



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2010

(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 consolidated interim financial statements.

AMARC RESOURCES LTD.
Consolidated Balance Sheets
(Expressed in Canadian Dollars)

| | June 30, 2010 | March 31, 2010 |
|-----------------------------------------------|----------------------|-----------------------|
| | (unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash and equivalents | \$ 3,328,608 | \$ 4,310,460 |
| Amounts receivable and prepaid expenses | 328,080 | 264,318 |
| Available-for-sale securities (note 4) | 38,876 | 45,376 |
| Balance due from related parties (note 8) | 8,099 | 29,870 |
| | <u>3,703,663</u> | <u>4,650,024</u> |
| Equipment (note 5) | 36,356 | 37,863 |
| Mineral property interests (note 6) | 2 | 2 |
| | <u>\$ 3,740,021</u> | <u>\$ 4,687,889</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 255,148 | \$ 32,999 |
| | <u>255,148</u> | <u>32,999</u> |
| Shareholders' equity | | |
| Share capital | 36,474,363 | 36,474,363 |
| Contributed surplus (note 7(e)) | 1,852,377 | 1,852,377 |
| Accumulated other comprehensive income (loss) | (9,125) | (2,625) |
| Deficit | (34,832,742) | (33,669,225) |
| | <u>3,484,873</u> | <u>4,654,890</u> |
| Nature and continuance of operations (note 1) | | |
| Commitments (note 7(b)) | | |
| | <u>\$ 3,740,021</u> | <u>\$ 4,687,889</u> |

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

Approved by the Board of Directors

/s/ Robert A. Dickinson

Robert A. Dickinson
Director

/s/ Rene G. Carrier

Rene G. Carrier
Director

AMARC RESOURCES LTD.**Consolidated Statements of Operations and Comprehensive Loss**

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

| | Three months ended June 30 | |
|-----------------------------------------------------------------|-----------------------------------|-------------------|
| | 2010 | 2009 |
| Expenses | | |
| Amortization | \$ 2,948 | \$ 5,557 |
| Exploration (schedule) | 915,252 | 196,170 |
| Legal, accounting, and audit | 21,334 | 5,762 |
| Office and administration | 43,511 | 41,268 |
| Salaries and benefits | 156,207 | 106,186 |
| Shareholder communication | 33,680 | 18,166 |
| Stock-based compensation (note 7(c)) | – | 32,907 |
| Travel | 2,059 | 5,624 |
| Trust and filing | 1,033 | 834 |
| | 1,176,024 | 412,474 |
| Other items | | |
| Foreign exchange loss (gain) | (5,677) | 12,730 |
| Interest income | (6,830) | (3,655) |
| Loss for the period | \$ 1,163,517 | \$ 421,549 |
| Loss for the period | \$ 1,163,517 | \$ 421,549 |
| Unrealized loss on available-for-sale-marketable securities | 6,500 | – |
| Total comprehensive loss for the period | \$ 1,170,017 | \$ 421,549 |
| Basic and diluted loss per share | \$ 0.01 | \$ 0.01 |
| Weighted average number of common shares outstanding | 83,839,473 | 72,739,473 |

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

AMARC RESOURCES LTD.**Consolidated Statements of Shareholders' Equity**

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

| | Three months ended | | Year ended | |
|-------------------------------------------------------------------------------------------------------|---------------------------|-----------------|-----------------------|-----------------|
| | June 30, 2010 | | March 31, 2010 | |
| | <i>(unaudited)</i> | | | |
| | <u>Number of</u> | | <u>Number of</u> | |
| | <u>shares</u> | | <u>shares</u> | |
| Share capital | | | | |
| Balance at beginning of the period | 83,839,473 | \$ 36,474,363 | 72,739,473 | \$ 31,247,065 |
| Common shares issued pursuant to the Newton property option agreement at \$0.17 per share (note 7(b)) | – | – | 100,000 | 17,000 |
| Private placement at \$0.50 per share, net of issue costs (note 7(b)) | – | – | 11,000,000 | 5,210,298 |
| Balance at end of the period | 83,839,473 | \$ 36,474,363 | 83,839,473 | \$ 36,474,363 |
| Contributed surplus | | | | |
| Balance at beginning of the period | | \$ 1,852,377 | | \$ 1,713,992 |
| Stock-based compensation | | – | | 138,385 |
| Balance at end of the period | | \$ 1,852,377 | | \$ 1,852,377 |
| Accumulated other comprehensive loss | | | | |
| Balance at beginning of the period | | \$ (2,625) | | \$ – |
| Unrealized loss on available-for-sale marketable securities (note 4) | | (6,500) | | (2,625) |
| Balance at end of the period | | \$ (9,125) | | \$ (2,625) |
| Deficit | | | | |
| Balance at beginning of the period | | \$ (33,669,225) | | \$ (29,567,680) |
| Loss for the period | | (1,163,517) | | (4,101,545) |
| Balance at end of the period | | \$ (34,832,742) | | \$ (33,669,225) |
| Total Shareholders' Equity | | \$ 3,484,873 | | \$ 4,654,890 |

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

AMARC RESOURCES LTD.
Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

| Cash provided by (used in) | Three months ended June 30 | |
|-----------------------------------------------------------|-----------------------------------|---------------------|
| | 2010 | 2009 |
| Operating activities | | |
| Loss for the period | \$ (1,163,517) | \$ (421,549) |
| Items not involving cash | | |
| Amortization | 2,948 | 5,557 |
| Foreign exchange loss (gain) | 4,184 | (2,976) |
| Stock-based compensation | – | 32,907 |
| Common shares received included in exploration expenses | – | (26,000) |
| Changes in non-cash working capital items: | | |
| Amounts receivable and prepaid expenses | (63,762) | 105,501 |
| Balances receivable from and payable to related parties | 21,771 | 105,778 |
| Accounts payable and accrued liabilities | 222,149 | 21,577 |
| Cash used in operating activities | (976,227) | (179,205) |
| Investing activities | | |
| Purchase of equipment | (1,441) | – |
| Cash used in investing activities | (1,441) | – |
| Increase (decrease) in cash and equivalents | (977,668) | (179,205) |
| Cash and equivalents, beginning of period | 4,310,460 | 2,971,352 |
| | 3,332,792 | 2,792,147 |
| Effect of exchange rate fluctuations on cash held | (4,184) | 2,976 |
| Cash and equivalents, end of period | \$ 3,328,608 | \$ 2,795,123 |
| Components of cash and equivalents are as follows: | | |
| Cash | \$ 3,328,608 | \$ 266,058 |
| Treasury bills | – | 2,529,065 |
| | \$ 3,328,608 | \$ 2,795,123 |
| Supplementary cash flow information: | | |
| Interest paid | \$ – | \$ – |
| Interest received | \$ 6,830 | \$ 3,655 |
| Income taxes paid | \$ – | \$ – |

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

AMARC RESOURCES LTD.
Consolidated Schedules of Exploration Expenses
(Unaudited - Expressed in Canadian Dollars)

| British Columbia, Canada Properties | Three months ended June 30 | |
|---------------------------------------------------|-----------------------------------|----------------------|
| | 2010 | 2009 |
| Assays and analysis | \$ 138,081 | \$ 20,451 |
| Equipment rental | 26,016 | 1,196 |
| Environmental | 4,697 | 6,835 |
| Geological | 437,580 | 70,201 |
| Graphics | 25,782 | 2,795 |
| Property fees and assessments | 44,397 | 70,608 |
| Site activities | 159,773 | 8,926 |
| Socioeconomic | 39,649 | 13,298 |
| Travel and accommodation | 39,277 | 1,860 |
| Incurred during the period | 915,252 | 196,170 |
| Cumulative expenditures, beginning of the period | 25,264,074 | 22,068,759 |
| Cumulative expenditures, end of the period | \$ 26,179,326 | \$ 22,264,929 |

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

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

Operating results for the three months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2011.

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

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and are presented in Canadian dollars. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. However, these interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2010, which are available on SEDAR at www.sedar.com.

These interim consolidated financial statements include the accounts of the Company and Precious Exploration Limited Partnership, which is subject to the Company's primary beneficial ownership.

All material intercompany balances and transactions have been eliminated.

3. CHANGES IN ACCOUNTING POLICIES

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

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, although early adoption may be permitted. Due to the Company's March 31 fiscal year, the transition date for the Company is April 1, 2011. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. The Company is currently in the process of establishing a steering committee, developing a formal project plan,

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

allocating internal resources and engaging expert consultants to monitor the transition from Canadian GAAP to IFRS reporting.

(ii) *Business Combinations/Consolidated Financial Statements/Non-Controlling Interests*

The AcSB adopted CICA sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements", and 1602 "Non-Controlling Interests" which superseded current sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Company does not plan to early adopt these sections.

4. AVAILABLE-FOR-SALE SECURITIES

As at June 30, 2010 and March 31, 2010, the Company held common shares in the following companies which were classified as available-for-sale securities:

| | Cost | Estimated Fair Value at June 30, 2010 | Estimated Fair Value at March 31, 2010 |
|----------------------------------------------|-----------|---------------------------------------------|----------------------------------------------|
| Falkirk Resources Corp. | \$ 17,000 | \$ 10,000 | \$ 12,000 |
| New High Ridge Resources Inc. (note 6(a)(i)) | 5,000 | 4,875 | 2,375 |
| Serengeti Resources Inc. | 26,000 | 24,000 | 31,000 |
| Tulox Resources Inc. (note 6(a)(iii)) | 1 | 1 | 1 |
| Total | \$ 48,001 | \$ 38,876 | \$ 45,376 |

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

5. EQUIPMENT

| | Cost | Accumulated Amortization | Net Book Value |
|----------------|-----------|-----------------------------|-------------------|
| June 30, 2010 | | | |
| Site equipment | \$ 45,498 | \$ 23,750 | \$ 21,748 |
| Computers | 30,607 | 15,999 | 14,608 |
| Total | \$ 76,105 | \$ 39,749 | \$ 36,356 |
| March 31, 2010 | | | |
| Site equipment | \$ 44,057 | \$ 21,986 | \$ 22,071 |
| Computers | 30,607 | 14,815 | 15,792 |
| Total | \$ 74,664 | \$ 36,801 | \$ 37,863 |

6. MINERAL PROPERTY INTERESTS

The Company has recorded the following interests in royalties, in currently non-producing properties, at a nominal value:

| | June 30 2010 | March 31 2010 |
|-------------------------------------|-----------------|------------------|
| Ana, Yukon Territory (note 6(b)) | \$ 1 | \$ 1 |
| Mann Lake, Saskatchewan (note 6(b)) | 1 | 1 |
| Total | \$ 2 | \$ 2 |

(a) *British Columbia, Canada*

(i) Newton Property

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

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

In consideration of the Company agreeing to issue to the underlying owners 100,000 common shares, New High Ridge has agreed to issue to the Company 100,000 common shares (issued).

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Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

(ii) The Plateau Gold-Copper Belt

During the period ended June 30, 2010, the Company acquired, by staking claims, a 100% interest in approximately 3,300 square kilometers of minerals properties over the Plateau Gold-Copper Belt, which extends primarily to the south, and also to the north, from the Newton property.

(iii) Tulox Property

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

In April 2009, the Company entered into an agreement with Tulox Resources Inc. ("Tulox") (formerly named Sitec Ventures Corp.), an unrelated British Columbia company, whereby Tulox may acquire a 50% interest in the property for consideration of 1,600,000 Tulox's common shares (250,000 shares issued) and by incurring \$1,000,000 in expenditures on the property over three years. Tulox may acquire a 100% interest for additional consideration of 1,100,000 of its common shares and by incurring a further \$1,000,000 in expenditures on the property on or before August 1, 2013. The agreement is subject to certain conditions including regulatory approval. Under the agreement, the Company will receive a 3% net smelter returns ("NSR") royalty following the commencement of commercial production on the property. In addition, the Company receives a "back-in right" whereby the Company can acquire a 60% interest in the property by agreeing, within 90 days of the completion of a pre-feasibility study, to fund a further \$10,000,000 of exploration expenditures on the property. However, upon exercise of the "back-in right", the Company's entitlement to NSR will reduce to 1.2% from 3%.

In April 2010, pursuant to the Tulox property agreement, the Company received 250,000 common shares of Tulox Resources Inc. (note 4), which the Company has recorded at a nominal value of \$1.

(b) *Yukon Territory and Saskatchewan*

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

7. SHARE CAPITAL

(a) *Authorized share capital*

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

(b) *Private placements*

During the year ended March 31, 2010, the Company arranged a private placement of 11,000,000 of its common shares at a price of \$0.50 per share, consisting of 4,800,000 flow-through shares and 6,200,000 non-flow-through shares for aggregate gross proceed of \$5,500,000. In accordance with the terms of flow-through share agreements, the Company is obligated to spend the proceeds from the flow-through shares on eligible exploration activities by December 31, 2010. As per certain provisions of the Income Tax Act (Canada), the Company is subject to a tax on the portion

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

of proceeds from this flow-through share issuance unspent after February 2010. As of June 30, 2010, approximately \$810,000 remained to be spent on eligible exploration activities.

In August 2009, the Company issued 100,000 common shares pursuant to the Newton property agreement (note 6(a)(i)). The Company recorded this issuance and the corresponding property option fees at \$17,000, being the estimated fair value of the shares using the quoted market price on the date of issuance.

(c) *Share purchase option compensation plan*

The Company has a share purchase option compensation plan approved by the shareholders that allows the Company to grant up to 10% of the issued and outstanding shares of the Company at any one time, typically vesting over up to two years, subject to regulatory terms and approval, to its directors, employees, officers, and consultants. The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of five 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 period ended June 30, 2010 was:

| Expiry date | Exercise price | March 31 2010 | Granted | Exercised | Expired/ Cancelled | June 30 2010 |
|---------------------------------|----------------|---------------|---------|-----------|--------------------|--------------|
| July 19, 2011 | \$ 0.70 | 1,615,200 | – | – | (10,000) | 1,605,200 |
| April 28, 2012 | \$ 0.70 | 70,000 | – | – | – | 70,000 |
| March 30, 2013 | \$ 0.51 | 50,000 | – | – | – | 50,000 |
| Total | | 1,735,200 | – | – | (10,000) | 1,735,200 |
| Weighted average exercise price | – | \$ 0.69 | – | – | \$ 0.70 | \$ 0.69 |

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

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

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted or vesting during the three months ended June 30, 2010, and which have been reflected in the consolidated statements of operations, is as follows:

| | Three months ended June 30 | |
|----------------------------------------------------------------------------------------------------|----------------------------|-----------|
| | 2010 | 2009 |
| Exploration: | | |
| Engineering | \$ – | \$ 2,076 |
| Environmental, socioeconomic and land | – | 376 |
| Geological | – | 6,258 |
| Exploration | – | 8,710 |
| Operations and administration | – | 24,197 |
| Total compensation cost recognized in operations, with corresponding effect to contributed surplus | \$ – | \$ 32,907 |

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

| | Three month ended June 30 | |
|-------------------------|---------------------------|-----------|
| | 2010 | 2009 |
| Risk-free interest rate | 1.38% | 2.43% |
| Expected life | 3 years | 2.4 years |
| Expected volatility | 92.4% | 84% |
| Expected dividend yield | \$nil | \$nil |

(d) *Share purchase warrants*

The continuity of share purchase warrants (each warrant redeemable for one common share) for the three months ended June 30, 2010 was:

| Expiry date | Exercise Price | March 31 2010 | Issued | Exercised | Expired/ Cancelled | June 30 2010 |
|---------------------------------|----------------|---------------|--------|-----------|--------------------|--------------|
| February 9, 2011 | \$ 0.10 | 5,000,000 | – | – | – | 5,000,000 |
| Weighted average exercise price | | \$ 0.10 | – | – | – | \$ 0.10 |

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

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

AMARC RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements

For the three months ended June 30, 2010

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

(e) *Contributed surplus*

The components of contributed surplus were:

| | June 30 2010 | March 31 2010 |
|--------------------------------------------------------------------------------|-----------------|------------------|
| Fair value of warrants | \$ 982,110 | \$ 982,110 |
| Cumulative stock-based compensation | 1,275,363 | 1,275,363 |
| Contributed surplus transferred to share capital relating to options exercised | (405,096) | (405,096) |
| Total | \$ 1,852,377 | \$ 1,852,377 |

8. RELATED PARTY BALANCES AND TRANSACTIONS

| Balances receivable | June 30 2010 | March 31 2010 |
|--------------------------------|-----------------|------------------|
| Hunter Dickinson Services Inc. | \$ 8,099 | \$ 29,870 |

| Transactions | Three month ended June 30 | |
|--------------------------------------------|---------------------------|------------|
| | 2010 | 2009 |
| Services rendered and expenses reimbursed: | | |
| Hunter Dickinson Services Inc. | \$ 683,319 | \$ 291,175 |

Hunter Dickinson Services Inc. ("HDSI") is a private company which until recently was owned equally by eight public companies, one of which was the Company. During the year ended March 31, 2010, the Company sold its interest in HDSI for nominal value. HDSI has certain directors in common with the Company and, pursuant to an agreement dated June 1, 2008, provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company on a full cost recovery basis. Transactions with HDSI are measured at the exchange amount based on the agreement. Subsequent to June 30, 2010, the HDSI services agreement was amended on July 2, 2010 whereby services will be provided based on annually set rates.

9. SUBSEQUENT EVENTS

There were no significant events subsequent to June 30, 2010 requiring disclosure in these interim consolidated financial statements. Subsequent events have been assessed to August 20, 2010.



THREE MONTHS ENDED JUNE 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

**AMARC RESOURCES LTD.
THREE MONTHS ENDED JUNE 30, 2010
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**AMARC RESOURCES LTD.
THREE MONTHS ENDED JUNE 30, 2010
MANAGEMENT'S DISCUSSION AND ANALYSIS**

1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements of Amarc Resources Ltd. ("Amarc", or the "Company") for the period ended June 30, 2010 and the audited consolidated financial statements for the year ended March 31, 2010, which are publicly available on SEDAR at www.sedar.com.

This MD&A is prepared as of August 24, 2010.

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

1.2 Overview

Amarc is focused on mineral exploration in south-central British Columbia ("BC"). It is the aim of the Company to discover and develop a bulk-tonnage gold-copper deposit that has the potential to deliver both substantial growth and value to the Company.

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

Through its property evaluation efforts, Amarc has acquired, by option agreement, the Newton gold-copper property located in south-central BC. In late 2009, the Company completed a successful discovery drill program at Newton. In addition, Amarc has acquired, by staking, a 100% interest over approximately 3,300 square kilometres in the prospective Plateau Gold-Copper Belt, which extends both to the south and to the northwest from the Newton property.

**AMARC RESOURCES LTD.
THREE MONTHS ENDED JUNE 30, 2010
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Figure 1. Location of Amarc's Newton project.

The Newton Property

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

An initial 14-hole diamond drill program, completed by Amarc in late 2009, returned broad continuous intervals of bulk-tonnage style gold, silver, copper and zinc mineralization. Significant assay results from drill hole sampling are tabulated below. The gold system remains open in all directions.

**AMARC RESOURCES LTD.
THREE MONTHS ENDED JUNE 30, 2010
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NEWTON PROJECT
ASSAY RESULTS FROM 14-HOLE, 2009 DRILL PROGRAM**

| Drill Hole ID | Incl. | Hole Dip (degrees) | Hole Direction (degrees) | From (m) | To (m) | Int. (m) | Au (g/t) | Ag (g/t) | Cu (%) | Zn (%) | AuEQ ¹ (g/t) |
|---------------|--------------------------|--------------------|--------------------------|----------|--------|----------|----------|----------|--------|--------|-------------------------|
| 9001 | | -45 | 90 | 3.0 | 39.0 | 36.0 | 0.60 | 0.9 | 0.01 | 0.00 | 0.63 |
| 9001 | | -45 | 90 | 228.0 | 297.0 | 69.0 | 1.41 | 10.9 | 0.12 | 0.05 | 1.85 |
| 9001 | incl. | -45 | 90 | 233.1 | 234.0 | 0.9 | 11.19 | 22.2 | 0.21 | 0.87 | 12.49 |
| 9001 | incl. | -45 | 90 | 252.8 | 297.0 | 44.2 | 1.74 | 15.9 | 0.17 | 0.02 | 2.34 |
| 9001 | | -45 | 90 | 441.0 | 477.0 | 36.0 | 0.34 | 0.6 | 0.03 | 0.01 | 0.42 |
| 9002 | | -90 | 0 | 222.0 | 255.2 | 33.2 | 0.96 | 2.8 | 0.07 | 0.01 | 1.16 |
| 9002 | incl. | -90 | 0 | 234.0 | 252.0 | 18.0 | 1.10 | 3.3 | 0.09 | 0.01 | 1.33 |
| 9003 | | -90 | 0 | 3.0 | 224.5 | 221.5 | 0.60 | 5.6 | 0.07 | 0.08 | 0.87 |
| 9003 | incl. | -90 | 0 | 18.0 | 39.0 | 21.0 | 0.71 | 2.3 | 0.01 | 0.00 | 0.77 |
| 9003 | incl. | -90 | 0 | 96.0 | 224.5 | 128.5 | 0.84 | 8.9 | 0.10 | 0.13 | 1.26 |
| 9003 | and | -90 | 0 | 156.0 | 198.0 | 42.0 | 1.25 | 16.8 | 0.20 | 0.11 | 1.98 |
| 9004 | | -90 | 0 | 6.0 | 195.0 | 189.0 | 1.56 | 7.9 | 0.08 | 0.17 | 1.95 |
| 9004 | incl. | -90 | 0 | 54.0 | 195.0 | 141.0 | 2.01 | 10.0 | 0.10 | 0.22 | 2.49 |
| 9004 | and | -90 | 0 | 96.0 | 195.0 | 99.0 | 2.76 | 12.2 | 0.12 | 0.26 | 3.36 |
| 9004 | and | -90 | 0 | 126.0 | 195.0 | 69.0 | 3.79 | 9.1 | 0.08 | 0.30 | 4.26 |
| 9004 | and | -90 | 0 | 129.0 | 132.0 | 3.0 | 13.47 | 14.4 | 0.17 | 0.12 | 14.10 |
| 9004 | and | -90 | 0 | 168.9 | 195.0 | 26.1 | 5.54 | 12.5 | 0.07 | 0.31 | 6.08 |
| 9005 | | -90 | 0 | 12.0 | 27.0 | 15.0 | 0.32 | 1.4 | 0.04 | 0.02 | 0.43 |
| 9005 | | -90 | 0 | 41.0 | 54.0 | 13.0 | 0.44 | 4.4 | 0.06 | 0.30 | 0.81 |
| 9005 | | -90 | 0 | 76.0 | 163.2 | 87.2 | 0.50 | 7.1 | 0.03 | 0.55 | 1.01 |
| 9005 | incl. | -90 | 0 | 88.0 | 89.0 | 1.0 | 16.56 | 221.6 | 0.30 | 2.55 | 22.38 |
| 9005 | | -90 | 0 | 279.0 | 303.0 | 24.0 | 0.34 | 0.8 | 0.07 | 0.01 | 0.48 |
| 9006 | | -90 | 0 | 9.0 | 306.5 | 297.5 | 0.26 | 2.3 | 0.03 | 0.13 | 0.44 |
| 9006 | incl. | -90 | 0 | 78.0 | 192.2 | 114.2 | 0.32 | 3.7 | 0.03 | 0.25 | 0.60 |
| 9006 | incl. | -90 | 0 | 264.0 | 306.5 | 42.5 | 0.43 | 0.6 | 0.05 | 0.01 | 0.53 |
| 9007 | | -90 | 0 | 48.0 | 252.0 | 204.0 | 0.33 | 4.5 | 0.05 | 0.11 | 0.57 |
| 9007 | incl. | -90 | 0 | 48.0 | 66.0 | 18.0 | 0.49 | 1.9 | 0.04 | 0.02 | 0.60 |
| 9007 | incl. | -90 | 0 | 135.0 | 216.0 | 81.0 | 0.46 | 8.0 | 0.07 | 0.20 | 0.85 |
| 9007 | and | -90 | 0 | 183.0 | 216.0 | 33.0 | 0.62 | 13.4 | 0.12 | 0.16 | 1.17 |
| 9008 | | -90 | 0 | 18.0 | 42.0 | 24.0 | 0.44 | 6.4 | 0.07 | 0.07 | 0.73 |
| 9008 | | -90 | 0 | 123.7 | 129.0 | 5.3 | 0.44 | 8.0 | 0.08 | 0.44 | 1.00 |
| 9009 | | -90 | 0 | 15.0 | 147.9 | 132.9 | 0.25 | 5.9 | 0.02 | 0.28 | 0.55 |
| 9009 | incl. | -90 | 0 | 66.0 | 114.0 | 48.0 | 0.36 | 6.3 | 0.02 | 0.28 | 0.68 |
| 9010 | | -90 | 0 | 35.4 | 189.0 | 153.6 | 0.29 | 3.0 | 0.03 | 0.23 | 0.52 |
| 9010 | incl. | -90 | 0 | 35.4 | 69.0 | 33.6 | 0.52 | 3.2 | 0.05 | 0.06 | 0.72 |
| 9011 | | -90 | 0 | 83.4 | 207.0 | 123.6 | 0.44 | 2.3 | 0.04 | 0.11 | 0.62 |
| 9011 | incl. | -90 | 0 | 149.0 | 207.0 | 58.0 | 0.60 | 2.4 | 0.04 | 0.06 | 0.75 |
| 9011 | and | -90 | 0 | 186.0 | 207.0 | 21.0 | 1.13 | 2.9 | 0.05 | 0.01 | 1.28 |
| 9012 | No reportable intercepts | | | | | | | | | | |
| 9013 | No reportable intercepts | | | | | | | | | | |
| 9014 | | -90 | 0 | 72.0 | 210.0 | 138.0 | 0.74 | 4.2 | 0.06 | 0.05 | 0.95 |
| 9014 | incl. | -90 | 0 | 147.0 | 210.0 | 63.0 | 1.17 | 6.8 | 0.08 | 0.05 | 1.47 |
| 9014 | and | -90 | 0 | 168.0 | 207.0 | 39.0 | 1.45 | 6.5 | 0.10 | 0.06 | 1.79 |
| 9014 | and | -90 | 0 | 204.0 | 207.0 | 3.0 | 11.70 | 50.8 | 0.45 | 0.06 | 13.44 |

Gold equivalent (AuEQ) is calculated using a gold price of US\$900/oz, a silver price of US\$15/oz, a copper price of US\$2.50/lb and a zinc price of US\$0.80/lb. Metal recoveries are assumed to be 100%.

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

Exploration work in 2010 is aimed at confirming the dimensions and orientation of the mineralized system at Newton. Induced polarization ("IP") geophysical and soil sampling surveys, together with geological mapping, are underway on the property. Initial results from the 2010 IP geophysical survey have identified a second bulk-tonnage gold target measuring approximately 400 metres by 1,500 metres, located some 450 metres to the south of the 2009 discovery drilling, which is open in all directions.

The results of the 2010 exploration work will be combined with information from the 2009 drill program and historical data in order to define the 2010 drill targets. The permit application, which was submitted to the BC provincial government in December 2009 for a 25-hole diamond drill program, has been approved.

Newton Property Agreement

In June 2009, Amarc entered into an Option and Joint Venture Agreement (the "Newton Agreement") with New High Ridge Resources Inc. ("High Ridge") on the Newton property. Under the terms of the Newton Agreement, Amarc has the right to earn an 80% interest in the Newton property by making a \$60,000 cash payment (paid) and issuing 100,000 Amarc shares (issued) to the underlying owners, funding \$240,000 in exploration expenditures on or before December 31, 2009 (completed) and funding an additional \$4.7 million in exploration expenditures over seven years from the effective date of the agreement. On exercise of the option by Amarc, the two parties will enter into a joint venture agreement. The Newton Agreement is subject to an underlying option agreement and accompanying amending agreements with arm's length parties. Pursuant to these underlying agreements, High Ridge has acquired a 100% undivided interest in all claims held under the underlying agreement through a series of staged payments, share issuances and exploration expenditures. The claims held under the Newton Agreement are subject to a 2% net smelter royalty, which may be purchased for \$2 million. Advance annual royalty payments of \$25,000 are required, starting in 2011.

The Plateau Gold-Copper Belt

Amarc has staked approximately 3,300 square kilometres of additional minerals claims over the under-explored and prospective Plateau Gold-Copper Belt. The belt extends primarily to the south, and also to the north, from the Newton property. The Plateau Gold-Copper Belt claims are owned 100% by Amarc. Public domain information indicates that the region has favourable geology and geochemistry for Newton-style gold deposits and porphyry gold-copper deposits. Amarc's ground, to the south of Newton, is bordered on the west by the advanced permitting-stage Prosperity gold-copper project. The Prosperity deposit is one of the largest known porphyry deposits in BC, containing 4.2 billion pounds of copper and 11 million ounces of copper in 830 million tonnes of proven and probable reserves grading 0.43 g/t gold and 0.22% copper at a C\$5.50 NSR/t cut-off (Taseko Mines Limited).

Amarc has completed a 7,000 line kilometre ZTEM (Z-axis Tipper Electromagnetic system) airborne geophysical survey over the Newton property, other regional anomalies and the sector of the Plateau Gold-Copper Belt that extends south of the Newton property. The ZTEM technology is an innovative airborne electromagnetic system that provides unparalleled resolution and depth of investigation and can detect conductors more than one kilometre below surface. High-sensitivity magnetometry data is collected concurrently. The geophysical signatures of the Newton mineralization and other known

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mineral occurrences in the region have been established, and Amarc is utilizing this comparative data to assist in the definition of previously unrecognized targets within the belt.

Initial field evaluation, including prospecting, soil geochemical sampling and IP geophysical surveys, is underway on selected targets. Soil sampling has to date defined two significant copper-molybdenum multi-element anomalies, each exceeding 1,500 metres in length and ranging up to 1,000 metres in width. Both these targets remain open for expansion and are to be further assessed by ground geophysics. Relevant permit applications submitted to the provincial government have been approved.

The results of these exploration activities will allow the prioritization of targets for drill testing later in the season.

The Newton Property and the Plateau Gold-Copper Belt are located near the City of Williams Lake, a full service regional centre which is approximately 250 kilometres northeast of Vancouver. The region is characterized by low-lying and gently rolling hills. It is well served by existing transportation and power infrastructure, supporting a number of operating mines and late-stage development projects. These include the Gibraltar copper-molybdenum mine (Proven and Probable Reserves of 472 million tonnes grading 0.315 % copper and 0.008 % molybdenum, Taseko Mines Limited) that has been in operation since 1973, 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, and late-stage development projects – notably the Prosperity gold-copper project described above.

The Sitlika Copper-Zinc Belt

Amarc has ceased all exploration activities along the Sitlika Belt in north-central BC in order to focus on the Newton project and the adjacent Plateau Gold-Copper Belt. The Company's land position along the Sitlika Belt has also been reduced to approximately 217 square kilometres.

Other BC Agreements

The Tulox Property Agreement

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

In April 2009, Amarc entered into an option agreement with Tulox Resources Inc. ("Tulox", formerly named Sitec Ventures Corp.) on the Tulox Property. Tulox can acquire a 100% interest in the Tulox Property by making a cash payment of \$10,000, expending \$2,000,000 on the Tulox Property and issuing 2,625,000 common shares over four years. Tulox has made a \$10,000 cash payment and issued 350,000 common shares to date. Upon preparation of a Preliminary Assessment or a Prefeasibility Study, Amarc may exercise a one-off Back-In Right to obtain 60% interest in the Tulox Property by completing an additional \$10 million in Mineral Exploration Expenditures on the Property. The Tulox Property is subject to a 3% net smelter royalty, which is reduced to 1.2% in the event that the Back-In Right is exercised by Amarc.

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Other Property Interests – BC, Yukon, Saskatchewan

Amarc also has a 5% net profits interest ("NPI") in the 46 mineral claims that comprise the **Ana** Property in Yukon, and a 2.5% NPI in a mineral lease over the **Mann Lake** Property in Saskatchewan. The Company has no plans to undertake any programs on either of these properties in 2010.

Market Trends

Although there has been periodic volatility in the gold market, the average annual price has increased for the past four years. The average gold price in 2008 was approximately US\$872/oz. In response to the global economic uncertainty that began in mid 2008, gold prices were strong in 2009, with prices ranging from US\$802/oz in early January to US\$1,200/oz in early December and averaging US\$974/oz for the year.

Gold prices remain strong in 2010. The average price to the end of July 2010 is US\$1,160/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 in 2009 ranged from US\$1.39/lb in early January to US\$3.33/lb at year end, and averaged US\$2.34/lb for the year.

Copper prices generally remain strong in 2010, with a slight weakening to range between US\$2.80/lb and US\$3.05/lb since mid-May. The average price the end of July 2010 is US\$3.21/lb.

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1.3 Selected Annual Information

Not required for interim MD&A.

1.4 Summary of Quarterly Results

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

| | June 30 2010 | Mar 31 2010 | Dec 31 2009 | Sept 30 2009 | June 30 2009 | Mar 31 2009 | Dec 31 2008 | Sept 30 2008 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Current assets | \$ 3,704 | \$ 4,650 | \$ 4,082 | \$ 2,931 | \$ 3,023 | \$ 3,373 | \$ 2,025 | \$ 4,054 |
| Other assets | 36 | 38 | 42 | 46 | 49 | 54 | 60 | 65 |
| Total assets | 3,740 | 4,688 | 4,124 | 2,977 | 3,072 | 3,427 | 2,085 | 4,119 |
| Current liabilities | 255 | 33 | 362 | 683 | 67 | 34 | 132 | 1,040 |
| Shareholders' equity | 3,485 | 4,655 | 3,762 | 2,294 | 3,005 | 3,393 | 1,953 | 3,079 |
| Total liabilities & shareholders' equity | 3,740 | 4,688 | 4,124 | 2,977 | 3,072 | 3,427 | 2,085 | 4,119 |
| Working capital | 3,449 | 4,617 | 3,720 | 2,248 | 2,956 | 3,339 | 1,893 | 3,014 |
| Expenses | | | | | | | | |
| Amortization | 3 | 4 | 4 | 3 | 6 | 6 | 6 | 6 |
| Exploration | 915 | 823 | 1,638 | 790 | 196 | 301 | 1,515 | 2,974 |
| Tax credits received | - | - | - | (252) | - | (1,435) | - | - |
| Legal, accounting and audit | 21 | 23 | 2 | 5 | 6 | 31 | 2 | (4) |
| Management and consulting | 1 | 23 | 1 | - | - | 2 | 17 | 28 |
| Office and administration | 44 | 43 | 23 | 46 | 41 | 35 | 39 | 50 |
| Salaries and benefits | 155 | 108 | 25 | 73 | 106 | (97) | 107 | 123 |
| Shareholder communication | 34 | 47 | 13 | 25 | 18 | (78) | 44 | 96 |
| Travel and conference | 2 | 31 | 5 | 7 | 6 | 9 | 8 | 18 |
| Trust and filing | 1 | 46 | 6 | 7 | 1 | 10 | 9 | 5 |
| Subtotal | 1,176 | 1,148 | 1,717 | 704 | 380 | (1,217) | 1,747 | 3,297 |
| Foreign exchange (gain) loss | (6) | - | (3) | 30 | 13 | (6) | (177) | (41) |
| Gain on disposal of equipment | - | - | - | - | - | - | - | (14) |
| Interest income | (7) | (5) | (4) | (12) | (4) | (232) | (9) | (32) |
| Tax related to flow-through financing | - | - | - | - | - | 16 | 65 | - |
| Subtotal | 1,163 | 1,143 | 1,710 | 722 | 389 | (1,440) | 1,626 | 3,211 |
| Stock-based compensation | - | (42) | 125 | 22 | 33 | 39 | 11 | 194 |
| Net loss (income) for the period | \$ 1,163 | \$ 1,101 | \$ 1,835 | \$ 744 | \$ 422 | \$ (1,401) | \$ 1,637 | \$ 3,405 |
| Unrealized loss (gain) on available-for-sale marketable securities | 7 | 3 | (5) | 5 | - | - | - | - |
| Comprehensive loss (income) for the period | \$ 1,170 | \$ 1,104 | \$ 1,830 | \$ 749 | \$ 422 | \$ (1,401) | \$ 1,637 | \$ 3,405 |
| Basic and diluted net loss (earning) per share | \$ 0.01 | \$ 0.01 | \$ 0.03 | \$ 0.01 | \$ 0.01 | \$ (0.02) | \$ 0.02 | \$ 0.05 |
| Weighted average number of common shares outstanding (thousands) | 83,839 | 83,288 | 72,839 | 72,783 | 72,739 | 70,684 | 67,848 | 67,739 |

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1.5 Results of Operations

The Company recorded a net loss of \$1,163,517 for the three month period ended June 30, 2010, compared to a net loss of \$421,549 for the same period in fiscal 2010. The increase in loss for the period was due primarily to increased exploration expenditures in British Columbia during the current period, compared to the same period of the previous year.

Exploration expenses for the three month period ended June 30, 2010 was \$915,252, compared to \$196,170 for the same period in the previous year. This increase was due to an increase in exploration activities during the three month period ended June 30, 2010, compared to the same period of the prior year. The major exploration expenditures during the period were for assays and analysis (2011 – \$138,081; 2010 – \$20,451), geological (2011 – \$437,130; 2010 – \$69,917), and site activities (2011 – \$159,773; 2010 – \$8,926).

Administrative costs for the three month period ended June 30, 2010 also increased in line with the increase in exploration activities, compared to the same period in the previous year. The major administrative costs during the period were for salaries and benefits (2011 – \$156,207, 2010 – \$106,186), office and administration (2011 – \$43,511, 2010 – \$41,268), and shareholder communication (2011 – \$33,680, 2010 – \$18,166).

There was no stock-based compensation expense charged to operations during the three month period ended June 30, 2010, compared to \$32,907 during the same period in the previous year. The stock-based compensation expense in the prior period was mainly due to the amortization of a greater number of options vesting in fiscal 2010.

Interest income increased to \$6,830 for the three month period ended June 30, 2010, compared to \$3,655 for the same period last year, due mainly to higher average cash balances during the three month period ended June 30, 2010 compared to same period of the prior year.

A foreign exchange gain of \$5,678 was recorded during the three month period ended June 30, 2010, compared to a loss of \$12,730 in the same period of the prior year. The gain in the current period was attributable to the Company's US dollar denominated financial assets mainly held in cash and cash equivalents and due to depreciation of the Canadian dollar against the US dollar.

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.

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.

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1.7 Capital Resources

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

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

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

The required disclosure is provided in note 8 of the accompanying unaudited interim consolidated financial statements as at and for the period ended June 30, 2010.

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 3 of the accompanying unaudited interim consolidated financial statements as at and for the period ended June 30, 2010.

1.14 Financial Instruments and Other Instruments

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

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1.15 Other MD&A Requirements

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

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

(a) capitalized or expensed exploration and development costs;

The required disclosure is presented as a schedule to the unaudited interim consolidated financial statements for the period ended June 30, 2010.

(b) expensed research and development costs;

Not applicable.

(c) deferred development costs;

Not applicable.

(d) general and administration expenses; and

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

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

None.

1.15.2 Disclosure of Outstanding Share Data

The following table details the share capital structure as at August 24, 2010, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

| | Expiry date | Exercise price | Number |
|---------------|------------------|----------------|------------|
| Common shares | | | 83,839,473 |
| Warrants | February 9, 2011 | \$0.10 | 5,000,000 |
| Options | July 19, 2011 | \$0.70 | 1,605,200 |
| Options | April 28, 2012 | \$0.70 | 70,000 |
| Options | March 30, 2013 | \$0.51 | 50,000 |

1.15.3 Internal Controls over Financial Reporting and Disclosure Controls

Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well

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designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Disclosure Controls and Procedures

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

1.16 International Financial Reporting Standards ("IFRS")

Management of the IFRS Convergence Project

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

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

Phase 1 – Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS. This phase is currently in progress.

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

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

IFRS 1 – First Time Adoption of International Financial Reporting Standards

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

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

The Company anticipates using the following IFRS 1 optional exemptions:

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- to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;
- to apply the requirements of IFRS 2, *Share-based Payments*, to equity instruments granted which had not vested as of the Transition Date;
- to elect not to comply with IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, for changes in such liabilities that occurred before the Transition Date.

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

Other IFRS Considerations

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS, the Company's interim financial statements for the three months ending on June 30, 2011, will include extensive notes disclosing transitional information and disclosure of all new, IFRS-compliant, accounting policies.

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

The Company is currently evaluating the impact of the conversion on its accounting systems and has not determined whether significant changes to its accounting systems are required.

In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues such as its debt covenants and other commitments and consider the impacts the transition will have on its internal planning process and compensation arrangements.