>
Other comprehensive (income) loss:			
Unrealized loss (gain) on marketable securities	(68,374)	2,625	-
<b>Total comprehensive loss</b>	<b>\$ 6,227,900</b>	<b>\$ 4,104,170</b>	<b>\$ 5,109,160</b>
Basic and diluted loss per share	\$ 0.07	\$ 0.05	\$ 0.07
Weighted average number of common shares outstanding	89,132,492	75,376,733	68,465,500

**AMARC RESOURCES LTD.**  
**YEAR ENDED MARCH 31, 2011**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.4 Summary of Quarterly Results**

The amounts are expressed in thousands of Canadian dollars, except per-share amounts. Small differences are due to rounding.

	Mar 31 2011	Dec 31 2010	Sep 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sep 30 2009	Jun 30 2009
Current assets	\$8,180	\$5,159	\$2,108	\$3,592	\$4,558	\$3,989	\$2,838	\$2,930
Refundable deposits and other prepayment	162	142	112	112	92	93	93	93
Other assets	28	31	33	36	38	42	46	49
<b>Total assets</b>	<b>8,370</b>	<b>5,332</b>	<b>2,253</b>	<b>3,740</b>	<b>4,688</b>	<b>4,124</b>	<b>2,977</b>	<b>3,072</b>
Current liabilities	65	1,235	698	255	33	362	683	67
Shareholders' equity	8,305	4,097	1,555	3,485	4,655	3,762	2,294	3,005
<b>Total liabilities &amp; shareholders' equity</b>	<b>8,370</b>	<b>5,332</b>	<b>2,253</b>	<b>3,740</b>	<b>4,688</b>	<b>4,124</b>	<b>2,977</b>	<b>3,072</b>
<b>Working capital</b>	<b>8,115</b>	<b>3,924</b>	<b>1,410</b>	<b>3,336</b>	<b>4,525</b>	<b>3,627</b>	<b>2,155</b>	<b>2,863</b>
Expenses								
Amortization	3	3	3	3	4	4	3	6
Exploration	1,552	2,090	1,610	915	823	1,638	790	196
Tax credits received	(1,127)	–	–	–	–	–	(252)	–
Legal, accounting and audit	28	18	15	21	23	2	5	6
Management and consulting	1	2	1	–	23	1	–	–
Office and administration	48	58	47	44	43	23	46	41
Salaries and benefits	208	147	182	156	108	25	73	106
Shareholder communication	34	60	46	34	47	13	25	18
Travel and conference	32	26	17	2	31	5	7	6
Trust and filing	15	3	14	1	46	6	7	1
<b>Subtotal</b>	<b>794</b>	<b>2,407</b>	<b>1,935</b>	<b>1,176</b>	<b>1,148</b>	<b>1,717</b>	<b>704</b>	<b>380</b>
Foreign exchange loss (gain)	1	1	3	(6)	–	(3)	30	13
Interest expense	1	–	–	–	–	–	–	–
Interest income	(49)	(4)	(3)	(7)	(5)	(4)	(12)	(4)
Provision for bad debt	29	–	–	–	–	–	–	–
Tax on flow-through shares	–	18	–	–	–	–	–	–
<b>Subtotal</b>	<b>776</b>	<b>2,422</b>	<b>1,935</b>	<b>1,163</b>	<b>1,143</b>	<b>1,710</b>	<b>722</b>	<b>389</b>
Stock-based compensation	–	–	–	–	(42)	125	22	33
<b>Net loss (income) for the period</b>	<b>\$ 776</b>	<b>\$2,422</b>	<b>\$1,935</b>	<b>\$1,163</b>	<b>\$1,101</b>	<b>\$1,835</b>	<b>\$ 744</b>	<b>\$ 422</b>
Unrealized (gain) loss on available-for-sale marketable securities	(55)	(15)	(5)	7	3	(5)	5	–
<b>Comprehensive loss (income) for the period</b>	<b>\$ 721</b>	<b>\$2,407</b>	<b>\$1,930</b>	<b>\$1,170</b>	<b>\$1,104</b>	<b>\$1,830</b>	<b>\$ 749</b>	<b>\$ 422</b>
Basic and diluted net loss (earning) per share	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding (thousands)	101,741	87,326	83,839	83,839	83,288	72,839	72,783	72,739

**AMARC RESOURCES LTD.**  
**YEAR ENDED MARCH 31, 2011**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **1.5 Results of Operations**

The net loss for the year ended March 31, 2011 increased to \$6,296,274 compared to a net loss of \$4,101,545 for the previous year. The increase in loss was mainly due to an increase in exploration expenditures in the current year compared to the previous year.

Exploration expenses, before METC-BC, increased to \$6,166,567 in the fiscal year 2011, compared to \$3,447,401 in the previous year. The major exploration expenditures during the year were geological (2011 – \$2,719,358; 2010 – \$1,756,395), drilling (2011 – \$1,255,720; 2010 – \$670,306), assay and analysis (2011 – \$596,735; 2010 – \$251,569), site activities (2011 – \$833,115; 2010 – \$255,047) and property fees and assessments (2011 – \$211,196; 2010 – \$74,619). See section 1.7 "Capital Resources" below, for a discussion of the Mineral Exploration Tax Credit.

Administrative costs for the year ended March 31, 2011 also increased in line with the increase in exploration activities from prior fiscal year. The major administrative costs during the year were salaries and benefits (2011 – \$692,893; 2010 – \$311,512), office and administration (2011 – \$196,948; 2010 – \$153,518), shareholder communications (2011 – \$174,878; 2010 – \$103,538), legal, accounting and audit (2011 – \$81,770; 2010 – \$36,289) and conference and travel (2011 – \$77,146; 2010 – \$48,493).

The increase in office and administration is mainly due to an increase in insurance expenses to \$89,628 from \$77,970 at the prior fiscal year and increased costs of information technology services and related maintenance expenses to \$80,747 from \$52,076 in the prior fiscal year.

There was no stock-based compensation expense charged to operations during the year ended March 31, 2011, compared to \$138,385 for fiscal 2010, as no options were granted during 2011.

During the current year, interest income increased to \$63,470 from \$23,688 in the prior fiscal year, primarily due to higher average cash balances on hand.

## **1.6 Liquidity**

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company has issued common share capital in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At March 31, 2011, the Company had working capital of approximately \$8.1 million, compared to working capital of \$4.5 million at March 31, 2010. The Company's current working capital is sufficient to fund its known commitments.

The Company will continue to advance its exploration projects by finding the right balance between advancing the projects and preserving its cash.

The Company has no long term debt, capital lease obligations, or any other long term obligations.

Development of any of the Company's mineral properties will require additional equity and possibly debt financing. As the Company is an exploration stage company, it does not have revenues from operations and, except for interest income earned on its cash and cash equivalents, the Company relies on equity funding for its continuing financial liquidity.

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **1.7 Capital Resources**

The Company has no lines of credit or other sources of financing which have been arranged but are as yet unused.

The Mineral Exploration Tax Credit ("BC METC") initiative was introduced by the BC Government to stimulate new economic activities in the province and includes an enhanced credit for mineral exploration in areas affected by the mountain pine beetle infestation. The Company records receipt of this tax credit as cost recovery which is included in exploration expenses. During the fiscal year ended March 31, 2011, the Company has recorded BC METC related to fiscal year 2009 amounting to \$872,580 (received in April 2011) and BC METC related to the 2010 fiscal year amounting to \$254,621 (received in March 2011).

In December 2010 and January 2011, the Company completed a brokered and non-brokered private placement of 13,889,423 of its common shares, consisting of 5,812,500 flow-through shares at a price of \$0.80 per share (completed in December 2010) and 8,076,923 non-flow-through shares at a price of \$0.65 per share (completed in January 2011), for aggregate gross proceeds of \$9,900,000.

In October 2010, pursuant to the exercise of 5,000,000 share warrants, the Company issued 5,000,000 flow-through shares for aggregate gross proceeds of \$500,000.

The Company has no "Purchase Obligations" defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

### **1.8 Off-Balance Sheet Arrangements**

None.

### **1.9 Transactions with Related Parties**

The required disclosure is provided in note 10 of the accompanying audited financial statements as at and for the year ended March 31, 2011.

### **1.10 Fourth Quarter**

The net loss for the fourth quarter of fiscal 2011 was \$776,000, compared to a net loss of \$2,422,000 in the third quarter of the year. The decrease in loss is mainly due to the recognition of BC METC refunds totalling \$1,127,000 recorded as cost recovery compared to nil in prior quarter.

Exploration expenses decreased to \$1,552,000 in the fourth quarter of 2011 from \$2,090,000 in the third quarter of the year. The decrease is mainly due to a decrease in drilling and site contractor expenses. Drilling expenses have decreased to \$476,794 in current quarter from \$778,925 in third quarter of the year and site contractor expenses have decreased to \$105,346 in current quarter from \$188,910 in the third quarter of the year.

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Administration costs also have increased to \$398,000 in the fourth quarter of 2011 from \$317,000 in the third quarter of the same year. This is in line with the increase in exploration activities during the quarter.

**1.11 Proposed Transactions**

There are no proposed transactions requiring disclosure under this section.

**1.12 Critical Accounting Estimates**

Not required. The Company is a venture issuer.

**1.13 Changes in Accounting Policies including Initial Adoption**

The required disclosure is provided in note 4 of the accompanying audited financial statements as at and for the year ended March 31, 2011.

**1.14 Financial Instruments and Other Instruments**

The carrying amounts of cash and equivalents, amounts receivable, available-for-sale marketable securities, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

**1.15 Other MD&A Requirements**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue**

(a) capitalized or expensed exploration and development costs;

The required disclosure is presented in note 8 to the audited financial statements for the year ended March 31, 2011.

(b) expensed research and development costs;

Not applicable.

(c) deferred development costs;

Not applicable.

(d) general and administration expenses; and

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

The required disclosure is presented in the audited statements of operations for the year ended March 31, 2011.

(e) any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d);

None.

### **1.15.2 Disclosure of Outstanding Share Data**

The following table details the share capital structure as at July 22, 2011, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number
Common shares			102,728,896
Options	April 28, 2012	\$0.70	70,000
Options	March 30, 2013	\$0.51	50,000

### **1.15.3 Internal Controls over Financial Reporting and Disclosure Controls**

#### *Internal Controls over Financial Reporting*

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

#### *Disclosure Controls and Procedures*

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.

### **1.16 International Financial Reporting Standards ("IFRS")**

#### *Management of the IFRS Convergence Project*

The Company is evaluating its overall readiness to transition from Canadian GAAP to IFRS including the readiness of its staff, Board of Directors, Audit Committee and auditors.

The IFRS convergence project consists of three primary phases, which in certain cases will occur concurrently as IFRS is applied to specific areas:



**AMARC RESOURCES LTD.**  
**YEAR ENDED MARCH 31, 2011**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

Phase 1 – Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS. This phase has been completed.

Phase 2 – Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements. This phase has been completed.

Phase 3 – Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements. This phase is currently progressing well and has been substantially completed.

*IFRS 1 – First Time Adoption of International Financial Reporting Standards*

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ending on June 30, 2011, being the first quarter of the 2012 fiscal year, the Company will restate its comparative fiscal 2011 financial statements for annual and interim periods to be consistent with IFRS. In addition, the Company will reconcile equity and net earnings from the then-previously reported fiscal 2011 Canadian GAAP amounts to the new, restated, 2011 IFRS amounts.

IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and certain optional exemptions to this general principle.

The Company elected to take the following IFRS 1 optional exemptions as at the transition date:

- to apply the requirements of IFRS 3, Business Combinations, prospectively from the transition date;
- to apply the requirements of IFRS 2, Share-based Payments, to equity instruments granted which had not vested as of the transition date; and
- to apply the requirement of IAS 39, Financial Instruments: Recognition and Measurement, prospectively to transactions entered into on or after the date of transition

Changes to estimates previously made are not permitted. The estimates previously made by the Company under Canadian GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

*Other IFRS Considerations*

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS, the Company's interim financial statements for the

**AMARC RESOURCES LTD.**  
**YEAR ENDED MARCH 31, 2011**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

three months ending on June 30, 2011, will include extensive notes disclosing transitional information and disclosure of all new, IFRS-compliant, accounting policies. IFRS requires significantly more note disclosure than Canadian GAAP for certain standards (for example, related party transactions with key management personnel). These increased disclosure requirements will cause the Company to enhance certain financial reporting processes to ensure that sufficient and appropriate data is collected.

As a result of the Company's analysis of potential impact of convergence with IFRS, the following areas have been identified where the Company's accounting policy will be changed significantly.

*(a) Share Based Payment*

The Company's analysis of impact of IFRS on accounting treatment of share-based payments have identified differences in the following areas:

- Classification of optionees between employees and non-employees
- Valuation of awards to non-employees
- Graded vesting
- Estimating the number of options that will ultimately vest

However, IFRS provide an option to first-time adopters in applying IFRS 2. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after November 2002 and vested before the later of the date of transition to IFRS. Substantially all of the Amarc's share options outstanding at the transition date were fully vested. Therefore, no adjustment is expected to be required in terms of share-options outstanding at the transition date.

*(b) Related Parties*

The Company's analysis has identified certain additional disclosure requirements under IFRS, compared to GAAP, in respect of related party transactions. In order to comply with IAS 24 Related Party Disclosures, the Company should disclose compensation for key management personnel. Compensation in total is to be disclosed for each of the following categories:

- Short-term employee benefits;
- Post-employment benefits;
- Other long-term benefits
- Termination benefits; and
- Share-based payments

**AMARC RESOURCES LTD.  
YEAR ENDED MARCH 31, 2011  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

In addition, any related party balances associated with key management personnel must be disclosed as these individuals are now considered to be related parties under IAS 24.

During the evaluation of the impact of conversion to IFRS, the Company has also considered possible impacts on business processes and information systems and has determined that there are no significant changes required in the Company's information systems and business processes.

The Company has obtained an understanding of IFRS from intensive hands-on training of its finance personnel. Our finance personnel include employees who have experience in preparing financial statements under IFRS.