

AMARC RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2004

(Expressed in Canadian Dollars)

(Unaudited)

These financial statements have not been reviewed by the Company's auditors

AMARC RESOURCES LTD.

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

| | June 30, 2004 (unaudited) | March 31, 2004 (audited) |
|---|------------------------------|-----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and equivalents | \$ 13,280,225 | \$ 13,724,673 |
| Marketable securities (note 4) | 125,000 | 125,000 |
| Amounts receivable and prepaids | 121,965 | 121,888 |
| Balances receivable from related parties (note 9) | 119,629 | 81,839 |
| | <u>13,646,819</u> | <u>14,053,400</u> |
| Equipment (note 5) | 56,722 | 60,188 |
| Mineral property interests (note 6) | 244,929 | 73,929 |
| | <u>\$ 13,948,470</u> | <u>\$ 14,187,517</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 189,453 | \$ 182,759 |
| | <u>189,453</u> | <u>182,759</u> |
| Shareholders' equity | | |
| Share capital (note 8(b)) | 20,919,197 | 20,638,830 |
| Contributed surplus (note 8(e)) | 425,519 | 413,168 |
| Deficit | (7,585,699) | (7,047,240) |
| | <u>13,759,017</u> | <u>14,004,758</u> |
| Nature of operations (note 1) | | |
| Commitments (note 11) | | |
| Subsequent events (note 12) | | |
| | <u>\$ 13,948,470</u> | <u>\$ 14,187,517</u> |

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

Approved by the Board of Directors

/s/ Ronald W. Thiessen

Ronald W. Thiessen
Director

/s/ Jeffrey R. Mason

Jeffrey R. Mason
Director

AMARC RESOURCES LTD.

Consolidated Statements of Operations

(Expressed in Canadian Dollars)

| | Three months ended June 30 | |
|---|-----------------------------------|--------------------|
| | 2004 | 2003 |
| Expenses | | |
| Conference and travel | \$ 2,419 | \$ - |
| Depreciation | 3,466 | 4,489 |
| Exploration (note 7) | 544,473 | 6,503 |
| Exploration - stock-based compensation (note 8(c)) | 3,423 | - |
| Legal, audit, and accounting | 12,720 | 9,645 |
| Management and consulting | 5,235 | 12,094 |
| Office and administration | 9,844 | 19,504 |
| Salaries and benefits | 50,792 | 22,081 |
| Shareholder communication | 11,885 | 851 |
| Stock-based compensation (note 8(c)) | 8,928 | - |
| Trust and filing | 5,894 | (572) |
| | 659,079 | 74,595 |
| Other items | | |
| Foreign exchange gain (loss) | 2,118 | (4,660) |
| Gain on sale of marketable securities | 45,836 | 1,174 |
| Interest and other | 72,666 | 7,707 |
| | 120,620 | 4,221 |
| Net loss for the period | \$ (538,459) | \$ (70,374) |
| Basic and diluted net loss per share | \$ (0.01) | \$ (0.00) |
| Weighted average number of common shares outstanding | 44,429,034 | 15,468,890 |

Consolidated Statements of Deficit

(Expressed in Canadian Dollars)

| | Three months ended June 30 | |
|---|-----------------------------------|-----------------------|
| | 2004 | 2003 |
| Deficit, beginning of period | \$ (7,047,240) | \$ (7,878,375) |
| Net income (loss) for the period | (538,459) | (70,374) |
| Deficit, end of period | \$ (7,585,699) | \$ (7,948,749) |

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

AMARC RESOURCES LTD.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

| Cash provided by (applied to): | Three months ended June 30 | |
|--|-----------------------------------|-------------------|
| | 2004 | 2003 |
| Operating activities | | |
| Loss for the period | \$ (538,459) | \$ (70,374) |
| Items not involving cash | | |
| Depreciation | 3,466 | 4,489 |
| Common shares issued for property fees | 156,000 | – |
| Stock-based compensation (note 8(c)) | 12,351 | – |
| Gain on sale of marketable securities | (45,836) | (1,174) |
| Changes in non-cash working capital items | | |
| Amounts receivable and prepaids | (77) | 181,760 |
| Balances receivable from related parties | (37,790) | 77,367 |
| Accounts payable and accrued liabilities | 6,694 | (128,296) |
| | (443,651) | 63,772 |
| Investing activities | | |
| Proceeds from sale of marketable securities | 45,836 | 14,374 |
| Acquisition of mineral property interests | (171,000) | – |
| Reclamation deposit | – | 70,000 |
| | (125,164) | 84,374 |
| Financing activities | | |
| Issuance of share capital, net of costs | 124,367 | – |
| | 124,367 | – |
| Increase (decrease) in cash and equivalents | (444,448) | 148,146 |
| Cash and equivalents, beginning of period | 13,724,673 | 9,849 |
| Cash and equivalents, end of period | \$ 13,280,225 | \$ 157,995 |

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

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the period ended June 30, 2004

(Expressed in Canadian Dollars)

1. NATURE 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 exploration of mineral properties. Its principal mineral property interests are located in British Columbia, Canada, and Durango State, Mexico.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles 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 AND PRINCIPLES OF CONSOLIDATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Compania Minera Amarc, S.A. de C.V. and Amarc Exploraciones Mineras, S.A. de C.V., which are incorporated in Mexico. Also included are the accounts of the Precious Exploration Limited Partnership, which is subject to the Company’s control and primary beneficial ownership.

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) *Marketable securities*

Marketable securities are recorded at the lower of cost and quoted market value.

(c) *Equipment*

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

(d) *Reclamation deposits*

Reclamation deposits are recorded at cost.

(e) *Mineral property interests*

The acquisition costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These deferred costs are amortized on a unit-of-production basis

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(Expressed in Canadian Dollars)

over the estimated useful life of the related properties following the commencement of production or written off if the properties are allowed to lapse or are abandoned. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life or are less than estimated fair market value, the unrecoverable portion is charged to earnings 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 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.

(f) *Government grants*

Due to the uncertainty of the approval of government grants for which the Company has applied, government grants are recorded as the proceeds of these grants are received.

(g) *Share capital*

Common shares issued for mineral property interests are recorded at the 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 as 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.

(h) *Stock-based compensation*

Subsequent to April 1, 2002, 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 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 over the period and 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

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straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

Prior to April 1, 2003, no compensation cost was required to be recorded for all other non-cash stock-based employee compensation awards. Pursuant to new accounting standards issued by the Canadian Institute of Chartered Accountants, the Company commenced recording non-cash stock-based payments to employees using the fair value method on a prospective basis effective April 1, 2003. There has been no effect on any prior periods presented.

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

(i) *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, and rates for depreciation of equipment, as well as the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(j) *Foreign currency translation*

All of the Company's foreign subsidiaries are considered integrated.

Monetary assets and liabilities of the Company and its integrated foreign operations are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates unless such items are carried at market, in which case they are translated at the exchange rates in effect on the balance sheet date. Revenues and expenses, except depreciation, are translated at average exchange rates for the period. Depreciation is translated at the same exchange rates as the assets to which it relates.

Foreign exchange gains or losses are expensed.

(k) *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.

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Future income tax assets also result from unused loss carry-forwards and other deductions. 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.

The Company's accounting policy for future income taxes currently has no effect on the financial statements of any of the periods presented.

(l) *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.

Diluted loss per share has not been presented as the effect of outstanding options and warrants would be anti-dilutive.

(m) *Fair value of financial instruments*

The carrying values of cash and equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair value due to their short term nature. The Company is not exposed to significant credit risk or interest rate risk.

(n) *Comparative figures*

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

4. MARKETABLE SECURITIES

| | Number of Shares | Book value | Market value |
|---|---------------------|-------------------|-------------------|
| June 30, 2004 | | | |
| Expatriate Resources Ltd. common shares | 250,000 | \$ 125,000 | \$ 112,500 |
| StrataGold Corporation common shares | 55,093 | – | 25,343 |
| | | \$ 125,000 | \$ 137,843 |
| March 31, 2004 | | | |
| Expatriate Resources Ltd. common shares | 250,000 | \$ 125,000 | \$ 112,500 |
| StrataGold Corporation common shares | 206,093 | – | 84,498 |
| | | \$ 125,000 | \$ 196,998 |

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The common shares of StrataGold Corporation ("StrataGold") were acquired pursuant to the sale by Expatriate Resources Ltd. ("Expatriate") of its gold property assets to its wholly-owned subsidiary, Stratagold, and the subsequent divestiture of Stratagold shares by Expatriate to the existing shareholders of Expatriate on a pro-rata basis. In November 2003, the Company received 702,093 unrestricted common shares of StrataGold from Expatriate pursuant to this divestiture.

Subsequent to June 30, 2004, the Company sold 55,093 common shares of StrataGold.

5. EQUIPMENT

| | Cost | Accumulated Depreciation | Net Book Value |
|-----------------------|-------------------|-----------------------------|-------------------|
| June 30, 2004 | | | |
| Automotive | \$ 24,514 | \$ 14,906 | \$ 9,608 |
| Site equipment | 77,551 | 30,437 | 47,114 |
| | \$ 102,065 | \$ 45,342 | \$ 56,722 |
| March 31, 2004 | | | |
| Automotive | \$ 24,514 | \$ 14,058 | \$ 10,456 |
| Site equipment | 77,551 | 27,819 | 49,732 |
| | \$ 102,065 | \$ 41,877 | \$ 60,188 |

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6. MINERAL PROPERTY INTERESTS

| Acquisition Costs | Balance at March 31, 2003 | Acquired during the year | Balance at March 31, 2004 | Acquired during the period | Balance at June 30, 2004 |
|---------------------------------|--|---|--|---|---|
| British Columbia, Canada | | | | | |
| Buck Property | \$ – | \$ 65,929 | 65,929 | \$ – | \$ 65,929 |
| RAD Property | – | 8,000 | 8,000 | – | 8,000 |
| Bob and JMD Properties | – | – | – | 90,000 | 90,000 |
| GBR Wolverine Property | – | – | – | 33,000 | 33,000 |
| Sitka Property | – | – | – | 48,000 | 48,000 |
| Total | \$ – | \$ 73,929 | \$ 73,929 | \$ 171,000 | \$ 244,929 |

(a) *British Columbia, Canada*

In January 2004, Amarc entered into agreements to acquire 100% interests in each of the Buck, RAD, Sitka and Bob and JMD mineral properties, subject to regulatory approvals.

The 4,750 hectare **Buck** claims, located 20 kilometres south of Houston, were acquired by reimbursing the optionee \$65,929, which represented the cost of staking the property and line cutting to establish a survey grid over it. Subsequent to June 30, 2004, the Company reached an agreement with GMD Resources Ltd. ("GMD") pursuant to which GMD can earn a 50% interest in the Buck claims by issuing 100,000 units comprised of 100,000 common shares of GMD at a deemed price of \$0.05 per share and 100,000 two-year share purchase warrants, exercisable at \$0.10 per share in the first year and \$0.15 per share in the second year. GMD must also incur exploration expenditures totalling \$500,000 over five years, with a minimum annual expenditure of \$100,000.

The 2,000 hectare **RAD** claims, located 250 kilometres west of Williams Lake, were acquired from United Mineral Services Ltd., a private company owned by a director of the Company, by reimbursing the \$8,000 staking cost.

The 1,200 hectare **Bob** and the adjacent 100 hectare **JMD** properties, located 80 km west of Quesnel, were acquired subsequent to the year end after receipt of regulatory approvals by issuing 200,000 shares of the Company, to a prospecting partnership. Of these 200,000 shares, 50,000 will be held in escrow until the Company has reached a third party joint venture agreement or has completed a total of \$250,000 in exploration expenditures.

In February and March 2004, the Company entered into agreements to acquire the 2,000 hectare **Crystal** Property, the 2,000 hectare **Orr** Property, and the 2,175 hectare **Jim** Property by agreeing to pay the costs of staking. The Crystal and Orr claims are located approximately 45 kilometres southeast and 35 kilometres southeast of the town of 100 Mile House respectively, and the Jim Property is located 6 kilometres northeast of Horsefly. Subsequently, the Company staked four mineral claims to this property.

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In March 2004, the Company entered into an agreement to acquire the 6,400 hectare **GBR** Property (formerly known as the Wolverine Property) located approximately 70 kilometres northwest of Dease Lake. Amarc has the option to acquire a 100% interest in the mineral claims, subject to a net smelter royalty, from the Iskut North Syndicate by making cash payments totaling \$225,000 (of which \$15,000 has been paid and issuing 450,000 shares (of which 30,000 has been issued).

The 1,275 hectare **Sitka** Gold Property ("Sitka"), located 30 kilometres northeast of Port Hardy, was acquired subsequent to the year end and after receipt of regulatory approvals, by paying \$20,000 in cash and issuing 80,000 shares of the Company.

Subsequent to June 30, 2004, in July 2004, the Company entered into an option agreement with two arm's-length parties to acquire a 100% interest in the **Spius** gold-copper porphyry property, located near the town of Merritt, British Columbia. Amarc has the option to acquire a 100% interest in the Spius Creek property by making staged cash payments, totalling \$35,000, and issuing 80,000 common shares over three years. The property is also subject to a 2% NSR, which Amarc, at its option, can purchase for \$2 million. The first option payment of 10,000 shares was made subsequent to the end of the quarter.

(b) *Durango State, Mexico*
Inde Property

The Inde Property ("the Property") comprises approximately 270 hectares and consists of five mineral concessions, of which three are owned outright by the Company and two are held under option. The Company was assigned its interest in the Property in November 2001 from Hunter Dickinson Group Inc., ("HDGI"), a private company related by certain directors in common, in consideration for US\$475,000, which was paid during the 2002 fiscal year. The Company also assumed the position of HDGI in the option agreement to acquire two of the claims from the underlying vendor which, as amended during the current fiscal year, will require future semi-annual payments of US\$125,000 commencing in December, 2003 until a required balloon payment of US\$3.0 million in June 2006. These two claims carry a net smelter returns royalty of 4%, capped at an aggregate of US\$2.0 million.

During the 2003 fiscal year, the Company paid finder's fees in connection with the Property of \$43,393 and 265,680 common shares, and also paid the underlying property vendor US\$25,000 (2002 – US\$125,000) in connection with the option agreement assigned from HDGI. No further finder's fees are owed on this property.

In December 2003, and concurrent with the amendment to the underlying option agreement, the Company optioned the Property to Minera Bugambilias, S.A. de C.V. ("Bugambilias"). Bugambilias can earn up to a 70% interest in the Inde Property by exercising two options. Under the First Option, Bugambilias can earn a 51% interest by incurring \$2.2 million in expenditures on the property within three years (of which \$100,000 must be spent in the first year, \$500,000 in the second year and a further \$1.6 million in the third year). Bugambilias must also make all required option payments to the underlying property vendor for the first year.

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(c) *Manitoba, Canada*
Fox River Property

By an agreement dated November 15, 2001, the Company acquired the right to participate in the Fox River Project by investing in, and becoming a general partner of, a limited partnership which held an option to acquire property interests comprising four Special Exploration Permits located near Thompson, Manitoba.

The Fox River Property comprised two permits covering 285,588 hectares owned 100% by Falconbridge Limited ("Falconbridge") and two permits covering 28,392 hectares which were subject to an option agreement between Falconbridge and W. Bruce Dunlop Limited NPL. The Fox River Project option rights held by the partnership entitled it to earn a 60% interest in the Project by expending an aggregate of \$12.5 million prior to December 31, 2005, subject to Falconbridge's right to back-in to a 60% interest by completing and financing a bankable feasibility study and by arranging financing and completion guarantees for mine development. The expenditures were to be made at the rate of \$2.5 million per year, with the completion date of the first year's amount extended to September 30, 2002, which the Company met.

The other significant general partner of the limited partnership was initially Expatriate Resources Ltd. ("Expatriate"), an unrelated public company. Expatriate's departure from the limited partnership resulted in it surrendering its interest to HDGI and issuing to HDGI 7 million common shares, which shares were then allotted to the Company during the comparative fiscal year at a value of \$1.3 million.

During the year ended March 31, 2003, the Company sought an extension to earn an interest in the Fox River property, which was not agreed to by Falconbridge. In January 2003, the Company terminated its option to earn the joint venture interest from Falconbridge Limited on the Fox River Project.

(d) *Other Properties*
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. The Company has neither active exploration programs nor does it plan to undertake any new programs on these properties at the present time.

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(Expressed in Canadian Dollars)

7. EXPLORATION EXPENSES

| Period ended June 30, 2004 | Mexico - Inde Property | British Columbia Properties | Fox River Property | Period ended June 30, 2004 |
|---|---------------------------|-----------------------------------|-----------------------|---------------------------------------|
| Assays and analysis | \$ – | \$ 50,054 | \$ – | \$ 50,054 |
| Equipment rental | – | 6,386 | – | 6,386 |
| Freight | – | 448 | – | 448 |
| Geological | – | 368,617 | – | 368,617 |
| Graphics | – | 12,400 | – | 12,400 |
| Property fees and assessments | – | 8,136 | – | 8,136 |
| Site activities | 385 | 73,364 | – | 73,749 |
| Travel and accommodation | – | 24,683 | – | 24,683 |
| Incurred during the period | 385 | 544,088 | – | 544,473 |
| Cumulative exploration expenses, beginning of period | 2,347,416 | 435,384 | 1,811,188 | 4,593,988 |
| Cumulative exploration expenses, end of period | \$ 2,347,801 | \$ 979,472 | \$ 1,811,188 | \$ 5,138,461 |

| Year ended March 31, 2004 | Mexico - Inde Property | British Columbia Properties | Fox River Property | Year ended March 31, 2004 |
|---|---------------------------|-----------------------------------|-----------------------|--|
| Assays and analysis | \$ 575 | \$ 115,087 | \$ – | \$ 115,662 |
| Engineering | – | 6,431 | – | 6,431 |
| Equipment rental | 1,119 | 1,446 | – | 2,565 |
| Geological | 3,964 | 287,284 | – | 291,248 |
| Graphics | – | 7,197 | – | 7,197 |
| Helicopter | – | 2,302 | – | 2,302 |
| Property fees and assessments | (6,051) | 500 | – | (5,551) |
| Site activities | 24,361 | 15,055 | 662 | 40,078 |
| Travel and accommodation | 238 | 82 | – | 320 |
| Incurred during the year | 24,206 | 435,384 | 662 | 460,252 |
| Cumulative exploration expenses, beginning of year | 2,323,210 | – | 1,810,526 | 4,133,736 |
| Cumulative exploration expenses, end of year | \$ 2,347,416 | \$ 435,384 | \$ 1,811,188 | \$ 4,593,988 |

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(Expressed in Canadian Dollars)

8. SHARE CAPITAL

(a) Authorized share capital

The Company's authorized share capital consists of 100,000,000 common shares, without par value.

(b) Issued and outstanding common shares

| Common shares issued: | Price | Number of Shares | Amount |
|--|---------|-------------------|----------------------|
| Balance March 31, 2003 | | 15,468,890 | \$ 8,635,675 |
| Issued during fiscal 2004 | | | |
| Options exercised | \$ 0.18 | 30,000 | 5,400 |
| Options exercised | \$ 0.31 | 215,000 | 66,650 |
| Options exercised | \$ 0.48 | 513,000 | 246,240 |
| Warrants exercised | \$ 0.40 | 2,412,500 | 965,000 |
| Warrants exercised | \$ 0.50 | 2,500,000 | 1,250,000 |
| Warrants exercised | \$ 0.73 | 32,167 | 23,482 |
| Private placement, net of issue costs, October 2003 ⁽ⁱ⁾ | \$ 0.30 | 13,000,000 | 3,849,889 |
| Private placement, net of issue costs, December 2003 ⁽ⁱⁱ⁾ | \$ 0.55 | 8,002,084 | 4,189,297 |
| Private placement, net of issue costs, March 2004 ⁽ⁱⁱⁱ⁾ | \$ 0.75 | 2,000,000 | 1,407,197 |
| Balance March 31, 2004 | | 44,173,641 | \$ 20,638,830 |
| Issued during fiscal 2005 | | | |
| Options exercised | \$ 0.18 | 10,000 | 3,100 |
| Property option payments, June 2004 | \$ 0.60 | 260,000 | 156,000 |
| Warrants exercised | \$ 0.34 | 356,668 | 121,267 |
| Balance June 30, 2004 | | 44,800,309 | \$ 20,919,197 |

(i) On October 31, 2003 the Company announced a private placement of 13,000,000 units, of which 5,047,000 were flow-through units and 7,953,000 were non flow-through units, at a price of \$0.30 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.34 until December 31, 2005. The warrants are subject to a 45 day accelerated expiry, at the option of the Company, if the closing trade price of the Company's common shares on the TSX Venture Exchange is at least \$0.68 for ten consecutive trading days.

(ii) In December 2003, the Company announced and completed a private placement of 8,002,084 units, of which 4,397,906 were flow-through and 3,604,178 were non flow-through, at a price of \$0.55 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.60 until December 31, 2004. The warrants are subject to a 45 day accelerated expiry, at the option of the Company, if the closing price of the Company's common shares on the TSX Venture Exchange is at least \$1.10 for ten consecutive trading days.

(iii) On March 9, 2004, the Company completed a private placement of 2,000,000 units at a price of \$0.75 per unit. Each unit was comprised of one common share and one share purchase warrant exercisable to purchase one common share at a price of \$0.85 until March 9, 2005. The warrants are subject to a 45 day accelerated expiry, at the option of

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the Company, if the closing price of the Company's common shares on the TSX Venture Exchange is at least \$1.50 for ten consecutive trading days.

(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 2,970,000 share purchase options, vesting over up to two years, subject to regulatory terms and approval, to its employees, officers, directors and consultants. The exercise price of each option can 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 five years and terminate 30 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 period ended June 30, 2004 is:

| Expiry date | Exercise Price | Mar. 31 2004 | Granted | Exercised | Expired/ Cancelled | June 30 2004 |
|---------------------------------|----------------|------------------|-----------|-----------------|-----------------------|------------------|
| December 20, 2004 | \$0.18 | 9,767,000 | – | (30,000) | – | 67,000 |
| March 21, 2005 | \$0.31 | 2,033,000 | 2,253,000 | (10,000) | (5,000) | 2,023,000 |
| March 21, 2005 | \$0.36 | 25,500 | 25,500 | – | – | 25,500 |
| March 21, 2005 | \$0.49 | 73,000 | 73,000 | – | – | 73,000 |
| May 9, 2005 | \$0.17 | 7,000 | 7,000 | – | – | 7,000 |
| | | 2,205,500 | – | (10,000) | – | 2,195,500 |
| Weighted average exercise price | \$ | 0.31 | \$ | – | \$ | 0.31 |

The weighted-average contractual remaining life of share purchase options is 0.72 years.

Subsequent to June 30, 2004, 25,000 share purchase options were exercised at \$0.31.

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the period ended June 30, 2004

(Expressed in Canadian Dollars)

The exercise prices of all share purchase options granted during the period were equal to the market price at the grant date. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted during the period have been reflected in the statement of operations as follows:

| | Period ended June 30, 2004 | Year ended Mar. 31, 2004 |
|--|-------------------------------|-----------------------------|
| Exploration | | |
| Engineering | \$ 2,141 | \$ 32,130 |
| Environmental, socioeconomic and land | (344) | 8,682 |
| Geological | 1,626 | 146,123 |
| | 3,423 | 186,935 |
| Office and administration | 8,928 | 220,428 |
| Total compensation cost recognized in operations, credited to contributed surplus | \$ 12,351 | \$ 407,363 |

The assumptions used to estimate the fair value of options granted during the period were:

| | |
|--------------------------------------|------------|
| Risk free interest rate | 3% |
| Weighted average expected life | 1.4 years |
| Vesting period | 0–6 months |
| Weighted average expected volatility | 103% |
| Expected dividends | nil |

(d) *Share purchase warrants*

The continuity of share purchase warrants (each warrant exercisable into one common share) for the period ending June 30, 2004 is:

| Expiry date | Exercise Price | Mar. 31 2004 | Issued | Exercised | Expired/ Cancelled | June 30 2004 |
|---------------------------------|----------------|------------------|--------|------------------|-----------------------|-------------------|
| December 31, 2004 | \$ 0.60 | 8,002,084 | – | – | – | 8,002,084 |
| March 9, 2005 | \$ 0.85 | 2,000,000 | – | – | – | 2,000,000 |
| December 31, 2005 | \$ 0.34 | 13,000,000 | – | (356,668) | – | 12,643,332 |
| | | 5,458,210 | – | (356,668) | – | 22,645,416 |
| Weighted average exercise price | | \$ 0.47 | \$ – | \$ 0.34 | \$ – | \$ 0.48 |

The contractual remaining life of share purchase warrants is 1.08 years.

Subsequent to June 30, 2004, 100,000 share purchase warrants were exercised at \$0.34.

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the period ended June 30, 2004

(Expressed in Canadian Dollars)

(e) *Contributed surplus*

| | | |
|---|-----------|----------------|
| Balance, March 31, 2002 | \$ | – |
| Changes during fiscal 2003: | | |
| Non-cash stock-based compensation | | 5,805 |
| Contributed surplus, March 31, 2003 | | 5,805 |
| Changes during fiscal 2004: | | |
| Non-cash stock-based compensation (note 8(c)) | | 407,363 |
| Contributed surplus, March 31, 2004 | | 413,168 |
| Changes during fiscal 2005 | | |
| Non-cash stock-based compensation (note 8(c)) | | 12,351 |
| Contributed surplus, June 30, 2004 | \$ | 425,519 |

9. RELATED PARTY BALANCES AND TRANSACTIONS

Balances receivable (payable)

| | June 30, 2004 | March 31, 2004 |
|---------------------------------|-------------------|------------------|
| Hunter Dickinson Inc. (a) | \$ 123,053 | \$ 85,263 |
| Hunter Dickinson Group Inc. (b) | (3,424) | (3,424) |
| Total | \$ 119,629 | \$ 81,839 |

| Transactions | Three months ended June 30, 2004 | Year ended March 31, 2004 |
|---|-------------------------------------|------------------------------|
| Services rendered and expenses reimbursed | | |
| Hunter Dickinson Inc. (a) | \$ 325,916 | \$ 502,474 |
| Hunter Dickinson Group Inc. (b) | 3,200 | 12,800 |
| Property acquisitions | | |
| United Mineral Services Ltd. (d) | – | 73,929 |

- (a) Hunter Dickinson Inc. ("HDI") and its wholly-owned subsidiaries are private companies with certain directors in common that provide geological, technical, corporate development, administrative and management services to, and incur third party costs on behalf of, the Company on a full cost recovery basis pursuant to an agreement dated December 31, 1996. Balances receivable from (payable to) Hunter Dickinson Inc. have arisen in the normal course of exploration work on the Company's mineral properties and from the provision of ongoing administrative services.
- (b) Hunter Dickinson Group Inc. ("HDGI") is a private company with certain directors in common that provides consulting services at market rates to the Company.
- (c) United Mineral Services Ltd. ("UMS") is a private company owned by a director. During the year ended March 31, 2004, the Company acquired the 2,000 hectare RAD claims by paying the \$8,000 staking cost which had been paid for by UMS and acquired the Buck claims by paying \$65,929, the cost of staking the property and line cutting (note 6(a)).

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the period ended June 30, 2004

(Expressed in Canadian Dollars)

10. INCOME TAXES

As of March 31, 2004, the Company had approximately \$1.6 million (2003 - \$2.0 million) in non-capital losses and approximately \$1.55 million (2003 - \$2.0 million) in capital losses for Canadian tax purposes available to reduce taxable income in future years. These non-capital losses expire in various periods ranging from 2010 to 2011. Future tax benefits, if any, resulting from the application of these losses have not been reflected in these financial statements, as it cannot be considered more likely than not that they will be realized.

11. COMMITMENTS

At June 30, 2004, the Company is committed to incur prior to December 31, 2004, on a best efforts basis, approximately \$3.5 million in qualifying Canadian exploration expenses, pursuant to a private placement for which flow-through proceeds were received on or before December 31, 2003 and renounced to subscribers as at that date. To June 30, 2004, approximately \$980,000 had been incurred.

12. SUBSEQUENT EVENTS

Subsequent to the period end, the Company

- (a) sold 55,093 common shares of Stratagold (note 4),
- (b) co-ventured 50% of its interest in the Buck claims (note 6(a)),
- (c) issued 10,000 common shares to a third party prospecting group to acquire a 100% interest in the Spius claims (note 6(a)),
- (d) issued 25,000 common shares pursuant to the exercise of share purchase options (note 8(c)), and
- (e) issued 100,000 common shares pursuant to the exercise of warrants (note 8(d)).

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date

This Management 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 period ended June 30, 2004.

This MD&A is prepared as of August 24, 2004. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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 that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overview

Amarc Resources Ltd. ("Amarc" or the "Company") is a mineral exploration company. In fiscal 2004, the Company assembled a capable and experienced exploration team to focus its efforts toward making major new mineral deposit discoveries in British Columbia. This team is assembling a portfolio of key projects, and has initiated field surveys on high priority targets.

GBR Property

In May 2004, Amarc entered into an option agreement with the Iskut North Syndicate to acquire a 100% interest in the GBR (previously known as Wolverine) property, located on the Golden Bear Road about 40 kilometres northwest of Telegraph Creek, British Columbia.

Amarc can acquire its interest in the property by making staged cash payments, totalling \$225,000 and issuing 450,000 common shares over four years, to the Iskut River Syndicate. The first option payment of \$15,000 and 30,000 shares has been made. The property is also subject to a 2% net smelter royalty ("NSR"), which Amarc, at its option, can purchase for \$2.0 million.

Amarc staked additional claims, bringing the property to 13 contiguous mineral claims covering an area of 6,400 hectares.

Previous exploration activities on the GBR property has identified large copper and gold soil geochemical anomalies, covering an area 4,700 m long and 590-2100 m wide associated with the margins of a large (15 km x 20 km) regional airborne magnetic high. The anomalies occur in the area of a contact between an Upper Triassic dioritic intrusion and Upper Triassic Stuhini volcanic rocks. Although not fully tested by ground surveys, the limited prospecting and geological mapping done show finely disseminated pyrite in the volcanic rocks and pyrite, chalcopyrite, pyrrhotite or magnetite in intrusive rocks occurring over

**AMARC RESOURCES LTD.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

areas of least 1,000 m wide by 2,500 m long. The airborne magnetic survey also outlined a number of satellitic magnetic features that may indicate the potential for other similar sized sulphide systems.

Amarc began a first phase exploration program in June, consisting of geological mapping, approximately 200 line kilometres of geochemical grids and 100 line kilometres of ground (induced polarization and magnetometer) geophysical surveys, to refine gold-copper targets for follow up drill testing. Work is ongoing.

Spilus Creek Property

Subsequent to the end of the quarter in July 2004, the Company entered into an option agreement with two arm's-length parties to acquire a 100% interest in the Spilus gold-copper porphyry property. The property is located near the town of Merritt in the Nicola region of south-central British Columbia.

Amarc can acquire a 100% interest in the Spilus Creek property by making staged cash payments, totalling \$35,000, and issuing 80,000 common shares over three years. The property is also subject to a 2% NSR, which Amarc, at its option, can purchase for \$2.0 million. The first option payment of 10,000 shares was made subsequent to the end of the quarter.

The gold-copper-molybdenum porphyry target on the Spilus property is defined by an extensive (500 metres by 600 metres) open-ended copper-in-soil anomaly with associated molybdenum values that is situated nearby two large (500 metres by 1,200 metres) induced polarization chargeability anomalies. Drilling has been done on the property in the past, but it was very limited in scope and did not test the prospective copper-in-soil anomaly. Amarc plans to commence exploration at the property in the summer of 2004. The objective is to advance the project to the drill ready stage in the next several months.

Crystal, Orr, Jim, Hook and Sky Properties

Amarc has staked an additional package of five properties, totalling 13,000 hectares, as part of its ongoing "BC Initiative" program. The geological setting consists of Mesozoic Nicola Group volcanic and sedimentary rocks in the vicinity of Triassic and Jurassic intrusive plugs and stocks - a setting known to be prospective for porphyry gold-copper occurrences. The target areas are defined by airborne magnetometer geophysical anomalies. Preliminary ground surveys, consisting of geological mapping, geochemical sampling and geophysical surveys, were carried out in May and June. Results are pending.

Buck Property

Amarc acquired the 4,750-hectare Buck claims, located 20 kilometres south of Houston, in January 2004. The Buck claims lie on the west side of a Tertiary volcanic complex in a geological environment permissive for precious metals deposits transitional between porphyry and epithermal systems. Induced polarization surveys have identified two high contrast anomalies.

In July 2004, Amarc entered into an option agreement whereby GMD Resources Ltd. ("GMD") can earn a 50% interest in the Buck claims. To earn its interest, GMD must issue 100,000 units comprised of 100,000 common shares of GMD at a deemed price of \$0.05 per share and 100,000 two-year share

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

purchase warrants, exercisable at \$0.10 per share in the first year and \$0.15 per share in the second year. GMD must also incur exploration expenditures totalling \$500,000 over five years, with a minimum annual expenditure of \$100,000.

Other Properties

The Inde Property is located in Durango State, Mexico. Gold mineralization at Inde occurs in tabular massive sulphide replacement bodies, situated at or near the contact of limestone country rocks and later intrusive rocks. The Company acquired the property in late 2001, and carried out geological mapping and diamond drilling programs in the following year. Although some interesting mineralization was intersected, the drilling mainly encountered stoped-out areas from previous mining.

Amarc owns three of the Inde mineral concessions and two others are held under an option to purchase agreement with Comercializadora y Arrendadora Parral, S.A. de C.V. ("the Parral Concessions"). In the third fiscal quarter of 2004, Amarc optioned the Inde Project to Minera Bugambilias, S.A. de C.V. ("Bugambilias"). Bugambilias can earn up to a 70% interest in the Inde Project by exercising two options. Under the First Option, Bugambilias can earn a 51% interest by incurring \$2.2 million in expenditures on the property within three years, of which \$100,000 must be spent in the first year, a further \$500,000 in the second year and a further \$1.6 million in the third year. Bugambilias must also make option payments on the Parral Concessions to keep the property in good standing for the first year. Alternately, Bugambilias could earn its 51% interest by extinguishing all of the option payments, totaling US\$4 million, on the Parral Concessions. Bugambilias can exercise the Second Option and earn an additional 19% interest in the Inde Project by making a further US\$2 million in expenditures or by having an internationally recognized third party engineering firm complete an industry standard feasibility study on the project within three years, or by extinguishing a 4% net smelter royalty on the Parral Concessions.

Amarc also 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. At the present time, the Company has no active exploration programs, nor does it plan to undertake any new programs, on these properties.

Market Trends

Gold prices improved significantly in 2003, averaging about US\$364/oz for the year. The upward trend has continued in 2004, although the price has been more volatile in the past quarter. The average gold price in the first six months of 2004 is approximately US\$400/oz. The copper price has also increased, averaging US\$0.81/lb in 2003 and approximately US\$1.25/lb to date in 2004.

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

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.

| | As at March 31 2004 | As at March 31 2003 | As at March 31 2002 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Current assets | \$ 14,053,400 | \$ 871,881 | \$ 2,467,427 |
| Mineral properties | 73,929 | - | - |
| Other assets | 60,188 | 147,225 | 90,991 |
| Total assets | 14,187,517 | 1,019,106 | 2,558,418 |
| Current liabilities | 182,759 | 256,001 | 221,320 |
| Shareholders' equity | 14,004,758 | 763,105 | 2,337,098 |
| Total shareholders' equity & liabilities | 14,187,517 | 1,019,106 | 2,558,418 |
| Working capital | 13,870,641 | 615,880 | 2,246,107 |
| | Year ended March 31 2004 | Year ended March 31 2003 | Year ended March 31 2002 |
| Expenses | | | |
| Conference and travel | 33,404 | 12,157 | 73,266 |
| Depreciation | 17,037 | 20,750 | 4,052 |
| Consulting | 79,964 | 73,697 | 110,971 |
| Exploration | 460,252 | 405,330 | 3,735,839 |
| Legal, accounting and audit | 53,913 | 158,814 | 178,908 |
| Office and administration | 28,468 | 107,304 | 79,820 |
| Salaries and benefits | 140,619 | 272,965 | 110,766 |
| Shareholder communication | 21,495 | 126,193 | 20,552 |
| Trust and filing | 43,915 | 11,550 | 11,843 |
| Foreign exchange loss (gain) | 9,621 | 64,609 | (1580) |
| Gain on disposal of equipment | - | - | (2,907) |
| Government grants | - | - | (387,880) |
| Interest income | (74,590) | (4,963) | (47,032) |
| Write down of marketable securities | - | 581,010 | - |
| Subtotal | 814,098 | 1,829,416 | 3,886,618 |
| Stock-based compensation | 407,363 | 5,805 | - |
| Loss (gain) on sale of marketable securities | (2,052,596) | 19,500 | - |
| Net income (loss) for the period | 831,135 | (1,854,721) | (3,886,618) |
| Basic and diluted income (loss) per share | \$ 0.04 | \$ (0.12) | \$ (3.73) |
| Weighted average number of common shares outstanding | 21,421,096 | 15,170,448 | 1,041,233 |

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.4 Results of Operations

Expenses in the first quarter of fiscal 2005, excluding stock-based compensation, foreign exchange, and interest increased to \$646,728, as compared to \$482,490 in the fourth quarter of fiscal 2004 and \$74,595 in the first quarter of fiscal 2004. Exploration expenses, excluding stock-based compensation, for the quarter ended June 30, 2004 were \$544,473 as compared to \$396,529 for the fourth quarter of fiscal 2004.

Exploration costs increased in the first quarter of fiscal 2005 compared to the same quarter of 2004. These costs increased because properties were being reviewed and field programs were underway under the BC Initiative, whereas there were no active programs underway during the same quarter in the previous fiscal year. The main exploration expenditure during the quarter was wages for geological work (2005 - \$368,617; 2004 - \$2,419). Other exploration costs were (2005 - \$73,364; 2004 - \$17,516) for site activities and (2005 - \$50,054; 2004 - \$59) for assay and analysis.

Interest income increased to \$66,416 from \$61,228 in the previous quarter due to greater funds on deposit. This was the result of the cash provided by the March 2004 financing, and by the exercising of options and warrants.

Legal, accounting and audit decreased by \$16,649 to \$12,720 from \$25,639 in the previous quarter primarily due audit costs accrued in the previous quarter. Office and administration costs decreased by \$2,156 to \$9,844 from \$12,000 in the previous quarter. Salaries and benefits increased by \$14,782 to \$50,792 from \$36,010 in the previous quarter due to increased additional management activities associated with property acquisitions during the quarter. Shareholder communication expenditures decreased by \$1,918 to \$11,885 from \$13,803 in the previous quarter. Trust and filing costs decreased by \$13,562 to \$5,894 from \$19,546 in the previous quarter, when filing fees were paid for the private placements.

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.5 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per-share amounts.

| | June 30 2004 | Mar 31 2004 | Dec 31 2003 | Sep 30 2003 | Jun 30 2003 | Mar 31 2003 | Dec 31 2002 | Sep 30 2002 |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Current assets | \$ 13,647 | \$ 14,053 | \$ 9,451 | \$ 745 | \$ 840 | \$ 872 | \$ 387 | \$ 684 |
| Other assets | 302 | 134 | 64 | 68 | 73 | 147 | 152 | 157 |
| Total assets | 13,948 | 14,188 | 9,515 | 813 | 913 | 1,019 | 538 | 841 |
| Current liabilities | 189 | 183 | 337 | 215 | 220 | 256 | 261 | 179 |
| Shareholders' equity | 13,759 | 14,005 | 9,177 | 598 | 693 | 763 | 277 | 662 |
| Total shareholders' equity and liabilities | 13,948 | 14,188 | 9,515 | 813 | 913 | 1,019 | 538 | 841 |
| Working capital | 13,458 | 13,870 | 9,114 | 530 | 620 | 616 | 126 | 505 |
| Expenses | | | | | | | | |
| Conference and travel | 2 | 4 | 29 | – | – | 1 | 2 | 6 |
| Depreciation | 3 | 3 | 5 | 4 | 4 | 4 | 5 | 5 |
| Consulting | 5 | (5) | 66 | 6 | 12 | 18 | 16 | 15 |
| Exploration | 544 | 397 | 44 | 13 | 7 | (1,220) | 198 | 643 |
| Legal, accounting and audit | 13 | 26 | 9 | 9 | 10 | 32 | 58 | 12 |
| Office and administration | 10 | (12) | 11 | 10 | 20 | 16 | (80) | 55 |
| Property investigations | – | – | – | – | – | – | – | (125) |
| Salaries and benefits | 51 | 36 | 45 | 37 | 22 | 28 | 43 | 203 |
| Shareholder communication | 12 | 14 | 1 | 6 | 1 | 2 | 85 | 21 |
| Trust and filing | 6 | 20 | 20 | 5 | (1) | 4 | 3 | 4 |
| Subtotal | 647 | 482 | 231 | 91 | 75 | (1,114) | 330 | 839 |
| Foreign exchange loss (gain) | (2) | (2) | 2 | 5 | 5 | 28 | 11 | (3) |
| Governments grants | – | – | – | – | – | – | 97 | (97) |
| Interest income | (72) | (61) | (5) | (1) | (8) | – | – | (2) |
| Subtotal | 573 | 419 | 228 | 95 | 72 | (1,086) | 438 | 737 |
| Stock-based compensation | 12 | 407 | – | – | – | 6 | – | – |
| Write-down of marketable securities | – | – | – | – | – | 20 | – | – |
| Gain on sale of marketable securities | (46) | (1,698) | (354) | – | (1) | 581 | – | – |
| Net income (loss) for the period | \$ 539 | \$ 872 | \$ 126 | \$ (95) | \$ (71) | \$ 479 | \$ (438) | \$ (737) |
| Basic and diluted net income (loss) per share | \$ (0.01) | \$ 0.04 | \$ 0.01 | \$ (0.01) | \$ (0.00) | \$ 0.03 | \$ (0.03) | \$ (0.05) |
| Weighted average number of common shares outstanding (thousands) | 44,429 | 21,421 | 15,643 | 15,469 | 15,469 | 15,170 | 15,072 | 14,903 |

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.6 Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to sophisticated investors and institutions. 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. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to significant equity funding.

At June 30, 2004, the Company had working capital of approximately \$13.5 million, which is sufficient to fund its known commitments.

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

1.7 Capital Resources

The Company has commitments to spend approximately \$3.5 million in qualifying Canadian exploration expenses prior to December 31, 2004, of which approximately \$1.0 million had been expended to June 30, 2004.

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

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

Pursuant to an agreement dated December 31, 1996, Hunter Dickinson Inc. ("HDI") of Vancouver, British Columbia, a private company with certain directors in common with Amarc, carries out geological, exploration, corporate development, administration, and management services for, and incurs costs with third-party vendors on behalf of, Amarc on a full cost-recovery basis.

**AMARC RESOURCES LTD.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Costs for services rendered by HDI to the Company were \$325,916 in the first quarter of fiscal 2005, as compared to \$338,207 in the previous quarter and \$56,750 in the first quarter of fiscal 2004. The variances are due to the increased level of activity in the Company.

Hunter Dickinson Group Inc. ("HDGI") is a private company with certain directors in common that provides consulting services at market rates to the Company. The Company paid \$3,200 to HDGI in the first quarter of fiscal 2005, comparable to the previous quarter and the first quarter of fiscal 2004 when \$3,200 was also paid.

United Mineral Services Ltd. ("UMS") is a private company owned by a director. During the year ended March 31, 2004, the Company acquired the 2,000 hectare RAD claims by paying the \$8,000 staking cost which had been paid for by UMS and acquired the Buck claims by paying \$65,929, the cost of staking the property and line cutting.

1.10 Fourth Quarter

Not applicable

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

Not required. The Company is a venture issuer.

1.13 Changes in Accounting Policies including Initial Adoption

None.

1.14 Financial Instruments and Other Instruments

None.

1.15 Other MD&A Requirements

1.15.1 Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

**AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.15.2 Additional Disclosure for Venture Issuers Without Significant Revenue

(a) capitalized or expensed exploration and development costs;

The required disclosure is presented in the notes to the consolidated financial statements.

(b) expensed research and development costs;

Not applicable.

(c) deferred development costs;

Not applicable.

(d) general and administration expenses; and

The required disclosure is presented in the consolidated statements of operations.

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

None.

AMARC RESOURCES LTD.
SIX MONTHS ENDED JUNE 30, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.15.3 Disclosure of Outstanding Share Data

The following table details the share capital structure as at August 24, 2004, 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 | Number |
|------------------------|-------------------|----------------|-------------------|------------|
| Common shares | | | | 44,935,309 |
| Share purchase options | December 20, 2004 | \$ 0.18 | 67,000 | |
| | May 9, 2005 | 0.17 | 7,000 | |
| | March 21 2005 | 0.31 | 1,998,000 | |
| | March 21, 2005 | 0.36 | 25,500 | |
| | March 21, 2005 | 0.49 | <u>73,000</u> | 2,170,500 |
| Warrants | December 31, 2004 | 0.60 | 8,002,084 | |
| | March 9, 2005 | 0.85 | 2,000,000 | |
| | December 31, 2005 | 0.34 | <u>12,543,332</u> | 22,545,416 |

Certain of the above-noted warrants are subject to accelerated expiry provisions under certain conditions. Refer to the accompanying financial statements.