



CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED
SEPTEMBER 30, 2006

(Expressed in Canadian Dollars, unless otherwise stated)

(Unaudited)

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

AMARC RESOURCES LTD.

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	September 30, 2006 <i>(Unaudited)</i>	March 31, 2006
ASSETS		
Current assets		
Cash and equivalents	\$ 4,032,528	\$ 4,537,933
Amounts receivable and prepaids	133,479	100,917
Balances receivable from related parties (note 6)	113,256	233,308
	<u>4,279,263</u>	<u>4,872,158</u>
Equipment (note 4)	27,849	36,951
Mineral property interests (note 5)	42,500	98,429
	<u>\$ 4,349,612</u>	<u>\$ 5,007,538</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 77,232	\$ 38,431
Shareholders' equity		
Share capital	23,997,068	23,997,068
Contributed surplus	487,821	487,821
Deficit	(20,212,509)	(19,515,782)
	<u>4,272,380</u>	<u>4,969,107</u>
Nature of operations (note 1)		
	<u>\$ 4,349,612</u>	<u>\$ 5,007,538</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 and Deficit

(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Expenses				
Amortization	\$ 1,989	\$ 2,538	\$ 3,979	\$ 5,076
Conference and travel	42,526	252	42,832	252
Exploration (schedule)	301,176	1,084,506	393,629	2,483,893
Legal, accounting, and audit	6,127	44,378	9,694	49,622
Management and consulting	25,195	12,501	49,297	27,543
Office and administration	34,567	38,611	60,271	76,289
Property investigation	9,919	—	11,805	—
Salaries and benefits	63,051	155,779	112,552	240,546
Shareholder communication	22,394	26,449	30,843	50,324
Stock-based compensation - administration	—	(1,157)	—	(9,875)
Stock-based compensation - exploration	—	(991)	—	(6,407)
Trust and filing	4,741	6,487	5,539	8,469
	511,685	1,369,353	720,441	2,925,732
Other items				
Foreign exchange gain	(9,997)	(42,641)	(2,891)	(46,194)
Loss on sale of equipment	—	—	1,678	—
Loss on sale of marketable securities	—	387	—	387
Mark-to-market adjustment on warrants	—	—	—	98,000
Write down of marketable securities	—	—	—	57,392
Write down of mineral property interest (note 5(a))	—	—	55,929	—
Interest income and other	(34,941)	(25,003)	(78,430)	(61,672)
	(44,938)	(67,257)	(23,714)	47,913
Loss for the period	\$ 466,747	\$ 1,302,096	\$ 696,727	\$ 2,973,645
Deficit, beginning of period	\$ 19,745,762	\$ 17,346,428	\$ 19,515,782	\$ 15,674,879
Deficit, end of period	\$ 20,212,509	\$ 18,648,524	\$ 20,212,509	\$ 18,648,524
Basic and diluted loss per share	\$ 0.01	\$ 0.03	\$ 0.01	\$ 0.06
Weighted average number				
of common shares outstanding	52,459,473	47,975,662	52,459,473	47,905,976

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

AMARC RESOURCES LTD.

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

Cash provided by (used in)	Three months ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Operating activities				
Loss for the period	\$ (466,747)	\$ (1,302,096)	\$ (696,727)	\$ (2,973,645)
Items not involving cash				
Amortization	1,989	2,538	3,979	5,076
Common shares issued for property fees	–	–	–	18,750
Loss on sale of equipment	–	–	1,678	–
Gain or loss on sale of marketable securities	–	387	–	387
Mark-to-market adjustment on warrants	–	–	–	98,000
Stock-based compensation	–	(2,148)	–	(16,282)
Write down of marketable securities	–	–	–	57,392
Write down of mineral property interest	–	–	55,929	–
Changes in non-cash working capital items				
Amounts receivable and prepaids	(55,708)	13,197	(32,562)	(66,966)
Balances receivable from and payable to related parties	(11,544)	(63,843)	120,052	(134,595)
Accounts payable and accrued liabilities	39,606	150,480	38,801	(535,650)
Cash used in operating activities	(492,404)	(1,201,485)	(508,850)	(3,547,533)
Investing activities				
Proceeds from sale of equipment	–	–	3,445	–
Proceeds from sale of marketable securities	–	2,119	–	2,119
Cash provided by investing activities	–	2,119	3,445	2,119
Financing activities				
Issuance of share capital, net of costs	–	34,000	–	69,189
Cash provided by financing activities	–	34,000	–	69,189
Decrease in cash and equivalents	(492,404)	(1,165,366)	(505,405)	(3,476,225)
Cash and equivalents, beginning of period	4,524,932	5,024,520	4,537,933	7,335,379
Cash and equivalents, end of period	\$ 4,032,528	\$ 3,859,154	\$ 4,032,528	\$ 3,859,154

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

Supplementary cash flow information:

Interest paid	\$ –	\$ –	\$ –	\$ –
Taxes paid	\$ –	\$ –	\$ –	\$ –
Non cash financing and investing activities:				
Issuance of common shares for property option fees	\$ –	\$ –	\$ –	\$ 18,750

AMARC RESOURCES LTD.

Consolidated Schedules of Exploration Expenses

(Unaudited - Expressed in Canadian Dollars)

All Properties	Three months ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Exploration Cost				
Assays and analysis	\$ 22,953	\$ 104,956	\$ 32,967	\$ 155,172
Drilling	–	18,462	–	86,526
Environmental	–	–	197	–
Equipment rental	15,733	131,531	18,827	131,531
Freight	557	9,701	557	17,838
Geological	178,148	376,815	236,611	1,034,009
Graphics	472	8,110	2,006	22,204
Helicopter	29,341	71,245	29,341	150,883
Property fees and assessments	–	1,280	200	3,310
Property option payments	–	–	–	78,750
Site activities	34,594	344,605	51,106	736,410
Travel and accommodation	19,378	17,801	21,817	67,260
Incurred during period	301,176	1,084,506	393,629	2,483,893
Cumulative expenditures, beginning of the period	15,253,216	11,836,137	15,160,763	10,436,750
Cumulative expenditures, end of the period	\$ 15,554,392	\$ 12,920,643	\$ 15,554,392	\$ 12,920,643

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

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the three and six months ended September 30, 2006 and 2005

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. However, these interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2006 as filed on SEDAR (www.sedar.com).

Operating results for the three and six month periods ended September 30, 2006 are not necessarily indicative of the results that may be expected for the full year ending March 31, 2007 or for any other period.

These interim consolidated financial statements are prepared on the basis that the Company will continue as a going concern. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. However, there can be no assurances that the Company will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If the company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Compania Minera Amarc SA de CV and Amarc Exploraciones Mineras SA de CV, both of 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.

All material inter-company balances and transactions have been eliminated.

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the three and six months ended September 30, 2006 and 2005

(Unaudited – Expressed in Canadian Dollars)

3. MARKETABLE SECURITIES

	Number	Book value	Market value
March 31 and September 30, 2006			
ComWest Enterprise Corp (“ComWest”). warrants	12,426	–	–
Total		\$ –	\$ –

The Company did not exercise the 12,426 ComWest warrants which expired on July 17, 2006.

4. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
September 30, 2006			
Vehicles	\$ 24,514	\$ (19,391)	\$ –
Site equipment	77,551	(49,702)	27,849
Total	\$ 102,065	\$ (69,093)	\$ 27,849
March 31, 2006			
Vehicles	\$ 24,514	\$ (19,391)	\$ 5,123
Site equipment	77,551	(45,723)	31,828
Total	\$ 102,065	\$ (65,114)	\$ 36,951

5. MINERAL PROPERTY INTERESTS

Property Acquisition Costs	Balance March 31, 2006	Written down during the year	Balance September 30, 2006
British Columbia, Canada			
Buck (a)	\$ 55,929	\$ (55,929)	\$ –
Nechako	42,500	–	42,500
Total	\$ 98,429	\$ (55,929)	\$ 42,500

(a) *Buck Property, British Columbia*

In January 2004, the Company entered into an agreement to acquire a 100% interest in the **Buck** mineral property. The 4,750 hectare Buck property, located 20 kilometers south of Houston, was acquired from United Mineral Services Ltd., a private company owned by a director of the Company, by reimbursing the cost of: staking the property, line-cutting to establish a survey grid over it and performing an induced polarization geophysical survey on the property.

AMARC RESOURCES LTD.

Notes to the Consolidated Financial Statements

For the three and six months ended September 30, 2006 and 2005

(Unaudited – Expressed in Canadian Dollars)

In July 2004, the Company reached an agreement with Chatworth Resources Inc. (“Chatworth”, then GMD Resource Corp.), pursuant to which Chatworth could earn a 50% interest in the Buck claims by (i) issuing 100,000 units comprised of 100,000 common shares of Chatworth 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, and (ii) incurring exploration expenditures totaling \$500,000 over five years, with a minimum annual expenditure of \$100,000.

Upon acceptance of the option agreement by the TSX Venture Exchange on July 16, 2004, 100,000 common shares and 100,000 warrants of Chatworth were received by the Company. The 100,000 pre-consolidation Chatworth shares, with a value of \$5,000, were credited against the acquisition cost of the property. Subsequently, Chatworth completed a 6-for-1 share consolidation. The fair value of the Chatworth warrants was estimated on the TSXV acceptance date at \$5,000 and has been credited against the acquisition cost of the property.

Chatworth did not perform its obligations under the July 2004 option agreement causing the agreement to lapse. Chatworth had since amalgamated with ComWest Capital Corp. to form ComWest Enterprise Corp. In November 2005, Chatworth amalgamated with ComWest Capital Corp. to form ComWest Enterprise Corp. (“ComWest”). Under the amalgamation agreement, the Company’s 16,667 post-consolidated Chatworth warrants (100,000 pre-consolidation) were exchanged for 12,426 ComWest warrants, which entitled the Company to acquire a ComWest Class “B” voting common share at \$1.207 per share until July 16, 2006. These warrants expired unexercised.

The Company has allowed the property to lapse and a write down of \$55,929 to the Buck property interest was made during the period ended June 30, 2006.

6. RELATED PARTY BALANCES AND TRANSACTIONS

Balances receivable (payable)	September 30, 2006		March 31, 2006	
Hunter Dickinson Inc.	\$ 113,256		\$ 233,308	

Transactions	Three months ended		Six months ended	
	September 30		September 30	
	2006	2005	2006	2005
Services rendered and expenses reimbursed:				
Hunter Dickinson Inc.	\$226,694	\$525,984	\$369,032	\$1,128,864
Hunter Dickinson Group Inc.	–	3,200	–	6,400

**AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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SIX MONTHS ENDED SEPTEMBER 30, 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of Amarc Resources Ltd. ("Amarc", or the "Company") for the six months ended September 30, 2006 and the audited financial statements for the year ended March 31, 2006.

This MD&A is prepared as of November 10, 2006. 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 actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overview

The Company has assembled a capable and experienced mineral exploration team to focus its efforts toward making a major new mineral deposit discovery. This team is actively evaluating proposals on properties in British Columbia and jurisdictions around the world in order to acquire a significant exploration or development project.

Buck Property

In January 2004, the Company entered into an agreement to acquire a 100% interest in the **Buck** mineral property. The 4,750 hectare **Buck** property, located 20 kilometers south of Houston, was acquired from United Mineral Services Ltd., a private company owned by a director of the Company, by reimbursing the cost of: staking the property, line-cutting to establish a survey grid over it and performing an induced polarization geophysical survey on the property.

In July 2004, the Company reached an agreement with Chatworth Resources Inc. ("Chatworth", then GMD Resource Corp.), pursuant to which Chatworth can earn a 50% interest in the Buck claims by (i) issuing 100,000 units comprised of 100,000 common shares of Chatworth 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, and (ii) incurring exploration expenditures totaling \$500,000 over five years, with a minimum annual expenditure of \$100,000.

Upon acceptance of the option agreement by the TSX Venture Exchange on July 16, 2004, 100,000 common shares and 100,000 warrants of Chatworth were received by the Company. The 100,000 pre-consolidation Chatworth shares, with a value of \$5,000, were credited against the acquisition cost of the property. Subsequently, Chatworth completed a 6-for-1 share

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SIX MONTHS ENDED SEPTEMBER 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

consolidation. The fair value of the Chatworth warrants was estimated on the TSXV acceptance date at \$5,000 and has been credited against the acquisition cost of the property.

Chatworth did not perform its obligations under the July 2004 option agreement causing the agreement to lapse. Chatworth had since amalgamated with ComWest Capital Corp. to form ComWest Enterprise Corp. In November 2005, Chatworth amalgamated with ComWest Capital Corp. to form ComWest Enterprise Corp. ("ComWest"). Under the amalgamation agreement, the Company's 16,667 post-consolidated Chatworth warrants (100,000 pre-consolidation) were exchanged for 12,426 ComWest warrants, which entitled the Company to acquire a ComWest Class "B" voting common share at \$1.207 per share until July 16, 2006. These warrants expired unexercised.

The Company has allowed the property to lapse and a write down of \$55,929 to the Buck property interest was made during the period ended June 30, 2006.

RAD Property

In January 2004, the Company entered into an agreement to acquire a 100% interest in the **RAD** property from United Mineral Services Ltd., a private company owned by a director of the Company, by reimbursing the staking cost of \$8,000.

The 2,000 hectare RAD property, located 250 kilometers west of Williams Lake, comprises Jurassic tuffs and volcanic breccia, Upper Cretaceous andesites and basaltic breccias, and overlying Tertiary basalts and andesites. A geologic reconnaissance performed in 2004 confirmed that a historic induced polarization survey had adequately covered the target area and, consequently, no further exploration is planned at this time. The Company plans to allow the property to lapse.

Nechako Gold Property (formerly "Bob" and "JMD" Properties)

In January 2004, the Company entered into an agreement to acquire a 100% interest in the **Nechako** mineral property. The 1,300 hectare Nechako property, located 80 kilometers west of Quesnel, was acquired by issuing a total of 200,000 shares of the Company to two arm's length parties. Of these 200,000 shares, 50,000 were not due to be issued until the Company reached a third party joint venture agreement or completed a total of \$250,000 in exploration expenditures on the property.

In November 2004, the Company signed an option agreement whereby Endurance Gold Corporation ("Endurance Gold"), an arm's length private company, can acquire a 60% interest in the property by issuing to the Company 250,000 shares in Endurance Gold, and by incurring \$250,000 in exploration work on the property over the next three years. The agreement is conditional upon Endurance Gold becoming a publicly-listed company, a condition that Endurance Gold fulfilled on July 27, 2005 when it listed on the TSX Venture Exchange. On August 18, 2005, the Company received its first payment of 50,000 common shares of Endurance Gold at a deemed price of \$0.23 per share. \$11,500 was credited against the acquisition cost of the property.

AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

At the end of the option period, the Company and Endurance Gold could enter into a joint venture to develop the property with the Company owning 40% and Endurance Gold owning 60%. The two arm's length parties from whom the property was acquired waived their right to the 50,000 shares of the Company referred to above.

Since January 2005, Endurance Gold registered an additional 3,275 hectares of mineral claims within the area of common interest surrounding the property. These will form part of the property and are subject to the terms of the agreement with Endurance Gold.

Endurance Gold has performed geologic, geochemical and geophysical surveys on the property as well as performing a 422-metre drilling program during November and December 2005. As a result of the expenditures incurred during these programs, Endurance has completed the \$250,000 exploration expenditure requirement of the option agreement. The Company received an additional payment of 200,000 common shares of Endurance in December 2005. Endurance has therefore completed its requirements for vesting its 60% interest in the property.

The Company reviewed the Endurance Gold's exploration results and elected not to participate in the additional expenditures required to complete the drilling in December 2005. As a result, the Company's interest in the property has been reduced to 32.61%. No further work has been performed on the property by the joint venture since December 2005.

The property is underlain by Cretaceous sedimentary rocks. Historical exploration work has identified a large area of epithermal alteration with anomalous gold and gold indicator element mineralization as exhibited from soil and rock chip samples.

Witch Properties

In September 2004, the Company acquired a 100% interest in the **Witch** porphyry gold-copper property for a cash payment of \$10,000. The property comprises approximately 4,600 hectares and is located in the Witch Lake/Chuchi Lake region, approximately 80 kilometers north-northwest of Fort St. James. The Company added to the property by staking an additional 1,750 hectares in four claims.

Exploration work performed by previous owners includes soil sampling, magnetometer surveys, induced polarization surveys, trenching and mapping. Several anomalous areas were outlined, some of which had received historical drilling. Anomalous copper values over discontinuous intervals were encountered in the drilling. Prospective areas of the property remained to be tested by geophysics, and untested targets remained to be drilled. These prospective areas were explored by the Company using geophysical techniques, and anomalous zones were drill tested to determine their geologic character. An evaluation of the results from the characterization drilling indicates that the original Witch property does not warrant additional work by the Company.

During the quarter ended December 31, 2004, the Company staked an additional 36,350 hectares in the Witch Lake region, over areas prospective for porphyry gold-copper targets in a region underlain by Jurassic Takla Group and Chuchi Group volcanic and sedimentary rocks intruded by Triassic to Cretaceous intrusive rocks. These claims reach to the south of the Mt. Milligan deposit (measured and indicated resource of 408 million tonnes containing 0.18% copper and

**AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS

0.40 g/t gold – Placer Dome 2003 Annual Report) and comprise the **Chona, Kal, M2, M3, M4, M5, Tsil** and additional Witch claims. In November 2004, the Kal, M2, M3, M4, M5 and Tsil properties became subject to a farm out agreement with Rockwell Ventures Inc., as described below under “Rockwell Agreement.” These claims were surveyed by geophysical techniques then tested by drilling during fiscal 2005. An evaluation of these results was completed, indicating that no further exploration by the Company was warranted, and the M2, M4, M5 Kal and Tsil claims were allowed to lapse in 2005.

During the quarter ended March 31, 2005, the Company registered an additional 31,611 hectares in the same region (the **Chica, additional Chona, Tchent, Wolf** and **Xander** claims). During the 2005 exploration season, the Company performed extensive detailed geophysical and geochemical surveys on the properties and selected drill targets exhibiting the types of anomalies characteristic of porphyry gold-copper deposits. The Company completed a program of nine drill holes (964 meters) in October 2005. No significant results were obtained from the drilling.

Currently, the Company is holding 7,405 hectares of the Chona claims in good standing.

Cariboo Properties

In May 2005, the Company entered into an option agreement with Taseko Mines Limited, a public company with certain directors in common with the Company, to earn a 50% interest in the **Wasp** and **Anvil** properties. The Company would be the operator and could acquire its interest by incurring \$150,000 of exploration expenditures over a two year period.

The Wasp and Anvil properties are located approximately 15 kilometers southeast of Taseko's Prosperity project, situated 130 kilometers southwest of Williams Lake. The Prosperity project hosts a large porphyry gold-copper deposit.

The Company performed a geological reconnaissance survey on the Wasp and Anvil properties during which it was determined that magnetic anomalies associated with the properties were due to magnetic rock types rather than concentrations of economic minerals. The properties have been allowed to lapse and the Company has no further interest in the agreement.

Tulox Property

The **Tulox** property, located in the Cariboo region, comprising 20,726 hectares, was registered for acquisition during the period July 2005 to March 2006 to cover multi-element regional stream sediment geochemical anomalies. The Company has registered for acquisition (acquired via the BC government's on-line staking system) additional claims, totalling 34,356 hectares, during the current fiscal quarter.

Follow-up work by the Company comprised geological mapping, soil and stream sediment geochemical surveys and prospecting. The source of the anomalies has not been located. The Company has performed additional geochemical and geophysical surveys in fiscal 2007 and is awaiting the results of this work before planning further activities on the property.

AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iskut Properties, British Columbia, Canada

The Company registered for acquisition a total of 5,175 hectares in five properties in the Iskut River area of northwestern B.C. during the period August 2005 to March 2006. These properties comprise the **AA**, **MEZ**, **TRI A**, **Copper 152** and **Copper 246** properties.

The Company also entered into a letter agreement in May 2006 with an arm's length party, giving the Company the right to explore the 2,302 hectare **SEDEX** property that adjoins the AA property, and the right to enter into a formal option agreement on or before December 31, 2006 to purchase the SEDEX property by paying the arm's length party \$100,000 and 265,000 shares of the Company in stages by December 31, 2010. The purchase is subject to a 1.5% Net Smelter Royalty in favor of the arm's length party, 0.5% of which can be purchased by the Company for \$1,000,000. Advance royalty payments of \$20,000 annually are payable to the arm's length party commencing on or before December 31, 2011.

Geological and geochemical reconnaissance programs were performed on the Iskut properties during calendar 2006. No indications of any concentrations of economic minerals were found on the properties.

Other Properties

The Company also has a 5% net profits interest ("NPI") in the 46 mineral claims comprising the **Ana** Property in the Yukon Territory, Canada, and a 2.5% NPI in a mineral lease comprising the **Mann Lake** Property in Saskatchewan. At the present time, the Company has no plans to undertake any programs on these properties.

Market Trends

Copper prices averaged US\$1.30/lb in 2004 and US\$1.59/lb in 2005. Copper prices have continued to increase in 2006, averaging US\$3.01/lb to the end of October.

Gold prices increased from an average of US\$410/oz in 2004 to US\$445/oz in 2005. Gold prices have continued to increase in 2006, averaging US\$599/oz over the first ten months of 2006.

**AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006**

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		
	2006	2005	2004
Current assets	\$ 4,872,158	\$ 7,888,349	\$ 14,053,400
Mineral properties	98,429	155,929	73,929
Equipment	36,951	47,105	60,188
Total assets	5,007,538	8,091,383	14,187,517
Current liabilities	38,431	871,243	182,759
Shareholders' equity	4,969,107	7,220,140	14,004,758
Total shareholders' equity & liabilities	5,007,538	8,091,383	14,187,517
Working capital	\$ 4,833,727	\$ 7,017,106	\$ 13,870,641

	Year ended March 31		
	2006	2005	2004
Expenses			
Amortization	\$ 10,154	\$ 13,083	\$ 17,037
Conference and travel	37,471	5,591	33,404
Exploration	3,012,825	7,553,950	460,252
Legal, accounting and audit	64,160	63,521	53,913
Management and consulting	92,987	45,658	79,964
Office and administration	137,155	106,349	28,468
Property Investigation	4,316	-	-
Salaries and benefits	382,254	356,841	140,619
Shareholder communication	72,531	104,308	21,495
Trust and filing	17,946	23,350	43,915
Foreign exchange loss	2,645	8,204	9,621
Interest on flow-through shares	-	92,502	-
Interest and other income	(129,852)	(242,862)	(74,590)
Write down of accounts receivable	45,088	-	-
Write down of marketable securities	190,392	6,667	-
Write down of mineral property interest	10,000	76,000	-
Subtotal	3,950,072	8,213,162	814,098
Stock-based compensation expense (recovery)	(16,282)	496,031	407,363
Gain on sale of marketable securities	(92,887)	(81,554)	(2,052,596)
Net income (loss) for the year	\$ (3,840,903)	\$ (8,627,639)	\$ 831,135
Basic and diluted income (loss) per share	\$ (0.08)	\$ (0.19)	\$ 0.04
Weighted average number of common shares outstanding	49,880,651	45,168,411	21,421,096

AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.4 Summary of Quarterly Results

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

	Sep 30 2006	June 30 2006	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004
Current assets	\$ 4,279	\$ 4,704	\$ 4,872	\$ 5,053	\$ 4,374	\$ 5,503	\$ 7,888	\$ 9,933
Other assets	70	73	135	137	186	200	203	287
Total assets	4,349	4,777	5,008	5,191	4,560	5,703	8,091	10,220
Current liabilities	77	38	38	38	242	114	871	1,109
Shareholders' equity	4,272	4,739	4,969	5,153	4,318	5,589	7,220	9,111
Total shareholders' equity and liabilities	4,349	4,777	5,008	5,191	4,560	5,703	8,091	10,220
Working capital	4,202	4,667	4,834	5,015	4,132	5,389	7,017	8,824
Expenses								
Amortization	2	2	3	3	3	3	3	3
Conference and travel	43	–	3	34	–	–	3	1
Consulting	25	24	58	7	13	15	12	12
Exploration	301	92	31	498	1,085	1,399	2,329	3,494
Legal, accounting and audit	6	4	6	9	44	5	5	16
Office and administration	35	26	31	30	39	38	44	41
Property investigation	10	2	2	2	–	–	–	–
Salaries and benefits	63	50	52	89	156	85	150	77
Shareholder communication	22	8	9	14	26	24	26	31
Trust and filing	5	1	6	3	6	2	7	5
Subtotal	512	209	201	689	1,372	1,571	2,579	3,680
Foreign exchange loss (gain)	(10)	7	50	(1)	(43)	(4)	(1)	4
Interest income	(34)	(40)	(30)	(34)	(25)	(37)	(47)	(65)
Other	(1)	(3)	(4)	–	–	–	(6)	98
Subtotal	467	173	217	654	1,304	1,530	2,525	3,717
Stock-based compensation	–	–	–	–	(2)	(14)	(8)	88
Loss on sale of fixed assets	–	1	–	–	–	–	–	–
Loss (gain) on sale of marketable securities	–	–	(93)	–	–	–	(41)	25
Mark-to-market adjustment on warrants	–	–	16	9	–	98	5	–
Write-down of accounts receivable	–	–	45	–	–	–	–	–
Write-down of marketable securities	–	–	–	10	–	57	–	2
Write-down of mineral property interest	–	56	–	10	–	–	76	–
Tax refund	–	–	–	–	–	–	(1)	–
Net loss for the period	\$ 467	\$ 230	\$ 185	\$ 683	\$ 1,302	\$ 1,671	\$ 2,557	\$ 3,831
Basic and diluted net loss per share	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.08
Weighted average number of common shares outstanding (thousands)	52,459	52,459	52,459	49,053	47,976	47,835	46,049	45,344

AMARC RESOURCES LTD.
SIX MONTHS ENDED SEPTEMBER 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.5 Results of Operations

The net loss for the six months ended September 30, 2006 decreased to \$696,727 compared to a net loss of \$2,973,645 for the same period in 2006. The decrease in loss was mainly due to less exploration expenditures in British Columbia compared to the previous year.

Exploration expenses for the six months ended September 30, 2006, excluding stock-based compensation, decreased to \$393,629, compared to \$2,483,893 for the same period in the previous year. This decrease was due to reduced exploration programs being carried out in British Columbia. The major exploration expenditures during the period were geological (2007 – \$236,611; 2006 – \$1,034,009), site activities (2007 – \$51,106; 2006 – \$736,410), and helicopter (2007 – \$29,341; 2006 – \$150,883). No option payment related to mineral property interests was made during the period, compared to options payment of \$78,750 made for the same period last year.

The major administrative costs during the six-month period were salaries and benefits (2007 – \$112,552; 2006 – \$240,546), office and administration (2007 – \$60,271; 2006 – \$76,289), conference and travel (2007 – \$42,832; 2006 – \$252), management and consulting (2007 – \$49,297; 2006 – \$27,543), and shareholder communication (2007 – \$30,843; 2006 – \$50,324). The decrease in administrative costs was mainly due to the reduced exploration activities.

Interest and other income increased to \$78,430 for the first six months of fiscal 2007 compared to \$61,672 for the same period last year due to higher cash balances on hand.

A loss of \$1,678 on sale of fixed assets and a write down of mineral property interest of \$55,929 were recorded during the six-month period compared to nil for the same period last year. There were no mark-to-market adjustment or write down of marketable securities in the six-month period compared to an adjustment of \$98,000 to warrants and a write down of \$57,392 to marketable securities in the same period last year.

There were no stock-based compensation expense or recovery recorded in the current period because no option was granted or outstanding during the period compared to a recovery of \$16,282 for the same period last year.

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.

The Company had working capital of approximately \$4.2 million as at September 30, 2006 which is sufficient to fund its known commitments.

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

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

Operating activities

Cash used in operating activities was \$508,850 in the first six months of fiscal 2007, compared to \$3,547,533 for the same period last year. Cash used in operating activities was attributable primarily to exploration programs carried out on its British Columbia mineral properties. The Company anticipates continuing to use its cash in its operating activities to carry out its exploration programs.

Investing activities

Cash flows from investing activities increased slightly to \$3,445 for the first six months of fiscal 2007, compared to \$2,119 in the same period last year. Cash flows from investing activities in the current period were attributable to the sale of fixed assets.

Financing activities

Cash flows from financing activities was nil in the first six months of fiscal 2007, compared to cash flows of \$69,189 for the same period last year. Cash flows from financing activities in the prior year were attributable to cash received from the exercises of warrants and options.

Requirement of Financing

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

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 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.

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

1.9 Transactions with Related Parties

Pursuant to the agreement dated December 31, 1996, Hunter Dickinson Inc. ("HDI") of Vancouver, British Columbia, a private company with certain directors in common with the Company, 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.

Costs for services rendered and costs incurred on behalf of the Company by HDI were \$369,032 in the first six months of fiscal 2007, as compared to \$1,128,864 for the same period last year. The variances were due to decreases in the Company's exploration activities.

Hunter Dickinson Group Inc. ("HDGI") is a private company with certain directors in common with the Company that provides consulting services at market rates to the Company. No service was provided by and no payment was made to HDGI for the first six months of fiscal 2007 compared to a payment of \$6,400 made to HDGI for the same period last year.

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

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

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

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 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.

1.15.2 Disclosure of Outstanding Share Data

The following table details the share capital structure as at November 10, 2006, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	<u>Number</u>
Common shares	52,459,473