



AMARC RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED

DECEMBER 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

Notice to Reader

In accordance with subsection 4.3(3) of National Instrument 51-102, management of the Company advises that the Company's auditors have not performed a review of these interim financial statements.

Amarc Resources Ltd.

Condensed Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	December 31 2011	March 31 2011 note 15
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	\$ 2,799,288	\$ 6,811,177
Amounts receivable and other assets (note 7)	661,337	1,197,540
Marketable securities (note 8)	232,844	113,750
Balance due from related party (note 11)	122,556	57,632
	<u>3,816,025</u>	<u>8,180,099</u>
Non-current assets		
Restricted cash (note 6)	276,435	162,095
Amounts receivable (note 7)	1,604,950	1,180,013
Mineral properties and equipment (note 9)	1,891	27,515
	<u>1,883,276</u>	<u>1,369,623</u>
	<u>\$ 5,699,301</u>	<u>\$ 9,549,722</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 739,146	\$ 64,995
Flow-through share premium (note 10(b))	-	595,000
	<u>739,146</u>	<u>659,995</u>
Shareholders' equity		
Share capital (note 10)	45,495,272	45,482,087
Reserves	2,658,013	1,918,126
Accumulated deficit	(43,193,130)	(38,510,486)
	<u>4,960,155</u>	<u>8,889,727</u>
	<u>\$ 5,699,301</u>	<u>\$ 9,549,722</u>

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

/s/ Robert A. Dickinson

Robert A. Dickinson
Director

/s/ Rene G. Carrier

Rene G. Carrier
Director

Amarc Resources Ltd.

Condensed Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars, except for share information)

	Three months ended		Nine months ended	
	December 31		December 31	
	2011	2010	2011	2010
		note 15		note 15
Expenses (notes 11 and 13)				
Exploration	\$ 2,681,247	\$ 1,645,468	\$ 4,557,680	\$ 3,932,736
Assays and analysis	65,417	105,114	148,743	486,307
Drilling	678,897	778,926	741,689	778,926
Equipment rental	87,867	40,099	127,445	99,579
Geological	1,466,340	671,675	2,572,971	2,140,832
Cost recovery (METC)	(409,507)	(444,388)	(409,507)	(682,132)
Graphics	1,422	15,444	6,204	52,114
Transportation	13,362	747	16,572	28,361
Property fees and assessments	34,611	108,492	34,611	159,292
Site activities	547,742	299,414	779,691	640,964
Sustainability	104,402	58,784	222,591	127,630
Travel and accommodation	22,257	11,161	52,054	100,863
Equity-settled share-based payments (note 10(c))	68,437	-	264,616	-
Administration	517,882	317,230	1,502,990	903,427
Depreciation	168	2,948	26,854	8,843
Legal, accounting and audit	197	19,548	45,116	56,489
Office and administration	326,746	205,125	909,828	634,165
Shareholder communication	53,071	60,452	102,681	140,576
Travel	21,789	25,559	31,666	45,045
Trust and filing	11,890	3,598	20,571	18,309
Equity-settled share-based payments (note 10(c))	104,021	-	366,274	-
	3,199,129	1,962,698	6,060,670	4,836,163
Other items				
Operator's fees	(48,861)	-	(61,165)	-
Interest income	(22,105)	(4,012)	(63,962)	(14,729)
Flow-through share premium (note 10(b))	(305,000)	-	(595,000)	-
Gain on sale of mineral property (notes 9(a))	-	-	(679,050)	-
Tax on flow through shares	19,200	18,000	19,200	18,000
Foreign exchange loss (gain)	912	1,280	1,951	(949)
Loss for the period	\$ 2,843,275	\$ 1,977,966	\$ 4,682,644	\$ 4,838,485
Other comprehensive (income) loss:				
Net change in fair value of available-for-sale financial assets	(1,094)	(15,250)	(112,094)	(13,625)
Comprehensive loss for the period	\$ 2,842,181	\$ 1,962,716	\$ 4,570,550	\$ 4,824,860
Basic and diluted loss per common share	\$ 0.03	\$ 0.02	\$ 0.04	\$ 0.06
Weighted average number of common shares outstanding	102,744,050	87,325,886	102,733,966	85,005,837

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

Amarc Resources Ltd.

Condensed Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	December 31		December 31	
Cash provided by (used in):	2011	2010	2011	2010
		note 15		note 15
Operating activities				
Loss for the period	\$ (2,843,275)	\$ (1,977,966)	\$ (4,682,644)	\$ (4,838,485)
Adjustments for:				
Depreciation	168	2,948	26,854	8,843
Unrealized foreign exchange	895	3,896	(362)	3,901
Equity settled share based payments	172,458	-	630,890	-
Common shares received, included in exploration expenses	(7,000)	-	(7,000)	-
Common shares issued, included in exploration expenses	5,800	-	5,800	-
Accrued interest on note payable to related party	-	449	-	449
Interest income	(19,471)	(4,012)	(61,327)	(14,729)
Changes in working capital items				
Accounts payable and accrued liabilities	(546,021)	(33,625)	674,151	512,116
Amounts receivable and other assets	(854,420)	(481,388)	101,266	(811,524)
Balance due from related party	(87,385)	(3,467)	(64,924)	145,712
Flow-through share premium	(305,000)	-	(595,000)	-
Net cash used in operating activities	(4,483,251)	(2,493,165)	(3,972,296)	(4,993,717)
Investing activities				
Restricted cash	(79,300)	(30,000)	(104,340)	(50,000)
Interest income	19,471	4,012	61,327	14,729
Purchase of equipment	-	-	(1,230)	(1,441)
Net cash used in investing activities	(59,829)	(25,988)	(44,243)	(36,712)
Financing activities				
Proceeds from issuance of shares	4,288	5,150,000	4,288	5,150,000
Proceeds from issuance of a note to a related party	-	872,580	-	872,580
Partial repayment of a note to a related party	-	(500,000)	-	(500,000)
Net cash provided by financing activities	4,288	5,522,580	4,288	5,522,580
Net (decrease) increase in cash and cash equivalents	(4,538,792)	3,003,427	(4,012,251)	492,151
Cash and cash equivalents, beginning of period	7,338,975	1,799,179	6,811,177	4,310,460
	2,800,183	4,802,606	2,798,926	4,802,611
Effect of exchange rate fluctuations on cash held	(895)	(3,896)	362	(3,901)
Cash and cash equivalents, end of period	\$ 2,799,288	\$ 4,798,710	\$ 2,799,288	\$ 4,798,710
Components of cash and cash equivalents are as follows:				
Cash	\$ 2,799,288	\$ 4,798,710	\$ 2,799,288	\$ 4,798,710
Supplementary cash flow information:				
Interest received	\$ 19,471	\$ 4,012	\$ 61,327	\$ 14,729
Non cash investing and financing activities:				
Common shares included in exploration expenses	5,800	-	5,800	-
Common shares included in exploration expenses	7,000	-	7,000	-
Marketable securities received	\$ 67,719	\$ -	\$ 197,219	\$ -

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

Amarc Resources Ltd.

Condensed Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian Dollars, except for share information)

	Share capital		Reserves				Deficit	Total
	Number of shares	Amount	Equity settled share-based payments reserve	Share warrants reserve	Investment revaluation reserve			
Balance at April 1, 2010	83,839,473	\$ 36,474,363	\$ 870,267	\$ 982,110	\$ (2,625)	\$ (32,044,143)	\$ 6,279,972	
Private placement at \$0.80 per share, net	5,812,500	3,579,343	-	-	-	-	3,579,343	
Exercise of share warrants at \$0.10 per share	5,000,000	500,000	-	-	-	-	500,000	
Unrealized gain on available-for-sale financial assets (note 8)	-	-	-	-	13,625	-	13,625	
Loss for the period	-	-	-	-	-	(4,838,485)	(4,838,485)	
Balance at December 31, 2010 (note 15)	94,651,973	\$ 40,553,706	\$ 870,267	\$ 982,110	\$ 11,000	\$ (36,882,628)	\$ 5,534,455	
Balance at April 1, 2011 (note 15)	102,728,896	\$ 45,482,087	\$ 870,267	\$ 982,110	\$ 65,749	\$ (38,510,486)	\$ 8,889,727	
Unrealized gain on available-for-sale financial assets (note 8)	-	-	-	-	112,094	-	112,094	
Equity settled share-based payments	-	-	630,890	-	-	-	630,890	
Issuance of common shares	33,400	13,185	(3,097)	-	-	-	10,088	
Loss for the period	-	-	-	-	-	(4,682,644)	(4,682,644)	
Balance at December 31, 2011	102,762,296	\$ 45,495,272	\$ 1,498,060	\$ 982,110	\$ 177,843	\$ (43,193,130)	\$ 4,960,155	

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

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Amarc Resources Ltd. (the "Company" or "Amarc") is incorporated under the laws of the province of British Columbia, and its principal business activity is the acquisition and exploration of mineral properties. Its principal mineral property interests are located in British Columbia. The address of the Company's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, Canada V6E 4H1.

These unaudited condensed interim financial statements ("interim financial statements") have been prepared 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 interim 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. STATEMENT OF COMPLIANCE

In 2010, Canadian accounting standards were revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply the IFRS effective for years beginning on or after January 1, 2011.

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting and IFRS 1 First-Time Adoption of International Financial Reporting Standards ("IFRS 1").

These are the Company's interim financial statements presented in accordance with IAS 34 and IFRS for part of the period covered by the first IFRS annual financial statements and IFRS 1 First-time Adoption of International Financial Reporting Standards. The accounting policies have been selected to be consistent with IFRS as it is expected to be effective on March 31, 2012.

These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended March 31, 2011 and the Company's condensed interim financial statements for the three months ended June 30, 2011 and six months ended September 30, 2011, which are available at www.sedar.com. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

The preparation of these interim financial statements resulted in changes to accounting policies from those financial statements previously prepared under Canadian GAAP. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 15.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

These interim financial statements were authorized for issuance by the Audit Committee of the Board of Directors on February 24, 2012.

3. BASIS OF PREPARATION

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale which are stated at estimated fair value. These financial statements have been prepared using the accrual basis of accounting.

All amounts reported in these financial statements are in Canadian Dollars, unless stated otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are described in note 4 of the unaudited interim financial statements for the three month period ended June 30, 2011.

(a) *Accounting Standards, Interpretations and Amendments to Existing Standards That Are Not Yet Effective*

The Company has not early adopted the following new and revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

- (i) Effective for annual periods beginning on or after July 1, 2011
 - Amendments to IFRS 7, Financial Instruments: Disclosures
- (ii) Effective for annual periods beginning on or after January 1, 2012
 - Amendments to IAS 12, Income Taxes
- (iii) Effective for annual periods beginning on or after July 1, 2012.
 - Amendments to IAS 1, Presentation of Items of Other Comprehensive Income
- (iv) Effective for annual periods beginning on or after January 1, 2013
 - IFRS 10, Consolidated Financial Statements
 - IFRS 11, Joint Arrangements
 - IFRS 12, Disclosure of Interests in Other Entities
 - IFRS 13, Fair Value Measurement
 - IAS 19, Employee Benefits
 - IAS 27, Separate Financial Statements
 - IAS 28, Investments in Associates and Joint Ventures
 - IFRIC 20, Stripping Costs
- (v) Effective for annual periods beginning on or after January 1, 2015
 - IFRS 9, Financial Instruments

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are invested in business and savings accounts and guaranteed investment certificates which are available on demand by the Company for its exploration programs and other uses.

6. RESTRICTED CASH

Restricted cash in the amount of \$276,435 (March 31, 2011 – \$162,095) represents guaranteed investment certificates held in support of exploration permits.

7. AMOUNTS RECEIVABLE AND OTHER ASSETS

	December 31, 2011	March 31, 2011
Current		
Value added taxes refundable	\$ 612,751	\$ 251,003
Mineral exploration tax credit	-	872,580
Other receivable and prepaid expenses	48,586	73,957
Total current	\$ 661,337	\$ 1,197,540
Non current		
Mineral exploration tax credit	\$ 1,604,950	\$ 1,180,013

The Mineral Exploration Tax Credit ("METC") initiative was introduced by the government of British Columbia to stimulate mineral exploration activity in the province and includes an enhanced credit for mineral exploration in areas affected by the mountain pine beetle infestation. The Company is eligible to receive refunds under this tax credit. However, the timing and amounts of refunds pursuant to the METC program are uncertain as these amounts are subject to government audit.

8. MARKETABLE SECURITIES

As at December 31, 2011 and March 31, 2011 the Company held common shares in several public and private companies. These marketable securities were classified as available-for-sale securities with aggregate acquisition costs of \$55,001 (March 31, 2011 – \$48,001). The estimated fair value of these securities based on securities exchange quotes at December 31, 2011 was \$232,844 (March 31, 2011 – \$113,750).

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. MINERAL PROPERTIES AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2011			
Mineral properties	\$ 2	\$ -	\$ 2
Site equipment	46,728	44,839	1,889
Computer equipment	30,607	30,607	-
Total	\$ 77,337	\$ 75,446	\$ 1,891
March 31, 2011			
Mineral properties	\$ 2	\$ -	\$ 2
Site equipment	45,498	29,040	16,458
Computer equipment	30,607	19,552	11,055
Total	\$ 76,107	\$ 48,592	\$ 27,515

(a) *Newton Property*

In August 2009, the Company entered into an agreement ("Newton Agreement") with Newton Gold Corp. ("Newton Gold") (at that time named New High Ridge Resources Inc.), whereby the Company acquired the right to earn an 80% interest in the Newton property by making certain cash and share payments to the underlying owners and funding \$4,940,000 in exploration expenditures over seven years from the effective date of the agreement.

The agreement with Newton Gold is subject to an underlying option agreement ("Underlying Agreement") with arm's length parties, whereby Newton Gold has the right to acquire a 100% undivided interest in all the claims held under that Underlying Agreement through a series of staged payments and share issuances (which payments and share issuances have been completed), in addition to the required exploration expenditures (which have also been completed).

All the conditions in the Newton Agreement were met in May 2011, and the Company's 80% interest in the Newton property then vested. Amarc entered into the Newton Joint Venture Agreement (the "Newton JV Agreement") with Newton Gold.

In June 2011, the Company and Newton Gold agreed to incorporate adjacent mineral claims then held by the Company into the Newton JV Agreement. The Company recorded a gain of \$679,050 on this transaction, as the Company's expenditures on these adjacent mineral claims had previously been expensed. The Newton Joint Venture has a 100% undivided interest in all claims held under the Newton JV Agreement.

The claims defined in the underlying option agreement to the Newton Agreement are subject to a 2% net smelter returns royalty ("NSR"), which royalty may be purchased by the parties

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

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(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

for \$2,000,000. Advance royalty payments of \$25,000 per annum commenced on January 1, 2011.

(b) Galileo and Hubble Properties

Amarc owns a 100% interest in the approximately 970 square kilometre Galileo and Hubble properties, which are located within the Blackwater district, located approximately 120 kilometres southwest of Vanderhoof, BC.

In December 2011, Amarc purchased the 70 square kilometre Hubble East exploration property for \$50,000 cash and 80,000 common shares of Amarc. The cash payment and the share issuance were completed in January 2012.

(c) Blackwater South property

In September 2011, the Company entered into an Option Agreement with an individual (the "Optionor"), whereby the Company was granted an option to acquire an undivided 100% interest in the Blackwater South property, which is located in the Omineca Mining Division, British Columbia, by making cash payments of \$35,000 and issuing 140,000 common shares in tranches over a two year period. The Company must also expend a minimum of \$50,000 in exploration expenditures prior to October 20, 2013, and a further \$50,000 must be expended prior to October 20, 2014. The Optionor will retain a net smelter returns royalty ("NSR") of 2%. By making a cash payment of \$1,000,000 at any time, the Company may purchase one half of the royalty (1%) and cap the remaining 1% royalty at \$5,000,000. The NSR can be reduced to 1%, capped at an aggregate of \$5,000,000 by making a cash payment of \$1,000,000.

To December 31, 2011, the Company had paid \$5,000 and issued 20,000 shares to the Optionor, and had incurred approximately \$14,800 in exploration expenditures on the Blackwater South property.

(d) Tulox Property

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

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

Amarc Resources Ltd.

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(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

In July 2011, Tulox assigned the option agreement to a subsidiary company, Newlox Gold Ventures Corp. ("Newlox"), as part of a corporate reorganization and Newlox entered into an amended option agreement with Amarc, which was further amended in December 2011. Pursuant to the latest amendments, Newlox can acquire a 100% interest in the Property by spending \$2,000,000 on the Property and issuing 2,325,000 common shares in its capital to Amarc, in tranches ending December 2014.

To December 31, 2011, the Company has received cash payments of \$10,000 and issued 775,000 common shares to date under the option agreement (as amended). The agreement is subject to certain conditions including regulatory approval. Under the agreement, the Company is entitled to receive a 3% net smelter returns royalty ("NSR") following the commencement of commercial production on the Property. In addition, the Company receives a "back-in right" whereby the Company can acquire a 60% interest in the Property by agreeing, within 90 days of the completion of a pre-feasibility study, to fund a further \$10,000,000 of exploration expenditures on the Property. However, upon exercise of the "back-in right", the Company's entitlement to an NSR will reduce to 1.2% from 3%.

10. SHARE CAPITAL

(a) *Authorized share capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, of which none have been issued.

(b) *Common share issuances*

In December 2010, the Company completed a brokered and non-brokered private placement of 13,889,423 of its common shares, consisting of 5,812,500 flow-through shares at a price of \$0.80 per share and 8,076,923 non-flow-through shares at a price of \$0.65 per share, for aggregate gross proceeds of \$9,900,000. The Company incurred costs of approximately \$522,000 in finders' and other fees relating to this private placement. In accordance with the terms of the flow-through share agreements, the Company agreed to spend the proceeds of \$4,650,000 from the issuance of the flow-through shares on eligible exploration activities by December 31, 2011. The eligible exploration expenses were renounced to the investors in December 2010. The Company is subject to a tax, calculated monthly, on the portion of the proceeds remaining unspent each month after February 2011.

The premium received on this flow-through share issuance was initially estimated at \$870,000 and was recorded as a liability, to be reversed to profit and loss when the eligible expenditures were incurred. At December 31, 2011, the Company had spent the required \$4,650,000 (March 31, 2011 – \$1,500,000) on eligible exploration activities. Consequently, the Company had a nil liability associated with the December 2010 flow-through share issuance as at December 31, 2011 (March 31, 2011 – \$595,000).

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

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(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Subsequent to December 31, 2011, the Company announced a private placement financing of approximately \$16.2 million (note 16(a)).

(c) *Share purchase option compensation plan*

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

The continuity of share purchase options for the nine months ended December 31, 2011 was:

Expiry date	Exercise price per share	March 31 2011	Granted	Exercised	Expired or Cancelled	December 31 2011	Exercisable
Jul 19, 2011	\$ 0.70	1,587,200	-	-	(1,587,200)	-	-
Apr 28, 2012	\$ 0.70	70,000	-	-	-	70,000	70,000
Mar 30, 2013	\$ 0.51	50,000	-	-	-	50,000	50,000
Sep 23, 2014	\$ 0.32	-	2,512,800	(13,400)	(8,000)	2,491,400	824,200
Sep 23, 2016	\$ 0.32	-	3,051,300	-	-	3,051,300	1,017,100
Total		1,707,200	5,564,100	(13,400)	(1,595,200)	5,662,700	1,961,300
Weighted average exercise price		\$ 0.69	\$ 0.32	\$ 0.32	\$ 0.70	\$ 0.33	\$ 0.34

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

Expiry date	Exercise price per share	March 31 2010	Granted	Exercised	Expired or Cancelled	March 31 2011	Exercisable
Jul 19, 2011	\$ 0.70	1,615,200	-	-	(28,000)	1,587,200	1,587,200
Apr 28, 2012	\$ 0.70	70,000	-	-	-	70,000	46,667
Mar 30, 2013	\$ 0.51	50,000	-	-	-	50,000	50,000
Total		1,735,200	-	-	(28,000)	1,707,200	1,683,867
Weighted average exercise price		\$ 0.69			\$ 0.70	\$ 0.69	\$ 0.69

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

The fair values of the share purchase options granted during the three and nine months ended December 31, 2011, including the options issued to non-employees, were estimated using the Black-Scholes option pricing model and were based on the following weighted average assumptions:

	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
Risk-free interest rate	1.1%	-	1.2%	-
Expected life	2.9	-	4.1	-
Expected volatility	89%	-	95%	-
Valuation date share price	\$0.42	-	\$0.36	-
Forfeiture rate	2.6%	-	1.3%	-
Expected dividend yield	nil	-	nil	-

The fair value of services provided by non-employees against the issuance of share purchase options cannot be measured reliably, as the occurrence and timing of such services are not typically ascertainable at the time of option grant. Accordingly, share based payments to non-employees have been measured at the estimated fair value of the share options issued.

11. RELATED PARTY TRANSACTIONS

(a) *Outstanding balances*

As at December 31, 2011, the Company had a balance due from Hunter Dickinson Services Inc., a related party, in the amount of \$122,556 (March 31, 2011 – \$57,632).

(b) *Compensation of key management personnel*

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

During the three and nine month periods ended December 31, 2011, the Company compensated key management personnel as follows:

	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
Short-term employee benefits	\$ 118,148	\$ 51,750	\$ 305,648	\$ 155,250
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Equity-settled share-based payments	80,763	-	300,945	-
Total	\$ 198,911	\$ 51,750	\$ 606,593	\$ 155,250

Of the total share purchase options granted during the three and nine months ended December 31, 2011, 2,469,300 options were granted to the Company's key management personnel, with an estimated grant-date fair value of \$640,000.

There were no options granted to key management personnel during the three and nine months ended December 31, 2010.

(c) *Entities with significant influence*

Management of the Company believes that certain entities have the power to participate in the financial or operating policies of the Company. Several directors and other key management personnel of those entities are also key management personnel of the Company.

Hunter Dickinson Services Inc. ("HDSI")

HDSI is a private company with several directors who are also directors of the Company. Certain officers of the Company are employees of HDSI.

HDSI provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of the Company pursuant to an agreement dated July 2, 2010. Services are provided based on annually agreed and set rates. Advances are interest bearing and due on demand.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Transactions with HDSI during the three and nine months ended December 31, 2011 and 2010 were as follows:

	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
Based on annually set rates	\$ 733,601	\$ -	\$ 1,549,597	\$ -
Based on full cost recovery	-	558,084	-	1,854,516
Reimbursement of third party expenses	46,190	37,647	108,689	133,370
Total	\$ 779,791	\$ 595,731	\$ 1,658,286	\$ 1,987,886

Outstanding balances with HDSI were as follows:

	December 31, 2011	March 31, 2011 (restated, note 15)
Balance receivable from (payable to) HDSI	\$ 122,556	\$ 57,632

12. INCOME TAXES

(a) Provision for current tax

No provision has been made for current income taxes, as the Company has no taxable income.

(b) Provision for deferred tax

As future taxable income of the Company is uncertain, no deferred tax asset has been recognized. As at December 31, 2011, the Company had unused non-capital loss carry forwards of approximately \$5.4 million (March 31, 2011 – \$4.3 million).

The Company had resource tax pools of approximately \$13.9 million (March 31, 2011 – \$12.4 million) available in Canada which may be carried forward and utilized to reduce future taxes related to certain resource income.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

	Nine months ended December 31, 2011		Year ended March 31, 2011	
	Percentage	Amount	Percentage	Amount
Reconciliation of effective tax rate				
Loss for the period		\$ (4,682,644)		\$ (6,466,343)
Total income tax expense		-		-
Loss excluding income tax		\$ (4,682,644)		\$ (6,466,343)
Income tax recovery using the Company's domestic tax rate	26.13%	(1,224,000)	28.00%	(1,811,000)
Non-deductible expenses and other	(11.96%)	560,000	(12.28%)	794,000
Difference in statutory tax rates	(0.60%)	28,000	(1.67%)	108,000
Temporary difference booked to OCI	(0.32%)	15,000	(0.15%)	10,000
Deferred income tax assets not recognized	(13.25%)	621,000	(13.90%)	899,000
	0.00%	\$ -	0.00%	\$ -

The Company had the following temporary differences in respect of which no deferred tax asset was recognized:

As at December 31, 2011

Expiry	Within one year	One to five years	After five years	No expiry date	Total
Tax losses	\$ -	\$ -	\$ 5,415,000	\$ 1,621,000	\$ 7,036,000
Resource pools	-	-	-	13,945,000	13,945,000
Other	\$ -	\$ 470,000	\$ -	\$ (18,000)	\$ 452,000

As at March 31, 2011

Expiry	Within one year	One to five years	After five years	No expiry date	Total
Tax losses	\$ -	\$ -	\$ 4,283,000	\$ 1,621,000	\$ 5,904,000
Resource pools	-	-	-	12,442,000	12,442,000
Other	\$ -	\$ 592,000	\$ -	\$ 14,000	\$ 606,000

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

13. EMPLOYEES BENEFITS EXPENSES

The amount of employees' salaries and benefits included in various expenses are as follows:

	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
Exploration	\$ 660,339	\$ 555,628	\$ 1,416,543	\$ 1,695,716
Administration	429,722	133,872	1,156,502	515,524
Total	\$ 1,090,061	\$ 689,500	\$ 2,573,045	\$ 2,211,240

14. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital management objectives

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

The Company considers the components of shareholders' equity, as well as its cash and cash equivalents as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt.

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

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

(b) Carrying amounts and fair values of financial instruments

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

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

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

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

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

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

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

	Financial assets at fair value as at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 128,969	\$ 103,875	\$ –	\$ 232,844

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

(c) *Financial instrument risk exposure and risk management*

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

Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk is primarily attributable to its liquid financial assets. The Company's holdings of cash and cash equivalents represent its maximum credit exposure on these assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents in high quality investments with major financial institutions and in federal government-backed treasury bills.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

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

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

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Foreign exchange risk

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

At December 31, 2011, the Company's cash balance that was denominated in USD was \$32,933 (March 31, 2011 – \$17,323).

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

The Company currently does not engage in foreign currency hedging.

Interest rate risk

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

Price risk

The Company is subject to price risk in respect of its investments in marketable securities (note 8).

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

15. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 2, these are the Company's December 31, 2011 interim financial statements for part of the period covered by the first annual consolidated financial statements to be prepared in accordance with IFRS. Please refer to note 4 for a comprehensive discussion of the Company's accounting policies under IFRS.

These accounting policies remain the same as those applied in the June 30, 2011 interim financial statements. In addition, note 16 to the June 30, 2011 interim financial statements provides disclosure on the exemptions the Company has chosen for the transition to IFRS, the statement of financial position at the date of transition, and other required Canadian GAAP/IFRS reconciliations.

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(a) Reconciliation of statement of financial position

As at December 31, 2010	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,798,710	\$ -	\$ -	\$ 4,798,710
Amounts receivable and other assets	291,616	-	-	291,616
Marketable securities	59,001	-	-	59,001
Total current assets	5,149,327	-	-	5,149,327
Non-current assets				
Restricted cash	152,094	-	-	152,094
Amount receivable	-	-	2,307,214	2,307,214
Mineral properties and equipment	30,463	-	-	30,463
Total non-current assets	182,557	-	2,307,214	2,489,771
Total assets	\$ 5,331,884	\$ -	\$ 2,307,214	\$ 7,639,098
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	\$ 745,772	\$ -	\$ -	\$ 745,772
Balance due to related party	488,871	-	-	488,871
Flow-through share premium	-	870,000	-	870,000
Total current liabilities	1,234,643	870,000	-	2,104,643
SHAREHOLDERS' EQUITY				
Share capital	41,423,706	(870,000)	-	40,553,706
Reserves	1,863,377	-	-	1,863,377
Accumulated deficit	(39,189,842)	-	2,307,214	(36,882,628)
Total shareholders' equity	4,097,241	(870,000)	2,307,214	5,534,455
Total shareholders' equity and liabilities	\$ 5,331,884	\$ -	\$ 2,307,214	\$ 7,639,098

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

As at March 31, 2011	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,811,177	\$ -	\$ -	\$ 6,811,177
Amounts receivable and other assets	1,197,540	-	-	1,197,540
Marketable securities	113,750	-	-	113,750
Balance due from related party	57,632	-	-	57,632
Total current assets	8,180,099	-	-	8,180,099
Non-current assets				
Restricted cash	162,095	-	-	162,095
Amount receivable	-	-	1,180,013	1,180,013
Mineral properties and equipment	27,515	-	-	27,515
Total non-current assets	189,610	-	1,180,013	1,369,623
Total assets	\$ 8,369,709	\$ -	\$ 1,180,013	\$ 9,549,722
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	\$ 64,995	\$ -	\$ -	\$ 64,995
Flow-through share premium	-	595,000	-	595,000
Total current liabilities	64,995	595,000	-	659,995
SHAREHOLDERS' EQUITY				
Share capital	46,352,087	(870,000)	-	45,482,087
Reserves	1,918,126	-	-	1,918,126
Accumulated deficit	(39,965,499)	275,000	1,180,013	(38,510,486)
Total shareholders' equity	8,304,714	(595,000)	1,180,013	8,889,727
Total shareholders' equity and liabilities	\$ 8,369,709	\$ -	\$ 1,180,013	\$ 9,549,722

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(b) Reconciliation of statement of comprehensive loss

Three months ended December 31, 2010

	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	IFRS
Expenses				
Exploration	\$ 2,089,856	\$ -	\$ (444,388)	\$ 1,645,468
Assays and analysis	105,114	-	-	105,114
Drilling	778,926	-	-	778,926
Equipment rental	40,099	-	-	40,099
Geological	671,675	-	-	671,675
Mineral exploration tax credit	-	-	(444,388)	(444,388)
Graphics	15,444	-	-	15,444
Property fees and assessments	108,492	-	-	108,492
Site activities	299,414	-	-	299,414
Sustainability	58,784	-	-	58,784
Transportation	747	-	-	747
Travel and accommodation	11,161	-	-	11,161
Administration	317,230	-	-	317,230
Depreciation	2,948	-	-	2,948
Legal, accounting and audit	19,548	-	-	19,548
Office and administration	205,125	-	-	205,125
Shareholder communication	60,452	-	-	60,452
Travel	25,559	-	-	25,559
Trust and filing	3,598	-	-	3,598
	2,407,086	-	(444,388)	1,962,698
Foreign exchange loss (gain)	1,280	-	-	1,280
Interest and other income	(4,012)	-	-	(4,012)
Tax related to flow through share	18,000	-	-	18,000
Loss for the period	\$ 2,422,354	\$ -	\$ (444,388)	\$ 1,977,966
Net change in fair value of available-for-sale financial assets, net of income tax	(15,250)	-	-	(15,250)
Total comprehensive loss for the period	\$ 2,407,104	\$ -	\$ (444,388)	\$ 1,962,716

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Nine months ended December 31, 2010	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	IFRS
Expenses				
Exploration	\$ 4,614,868	\$ –	\$ (682,132)	\$ 3,932,736
Assays and analysis	486,307	–	–	486,307
Drilling	778,926	–	–	778,926
Equipment rental	99,579	–	–	99,579
Geological	2,140,832	–	–	2,140,832
Mineral exploration tax credit	–	–	(682,132)	(682,132)
Graphics	52,114	–	–	52,114
Property fees and assessments	159,292	–	–	159,292
Site activities	640,964	–	–	640,964
Sustainability	127,630	–	–	127,630
Transportation	28,361	–	–	28,361
Travel and accommodation	100,863	–	–	100,863
Administration	903,427	–	–	903,427
Depreciation	8,843	–	–	8,843
Legal, accounting and audit	56,489	–	–	56,489
Office and administration	634,165	–	–	634,165
Shareholder communication	140,576	–	–	140,576
Travel	45,045	–	–	45,045
Trust and filing	18,309	–	–	18,309
	5,518,295	–	(682,132)	4,836,163
Foreign exchange loss (gain)	(949)	–	–	(949)
Interest and other income	(14,729)	–	–	(14,729)
Tax related to flow through share	18,000	–	–	18,000
Loss for the period	\$ 5,520,617	\$ –	\$ (682,132)	\$ 4,838,485
Net change in fair value of available-for-sale financial assets, net of income tax	(13,625)	–	–	(13,625)
Total comprehensive loss for the period	\$ 5,506,992	\$ –	\$ (682,132)	\$ 4,824,860

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(c) Reconciliation of statement of cash flows

Three months ended December 31, 2010	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	Reclassify per note 15 (f)	IFRS
Operating activities					
Loss for the period	\$ (2,422,354)	\$ -	\$ 444,388	\$ -	\$(1,977,966)
Depreciation	2,948	-	-	-	2,948
Foreign exchange loss	3,896	-	-	-	3,896
Interest income	-	-	-	(4,012)	(4,012)
Interest payable	449	-	-	-	449
Amounts payable and accrued liabilities	(33,625)	-	-	-	(33,625)
Amounts receivable and other assets	(37,000)	-	-	-	(37,000)
Amounts receivable long term	-	-	(444,388)	-	(444,388)
Balance due from related party	(3,467)	-	-	-	(3,467)
	(2,489,153)	-	-	(4,012)	(2,493,165)
Investing activities					
Restricted cash and other	(30,000)	-	-	-	(30,000)
Interest income	-	-	-	4,012	4,012
	(30,000)	-	-	4,012	(25,988)
Financing activities					
Proceed of issuance of shares	5,150,000	-	-	-	5,150,000
Proceeds from issuance of note to related party	872,580	-	-	-	872,580
Partial repayment of a note to related party	(500,000)	-	-	-	(500,000)
	5,522,580	-	-	-	5,522,580
Net decrease in cash and cash equivalents					
Net decrease in cash and cash equivalents	3,003,427	-	-	-	3,003,427
Effect of exchange rate fluctuations on cash held	(3,896)	-	-	-	(3,896)
Cash and cash equivalents at beginning of the period	1,799,179	-	-	-	1,799,179
Cash and cash equivalents at end of the period	\$4,798,710	\$ -	\$ -	\$ -	\$ 4,798,710

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Nine months ended December 31, 2010	GAAP	Flow through shares note 15 (d)	Mineral exploration tax credit note 15 (e)	Reclassify per note 15 (f)	IFRS
Operating activities					
Loss for the period	\$ (5,520,617)	\$ -	\$ 682,132	\$ -	\$ (4,838,485)
Depreciation	8,843	-	-	-	8,843
Foreign exchange loss	3,901	-	-	-	3,901
Interest income	-	-	-	(14,729)	(14,729)
Interest payable	449	-	-	-	449
Amounts payable and accrued liabilities	512,116	-	-	-	512,116
Amounts receivable and other assets	(129,392)	-	-	-	(129,392)
Amounts receivable long term	-	-	(682,132)	-	(682,132)
Balance due from related party	145,712	-	-	-	145,712
Net cash used in operating activities	(4,978,988)	-	-	(14,729)	(4,993,717)
Investing activities					
Restricted cash and other	(50,000)	-	-	-	(50,000)
Purchase of equipment	(1,441)	-	-	-	(1,441)
Interest income	-	-	-	14,729	14,729
Net cash provided by investing activities	(51,441)	-	-	14,729	(36,712)
Financing activities					
Proceed of issuance of shares	5,150,000	-	-	-	5,150,000
Proceeds from issuance of note to related party	872,580	-	-	-	872,580
Partial repayment of a note to related party	(500,000)	-	-	-	(500,000)
Net cash provided by financing activities	5,522,580	-	-	-	5,522,580
Net decrease in cash and cash equivalents	492,151	-	-	-	492,151
Effect of exchange rate fluctuations on cash held	(3,901)	-	-	-	(3,901)
Cash and cash equivalents at beginning of the period	4,310,460	-	-	-	4,310,460
Cash and cash equivalents at end of the period	\$ 4,798,710	\$ -	\$ -	\$ -	\$ 4,798,710

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

(d) Flow-through shares

In order to raise funds for mineral exploration activities, the Company enters into flow-through share agreements whereby the Company agrees to transfer the rights to income tax deductions related to exploration expenditures to the flow-through shareholders. Under Canadian GAAP, the Company recorded total proceeds from the issuance of flow-through shares as share capital. Under IFRS, share capital is recorded at the trading value of non-flow-through common shares and the excess of the proceeds over the trading value of non-flow-through shares is recorded as a deferred charge, which is proportionally credited to profit or loss as the eligible expenditures are incurred.

The new accounting policy for recording the issuance of flow-through shares has been adopted effective April 1, 2011 and balances at March 31, 2011 have been restated. The issuance of flow-through shares in December 2010 resulted in the recording of a flow-through share premium, and a reduction in share capital, of \$870,000. During the year ended March 31, 2011, the Company credited \$275,000 of flow-through share premium to earnings. This resulted in a net decrease of \$595,000 in shareholders' equity at March 31, 2011 and a decrease in loss of \$275,000. During the three and nine months periods ended December 31, 2011, a further \$305,000 and \$595,000 of flow through share premium was credited to earnings.

(e) Mineral Exploration Tax Credit

Prior to the conversion to IFRS, the Company credited METC refunds to exploration expenses when the proceeds were actually received, or when received subsequent to the balance sheet date prior to the issuance of the financial statements. Under IFRS, METC refunds are recognized using the cost reduction method and credited to exploration expenses when there is reasonable expectation of their recovery.

The new accounting policy has been adopted effective April 1, 2011 and shareholders' equity on the Transition Date has been restated. The amount of METC receivable on the Transition Date was estimated at \$1,625,082 and has been recorded as an increase in the shareholders' equity. During the year ended March 31, 2011, the amount of METC recorded prior to the adoption of IFRS totaled \$1,127,201. Upon adoption of IFRS, this amount was reversed as it pertained to prior years and \$682,132 was recorded in respect METC relating to the year ended March 31, 2011, resulting in net increase of \$445,069 in loss for the year ended March 31, 2011. The increase in the shareholders' equity is in addition to the accrual of METC on the Transition Date.

(f) Reclassification within the statements of cash flow

Interest income was classified as investing activities under IFRS while it was presented as an operating activity under Canadian GAAP.

Amarc Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended December 31, 2011

(Unaudited – Expressed in Canadian Dollars, unless otherwise stated)

16. EVENTS AFTER THE REPORTING PERIOD

Private placement financing

In February 2012, the Company announced that it had arranged, subject to regulatory approvals, a private placement equity financing of up to \$16.2 million. The financing is expected to consist of approximately \$2.7 million in flow-through shares at a price of \$0.50 per share and approximately \$13.5 million in non-flow through units at a price of \$0.45 per unit. Each non-flow through unit is to consist of one common share and one half warrant, with each whole warrant exercisable to purchase one additional common share at a price of \$0.60 for 18 months from the date of the closing of the financing.



AMARC RESOURCES LTD.

NINE MONTHS ENDED DECEMBER 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMARC RESOURCES LTD.
NINE MONTHS ENDED DECEMBER 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS

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**AMARC RESOURCES LTD.
NINE MONTHS ENDED DECEMBER 31, 2011
MANAGEMENT'S DISCUSSION AND ANALYSIS**

1.1 DATE

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

This MD&A is prepared as of February 24, 2012.

This discussion includes certain statements that may be deemed "forward-looking statements". All such statements, other than statements of historical facts that address exploration drilling, exploitation activities and other related events or developments 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, potential environmental issues or liabilities associated with exploration, development, and mining activities, exploitation and exploration successes, continuity of mineralization, uncertainties related to the ability to obtain necessary permits, licenses and title and delays due to third party opposition, changes in and the effect of government policies regarding mining and natural resource exploration and exploitation, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 OVERVIEW

Amarc is focused on mineral exploration at the Newton Joint Venture property (80% Amarc; 20% Newton Gold Corp.) and its 100% owned Galileo and Hubble properties, which are located within a new gold belt in south-central British Columbia ("BC"). The Company's goal is to delineate an important new gold discovery similar to the Blackwater deposit (see New Gold news release February 2, 2012). The Newton, Galileo and Hubble properties are located 175 kilometres south, 16 kilometres west and 35 kilometres northeast, respectively, of the Blackwater deposit (see Figure 1).

The gold mineralization at Newton is similar in age and geological characteristics to the mineralization at Blackwater. The Company is currently core drilling to delineate the grade and continuity of the gold mineralization extending under shallow cover from its discovery zone at the Newton property.

At Galileo and Hubble extensive Induced Polarization ("IP") ground geophysics surveys have defined six significant targets for drill testing.

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

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Figure 1. Location of the Newton, Galileo and Hubble Properties.

The Newton Joint Venture

The Newton property is located approximately 110 kilometres southwest of the City of Williams Lake, BC (see Figure 1). Wide spaced exploration core drilling by previous operators at Newton tested for porphyry-style copper mineralization which in general returned low grade copper results. However, four drill holes (06-12, 06-03, 92-04 and 06-11) positioned in the easternmost part of the area drilled intercepted 105 metres of 1.20 g/t gold (including 49 metres at 2.33 g/t gold), 95 metres at 0.51 g/t Au, 60 metres of 0.69 g/t gold and 46 metres of 0.54 g/t gold, respectively. Holes 06-12 and 06-03 also bottomed in mineralization. Geological interpretation by Amarc in 2009 suggested that the property held potential for a bulk-tonnage gold deposit.

A 14-hole diamond drill program completed by Amarc in early 2010 returned broad continuous intervals of bulk-tonnage style gold and silver mineralization. Significant assay results from this discovery drilling program include hole 9001 (69 metres at 1.41 g/t gold), hole 9003 (129 metres at 0.84 g/t gold), hole 9004 (189 metres at 1.56 g/t gold including 141 metres at 2.01 g/t gold), and hole 14 (138 metres at 0.74 g/t gold) (see the MD&A in respect of June 30, 2011 for tabulated assay results for the 14-hole, 2010 discovery drill program). Surface exploration programs completed in 2010 included IP geophysics and soil sampling surveys, together with geological mapping. This work defined an extensive IP chargeability anomaly indicating a major sulphide mineralized system

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that extended over an area of approximately eight square kilometres. The approximately 200 metre by 200 metre area tested by the 2010 discovery drill program is located in the south eastern sector of the extensive anomaly.

A 28-hole core drilling program completed in the first quarter of 2011 executed a series of widely spaced, exploration-style core drill holes to test the extensive sulphide mineralized system. Highlights from the drilling completed in early 2011 include important intercepts in hole 11040 (for example, 116 metres at 0.58 g/t gold including 27 metres at 1.12 g/t gold), which established that the discovery zone potentially extends eastward under shallow cover and remains open to the east (see the MD&A in respect of June 30, 2011 for tabulated assay results for the 28-hole, 2011 drill program).

A 55-hole core drilling program designed to delineate the grade and continuity of gold mineralization extending under shallow cover from Amarc's discovery zone is in progress. Eleven of the delineation drill holes completed prior to year end 2011, have returned long intercepts of bulk tonnage style gold mineralization confirming that the system extends to the east of the discovery zone. Significant assay results from these initial delineation drill holes are tabulated below. Delineation drilling recommenced in early February 2012 at the Newton site after a break for the holiday season with two rigs working.

To date, 46 drill holes have returned important gold results located over an area that currently measures approximately 900 metres by 600 metres and is open to expansion in several directions. The age and geological characteristics of the gold mineralization being drilled at Newton demonstrate striking similarities to the mineralization at New Gold's Blackwater deposit located approximately 175 kilometres to the north.

**NEWTON PROJECT
ASSAY RESULTS FROM THE 11-HOLE, 2011 DELINEATION DRILL PROGRAM**

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Au (g/t)	Ag (g/t)	AuEQ¹ (g/t)
11044		56	350	294	0.61	2.3	0.65
11044	incl.	56	204	148	0.73	3.1	0.79
11044	and	56	92	36	1.43	6.0	1.53
11044	incl.	272	338	66	0.84	1.8	0.87
11044	and	272	317	45	1.02	2.0	1.05
11045		16	178	162	1.05	3.6	1.11
11045	incl.	52	178	126	1.24	4.1	1.31
11045	and	79	157	78	1.71	5.1	1.80
11045	and	79	115	36	2.51	8.7	2.65
11045	and	85	88	3	12.50	18.5	12.81
11046		68	83	15	0.23	1.7	0.26
11047		17	50	33	0.54	3.1	0.59
11048		34	175	141	0.65	1.7	0.68
11048	incl.	34	49	15	0.80	4.1	0.86

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Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Au (g/t)	Ag (g/t)	AuEQ ¹ (g/t)
11048	incl.	73	109	36	1.23	2.2	1.26
11048		277	337	60	0.60	2.1	0.63
11049		23	144	121	0.86	2.2	0.90
11049	incl.	23	84	61	1.21	2.3	1.24
11049		213	342	129	0.71	3.4	0.76
11049	incl.	228	261	33	1.00	5.2	1.08
11049	incl.	297	315	18	1.40	2.3	1.43
11051		81	129	48	0.77	3.7	0.84
11051	incl.	81	102	21	0.96	5.5	1.05
11051		315	408	93	0.76	1.8	0.79
11051	incl.	366	408	42	1.21	0.8	1.22
11052		48	456	408	0.60	2.6	0.64
11052	incl.	48	207	159	0.84	3.1	0.89
11052	and	99	207	108	1.00	3.6	1.06
11052	and	138	207	69	1.23	4.7	1.31
11052	and	168	171	3	7.70	3.6	7.76
11052	incl.	318	456	138	0.60	2.8	0.65
11052	and	378	456	78	0.73	2.8	0.78
11052	and	378	426	48	0.93	3.8	0.99
11053		79	94	15	0.47	1.9	0.50
11053		166	187	21	0.65	1.4	0.67
11053		235	271	36	0.87	1.5	0.90
11053	incl.	235	238	3	3.58	1.4	3.60
11053	and	256	259	3	4.89	3.5	4.95
11053		445	475	30	0.64	1.0	0.66
11054		43	442	399	0.50	2.4	0.54
11055		30	151	121	0.70	2.4	0.74
11055	incl.	78	151	73	0.86	2.0	0.90
11055		238	286	48	0.57	2.8	0.62

Notes:

1. Gold equivalent calculations use metal prices of Au US\$1200/oz and Ag US\$20/oz. Metallurgical recoveries and net smelter returns are assumed to be 100%. AuEQ = (Au g/t) + (Ag g/t x 0.643/38.58).
2. Historical drill holes from previous operators were not subject to Amarc's Quality Control/Quality Assurance procedures.
3. All Amarc holes are drilled vertical.

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4. Widths reported are drill widths, such that true thicknesses are unknown. All assay intervals represent length weighted averages.

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

Included in the Newton Joint Venture Agreement are extensive mineral claims extending to the south of the discovery area. Public domain information indicates that the region has favourable geology and geochemistry for porphyry gold-copper deposits and possibly Newton-style gold deposits. In 2010 and 2011, Amarc delineated a number of deposit scale targets for ground follow-up by combining in-house knowledge, public domain data and the results of a 7,000-line kilometre ZTEM survey (Z-Axis Tipper Electromagnetic System) and a high-sensitivity magnetometer airborne geophysical survey.

Field evaluations in 2010 and 2011, including prospecting, soil geochemical sampling and IP geophysical surveys, were completed on selected targets. These field surveys defined four significant IP geophysical targets for drill testing, three of which have coincident copper-molybdenum multi-element geochemical anomalies.

The Newton Joint Venture properties are located some 100 kilometres west of the City of Williams Lake in a region characterized by subdued topography. The district is well served by existing transportation and power infrastructure, supporting a number of operating mines and late-stage development projects. These include the Gibraltar copper-molybdenum mine (Proven and Probable Reserves of 472 million tonnes grading 0.315% copper and 0.008% molybdenum, Taseko Mines Limited) that has been in operation, with some years of historic shutdowns, since 1973, and the Mount Polley copper-gold mine (Proven and Probable Reserves of 46.2 million tonnes grading 0.34% copper, 0.29 g/t gold and 0.95 g/t Ag, Imperial Metals Corp.) that commenced production in 2008, as well as late-stage development projects – notably the Prosperity gold-copper project (Proven and Probable Reserves of 831 million tonnes grading 0.43 g/t gold and 0.22% copper, Taseko Mines Limited).

Newton Joint Venture Agreement

In August 2009, the Company entered into an agreement ("Newton Agreement") with Newton Gold Corp. ("Newton Gold") (at that time named New High Ridge Resources Inc.), whereby the Company acquired the right to earn an 80% interest in the Newton property by making certain cash and share payments to the underlying owners and funding \$4,940,000 in exploration expenditures over seven years from the effective date of the agreement.

The agreement with Newton Gold is subject to an underlying option agreement ("Underlying Agreement") with arm's length parties, whereby Newton Gold has the right to acquire a 100% undivided interest in all the claims held under that Underlying Agreement through a series of

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staged payments and share issuances (which payments and share issuances have been completed), in addition to required exploration expenditures (which have also been completed).

All the conditions in the Newton Agreement conditions were met in May 2011, and the Company's 80% interest in the Newton property then vested. Amarc entered into the Newton Joint Venture Agreement (the "Newton JV Agreement") with Newton Gold.

In June 2011, the Company and Newton Gold agreed to incorporate adjacent mineral claims then held by the Company into the Newton JV Agreement. The Company recorded a gain of \$679,050 on this transaction, as the Company's expenditures on these adjacent mineral claims had previously been expensed. The Newton Joint Venture has a 100% undivided interest in all claims held under the Newton JV Agreement.

The claims defined in the underlying option agreement to the Newton Agreement are subject to a 2% net smelter returns royalty ("NSR"), which royalty may be purchased by the parties for \$2,000,000. Advance royalty payments of \$25,000 per annum commenced on January 1, 2011.

A \$4.9 million exploration program budget was approved, executed, and completed by the Newton Joint Venture during the latter half of calendar 2011 and the beginning of calendar 2012. In January 2012, a further \$4.4 million budget has been approved in relation to the ongoing delineation drilling.

Permits have been received for all proposed drilling and currently two drill rigs are delineating the Newton gold deposit.

The Newton Joint Venture has undertaken significant consultation with local First Nations. All parties have worked together in a diligent manner in order to develop a positive working relationship.

The Galileo and Hubble Properties

Amarc owns a 100% interest in the approximately 970 square kilometre Galileo and Hubble properties, which are located within the Blackwater district, 120 kilometres southwest of Vanderhoof, BC. In early 2011 the Company completed an approximately 4,400 line kilometre helicopter-borne, magnetic and electromagnetic geophysical survey from which twelve deposit-scale targets were identified. Initial field based IP ground geophysical surveys completed over these targets have identified six target areas for drill testing. Drill permit applications have been submitted to the provincial government.

The Galileo and Hubble properties are located approximately 16 kilometres to the west and 35 kilometres to the northeast, respectively of New Gold's Blackwater gold deposit (Indicated Resources of 164 million tonnes at an average grade of 1.03 g/t gold containing 5.42 million ounces; and Inferred Resource: 69 million tonnes at an average grade of 0.84 g/t gold containing 1.86 million ounces at a 0.4 g/t gold cut-off; New Gold news release February 2, 2012).

Amarc is actively working to establish a positive relationship with the local First Nations.

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The Galileo and Hubble properties lie approximately 135 kilometres and 64 kilometres southwest, respectively of the town of Vanderhoof and 176 kilometres southwest of northern BC's regional hub city of Prince George. The area is characterized by subdued topography and is well served by existing transportation and power infrastructure and a skilled workforce, which supports an active exploration and mining industry.

The Hubble East Property

In December 2011, Amarc acquired by purchase agreement the 70 square kilometre Hubble East exploration property. Hubble East lies adjacent to the east of Amarc's 100% owned Hubble Property. Permit applications for proposed exploration works are under preparation for submission to the provincial government.

Hubble East Agreement

In December 2011, Amarc purchased outright 100% of the Hubble East property under a Mineral Property Purchase Agreement with two unrelated individuals (the "Vendors"), in consideration of the payment by Amarc to the Vendors of \$50,000 and the issuance to the Vendors of 80,000 Amarc common shares. The cash payment and the share issuance were completed in January 2012.

The Blackwater South Property

In September 2011, Amarc acquired by Option Agreement the 49 square kilometre Blackwater South exploration property. Blackwater South lies adjacent to the east of Amarc's 100% owned Galileo Property and directly to the south of Silver Quest's 3T's vein gold deposit. Permit applications for proposed exploration works are under preparation for submission to the provincial government.

Blackwater South Agreement

In September 2011, Amarc entered into an Option Agreement with an unrelated individual (the "Optionor"), whereby the Company was granted an option to acquire an undivided 100% interest in the Blackwater South property. Amarc can acquire its interest in the Blackwater South property by making cash payments of \$35,000 and issuing 140,000 common shares over two years and expending \$100,000 in exploration expenditures over a three year period. The Optionor retains a NSR of 2% which can be reduced to 1% by making a cash payment of \$1 million. The remaining 1% is capped on payments reaching \$5 million.

The Tulox Property

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

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The Tulox Property Agreement

In April 2009, Amarc entered into an option agreement with Tulox Resources Inc. ("Tulox", formerly named Sitec Ventures Corp.) with respect to the Tulox property. Effective July 7, 2011, Tulox assigned this agreement to Newlox Gold Ventures Corp. ("Newlox") as part of a corporate reorganization, and Newlox has entered into an amended and restated option agreement with Amarc (the "Option Agreement"). Under an amendment to the Option Agreement executed in December 2011, Newlox can acquire a 100% interest in the Tulox property by spending \$2,000,000 on the Tulox Property and issuing 2,325,000 common shares in its capital to Amarc, in tranches ending in December 2014.

Amarc has received a \$10,000 cash payment and 775,000 common shares to date under the December 2011 amended Option Agreement. Upon preparation of a Preliminary Assessment or a Prefeasibility Study, Amarc may exercise a one-off Back-In Right to obtain a 60% interest in the Tulox property by completing an additional \$10 million in Mineral Exploration Expenditures on the Property. The Tulox property is subject to a 3% net smelter returns royalty payable to Amarc, which is reduced to 1.2% in the event that the Back-In Right is exercised by Amarc.

Market Trends

Although there has been periodic volatility in the gold market, the annual average price has increased for the past four years. In response to the global economic uncertainty that began in mid-2008, gold prices increased in 2009 and have, largely, continued to do so since that time. The average price for 2008 was US\$872/oz, for 2009 was US\$974/oz, for 2010 was US\$1,227/oz, and for 2011 was US\$1572/oz. The average price in 2012 to the date of this MD&A is US\$1,692/oz.

Copper prices increased significantly between late 2003 and mid-2008, and then declined in late 2008. The average price in 2008 was approximately US\$3.16/lb. Prices began to increase again in 2009 and have continued to do so, overall, since that time, averaging US\$2.34/lb in 2009, US\$3.42/lb in 2010, and US\$4.00/lb in 2011. The average price in 2012 to the date of this MD&A is US\$3.73/lb.

1.3 SELECTED ANNUAL INFORMATION

Not required for interim MD&A.

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1.4 SUMMARY OF QUARTERLY RESULTS

The amounts are expressed in thousands of Canadian dollars, except per-share amounts which are expressed in thousands. Small differences are due to rounding. These quarterly results are presented in accordance with IFRS.

Rounded	Quarter ended Dec 31, 2011	Quarter ended Sept 30, 2011	Quarter ended Jun 30, 2011	Quarter ended Mar 31, 2011	Quarter ended Dec 31, 2010	Quarter ended Sep 30, 2010	Quarter ended Jun 30, 2010	Quarter ended Mar 31, 2010
Current assets	3,816	7,841	8,403	8,180	5,159	2,108	3,592	4,548
Restricted cash	276	187	167	162	142	112	112	102
Mineral exploration tax credit	1,605	1,180	1,180	1,180	2,307	1,863	1,625	1,625
Other assets	2	2	12	28	31	33	36	38
Total assets	5,699	9,210	9,762	9,550	7,639	4,116	5,365	6,313
Current liabilities	739	1,590	642	660	2,105	698	255	33
Shareholders' equity	4,960	7,620	9,120	8,890	5,534	3,418	5,110	6,280
Total liabilities	5,699	9,210	9,762	9,550	7,639	4,116	5,365	6,313
Working capital	3,077	6,251	7,761	7,520	3,054	1,410	3,337	4,515
Expenses								
Exploration	2,681	1,624	252	1,551	1,645	1,371	916	781
Administration	518	674	311	369	317	325	261	325
Other items	(356)	(276)	(746)	(293)	15	-	(13)	(47)
Net loss (income) for the period	2,843	2,022	(183)	1,627	1,977	1,696	1,164	1,059
Unrealized loss on available-for-sale marketable securities	(1)	(64)	(47)	(55)	(15)	(5)	7	3
Comprehensive loss (income)	2,842	1,958	(230)	1,572	1,962	1,691	1,171	1,062
Basic and diluted loss per share	0.03	0.02	0.00	0.02	0.02	0.02	0.01	0.01
Weighted average number of common shares outstanding (millions)	102.7	102.7	102.7	89.1	87.3	83.8	83.8	83.3

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1.5 RESULTS OF OPERATIONS

The Company recorded a net loss of \$4,683,000 for the nine months period ended December 31, 2011, compared to a net loss of \$4,839,000 for the same period in fiscal 2011.

The decrease in the loss for the current period compared to the corresponding nine-month period ending December 31, 2010 was due primarily to a gain of \$679,050 on the sale of a 20% interest in certain mineral claims to the Newton Joint Venture and the recognition of \$595,000 in flow-through share premium credited to operations, offset increases in exploration expenses, administration expenses, and stock-based compensation.

	Nine months ended December 31		Discussion
	2011 (\$ 000's)	2010 (\$ 000's)	
Exploration expenses (excluding share based payments)	4,293	3,933	<p>The increase was due to a higher level of exploration activities.</p> <p>In the current period, the Company commenced its exploration program to delineate and develop the Newton properties. In addition the exploration activities at the Galileo and Hubble projects also increased. The increase in exploration activities was caused by increased geophysical and site expenses compared to the same period of the previous year.</p> <p>The Company earned a lower BC Mineral Exploration Tax Credit in the current period than the previous period because much of the current year exploration program was funded by flow-through financing.</p>
Administration expenses (excluding share based payments)	1,137	903	<p>The increase in administration expenses was mainly due to the increased activities related to the Newton Joint Venture.</p>

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	Nine months ended December 31		Discussion
	2011 (\$ 000's)	2010 (\$ 000's)	
Equity settled - share based payments	631	-	In the current period, the Company granted stock options to employees and directors, compared to nil in the same period of the comparative period. Stock-based compensation expense in the current period was mainly due to the amortization of options vesting in current period. There was no stock-based compensation expense charged to operations during the nine month period ended December 31, 2010.
Interest income	(64)	(15)	The increase was due to higher cash balances on hand, as a result of the equity capital raised in the fourth quarter of fiscal year 2011.

1.6 LIQUIDITY

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company has issued common share capital in each of the past few years, pursuant to private placement financings and the exercise of warrants and options. In December 2010, the Company also issued flow-through common shares to raise funds.

In February 2012, the Company announced that it had arranged, subject to regulatory approvals, an equity financing of up to \$16.2 million.

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

Development of any of the Company's mineral properties will require additional equity and possibly debt financing. As the Company is an exploration stage company, it does not have revenues from operations and, except for interest income 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 or utilized.

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

1.8 OFF-BALANCE SHEET ARRANGEMENTS

None.

1.9 TRANSACTIONS WITH RELATED PARTIES

The required disclosure is presented in note 11 of the accompanying unaudited interim financial statements for the nine months ended December 31, 2011.

1.10 FOURTH QUARTER

Not applicable.

1.11 PROPOSED TRANSACTIONS

There are no proposed transactions requiring disclosure under this section.

1.12 CRITICAL ACCOUNTING ESTIMATES

Not required. The Company is a venture issuer.

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The required disclosure is provided in note 4 of the accompanying unaudited interim financial statements as at and for the period ended December 31, 2011.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

1.15 OTHER MD&A REQUIREMENTS

Additional information relating to the Company is available on SEDAR at www.sedar.com.

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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 unaudited interim statements of operations.

(b) expensed research and development costs: Not applicable.

(c) deferred development costs: Not applicable.

(d) general and administration expenses: The required disclosure is presented in the unaudited interim 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 of the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future financial statements.

	Expiry date	Exercise price	Number
Common shares			102,846,296
Options	April 28, 2012	\$0.70	70,000
Options	March 30, 2013	\$0.51	50,000
Options	September 23, 2014	\$0.32	2,487,400
Options	September 23, 2016	\$0.32	3,051,300

1.15.3 INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Internal Controls over Financial Reporting

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

Disclosure Controls and Procedures

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

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1.16 RISK FACTORS

The risk factors associated with the principal business of the Company are discussed below. Briefly, these include the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a very small probability of finding economic mineral deposits. In addition to the general risks of mining, there are country-specific risks associated with operating in a foreign country, including currency, political, social, and legal risk.

Due to the nature of the Company's business and the present stage of exploration and development of its projects, the Company may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Company's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company will rely on consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are:

- the particular attributes of the deposit, such as size, grade and proximity to infrastructure;
- metal prices, which are highly cyclical; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's projects and any other properties the Company may acquire, or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

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Future Profits/Losses and Production Revenues/Expenses

The Company has no history of operations and expects that its losses will continue for the foreseeable future. No deposit that has yet been shown to be economic has yet been found on the Company's project. There can be no assurance that the Company will be able to acquire any additional properties. There can be no assurance that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's projects and any other properties the Company may acquire are added. The amounts and timing of expenditures will depend on:

- the progress of ongoing exploration and development;
- the results of consultants' analyses and recommendations;
- the rate at which operating losses are incurred;
- the execution of any joint venture agreements with strategic partners; and
- the acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as the projects the Company advances or any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of mineral properties will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Additional Funding Requirements

Further exploration on, and development of, the Company's projects will require additional resources and funding. The Company currently does not have sufficient funds to fully develop these projects. In addition, a positive production decision, if achieved, would require significant funding for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

Competitors in the Mining Industry

The mining industry is competitive in all of its phases, including financing, technical resources, personnel and property acquisition. It requires significant capital, technical resources, personnel and operational experience to effectively compete in the mining industry. Because of the high costs associated with exploration, the expertise required to analyze a project's potential and the capital required to develop a mine, larger companies with significant resources may have a competitive advantage over Amarc. Amarc faces strong competition from other mining companies, some with greater financial resources, operational experience and technical capabilities than those that Amarc possesses. As a result of this competition, Amarc may be unable to maintain or acquire financing,

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personnel, technical resources or attractive mining properties on terms Amarc considers acceptable or at all.

Risks That Are Not Insurable

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development. Amarc may become subject to liability for pollution, cave-ins or hazards against which it cannot insure. The payment of such liabilities could result in increases in Amarc's operating expenses which could, in turn, have a material adverse effect on Amarc's financial position and its results of operations. Although Amarc maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that the liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or Amarc might elect not to insure itself against such liabilities due to high premium costs or other reasons. In these events, Amarc could incur significant liabilities and costs that could materially increase Amarc's operating expenses.

Environmental Matters

All of the Company's mining operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether.

The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

All of the Company's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations require the Company to obtain permits for its activities. The Company must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of exploration results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the

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Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Conflicts of Interest

Certain of the Company's directors and officers may serve as directors or officers of other companies or companies providing services to the Company or they may have significant shareholdings in other companies. Situations may arise where these directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Payment of Dividends Unlikely

There is no assurance that the Company will pay dividends on its shares in the near future. The Company will likely require all its funds to further the development of its business.

Lack of Revenues; History of Operating Losses

The Company does not have any operational history or earnings and has incurred net losses and negative cash flow from its operations since incorporation. Although the Company will hope to eventually generate revenues, significant operating losses are to be anticipated for at least the next several years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, the Company's business may be materially adversely affected. It is not possible to forecast how the business of the Company will develop.

General Economic Conditions

Market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of the Company and the value of its shares.

Reliance on Key Personnel

The Company will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on the Company. There can be no assurance that any of the Company's employees will remain with the Company or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with the Company.

Furthermore, as part of the Company's growth strategy, it must continue to hire highly qualified individuals. There can be no assurance that the Company will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its business.