INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 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 interim financial statements.

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

	December 31, 2010 (unaudited)	March 31, 2010
ASSETS		
Current assets		
Cash and equivalents	$ 4,798,710	$ 4,310,460
Amounts receivable and prepaid expenses	443,710	264,318
Available-for-sale financial assets (note 4)	59,001	45,376
Balance due from related parties (note 8)	–	29,870
	5,301,421	4,650,024
Equipments (note 5)	30,461	37,863
Mineral property interests (note 6)	2	2
	$ 5,331,884	$ 4,687,889
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 745,772	$ 32,999
Balances due to related parties (note 8)	488,871	–
	1,234,643	32,999
Shareholders' equity		
Share capital	41,423,706	36,474,363
Contributed surplus (note 7(e))	1,852,377	1,852,377
Accumulated other comprehensive income (loss) (note 4)	11,000	(2,625)
Accumulated deficit	(39,189,842)	(33,669,225)
	4,097,241	4,654,890
Nature and continuance of operations (note 1)		
Commitments (note 7(b))		
Subsequent events (notes 7(b)(i), 8(b) and 9)		
	$ 5,331,884	$ 4,687,889

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

Approved by the Board of Directors

/s/ Robert A. Dickinson

Robert A. Dickinson
Director

/s/ Rene G. Carrier

Rene G. Carrier
Director

AMARC RESOURCES LTD.
Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars, except for weighted average number of outstanding shares)

	Three months ended December 31		Nine months ended December 31	
	2010	**2009**	**2010**	**2009**
Expenses				
Amortization (note 5)	$ 2,948	$ 4,057	$ 8,843	$ 12,171
Exploration (schedule)	2,089,856	1,638,400	4,614,868	2,372,792
Legal, accounting, and audit	17,745	2,439	53,274	12,962
Management and consulting	1,803	525	3,215	525
Office and administration	58,211	22,927	149,170	110,181
Salaries and benefits	146,914	25,088	484,995	203,795
Shareholder communication	60,452	13,476	140,576	56,695
Stock-based compensation (note 7(c))	–	125,004	–	179,988
Travel	25,559	4,599	45,045	17,987
Trust and filing	3,598	5,627	18,309	13,628
	2,407,086	1,842,142	5,518,295	2,980,724
Other items				
Foreign exchange loss (gain)	1,280	(2,779)	(949)	39,806
Tax on flow-through shares	18,000	–	18,000	–
Interest income	(4,012)	(3,882)	(14,729)	(19,118)
Loss for the period	**$ 2,422,354**	**$ 1,835,481**	**$ 5,520,617**	**$ 3,001,412**
Loss for the period	$ 2,422,354	$ 1,835,481	$ 5,520,617	$ 3,001,412
Unrealized income on available-for-sale-financial assets	(15,250)	(5,499)	(13,625)	(499)
Total comprehensive loss for the period	$ 2,407,104	$ 1,829,982	$ 5,506,992	$ 3,000,913
Basic and diluted loss per share	$ 0.03	$ 0.03	$ 0.06	$ 0.04
Weighted average number of common shares outstanding	87,325,886	72,839,473	85,005,837	72,787,473

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

AMARC RESOURCES LTD.
Statements of Shareholders' Equity
(Expressed in Canadian Dollars, except for number of shares)

	Nine months ended December 31, 2010 *(unaudited)*			Year ended March 31, 2010		
Share capital	**Number of shares**			**Number of shares**		
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 fair value of $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
Private placement at $0.80 per share, net of issue costs (note 7(b))	5,812,500		4,449,343	–		–
Exercise of share warrants at $0.10 per share (note 7(b))	5,000,000		500,000	–		–
Balance at end of the period	94,651,973	$	41,423,706	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 income/(loss)						
Balance at beginning of the period		$	(2,625)		$	–
Unrealized gain (loss) on available-for-sale financial assets (note 4)			13,625			(2,625)
Balance at end of the period		$	11,000		$	(2,625)
Accumulated deficit						
Balance at beginning of the period		$	(33,669,225)		$	(29,567,680)
Loss for the period			(5,520,617)			(4,101,545)
Balance at end of the period		$	(39,189,842)		$	(33,669,225)
Total Shareholders' Equity		$	4,097,241		$	4,654,890

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

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

	Three months ended December 31		Nine months ended December 31	
Cash provided by (used in)	**2010**	**2009**	**2010**	**2009**
Operating activities				
Loss for the period	$ (2,422,354)	$ (1,835,481)	$ (5,520,617)	$ (3,001,412)
Adjustments for:				
Amortization	2,948	4,057	8,843	12,171
Foreign exchange loss	3,896	2,687	3,901	2,682
Stock-based compensation	–	125,004	–	179,988
Accrued interest on note payable to a related party (note 8(b))	449	–	449	–
Common shares received, included in exploration expenses	–	–	–	(48,001)
Common shares issued, included in exploration expenses	–	–	–	17,000
Changes in working capital:				
Amounts receivable and prepaid expenses	(67,000)	147,701	(179,392)	(39,189)
Balances due to and due from related parties	(3,467)	(191,190)	145,712	83,977
Accounts payable and accrued liabilities	(33,625)	(148,088)	512,116	328,548
Cash (used in) operating activities	(2,519,153)	(1,895,310)	(5,028,988)	(2,464,236)
Investing activities				
Proceeds from sale of equipment	–	34,148	–	34,148
Purchase of equipment	–	–	(1,441)	–
Cash provided by (used in) investing activities	–	34,148	(1,441)	34,148
Financing activities				
Share subscription received	–	875,000	–	875,000
Restricted cash	–	(875,000)	–	(875,000)
Proceeds from issuance of shares (note 7(b))	5,150,000	2,297,100	5,150,000	2,297,100
Proceeds from issuance of a note to a related party (note 8(b))	872,580	–	872,580	–
Partial repayment of a note to a related party (note 8(b))	(500,000)	–	(500,000)	–
Cash provided by financing activities	5,522,580	2,297,100	5,522,580	2,297,100
Increase (decrease) in cash and equivalents	3,003,427	435,938	492,151	(132,988)
Cash and equivalents, beginning of period	1,799,179	2,402,431	4,310,460	2,971,352
	4,802,606	2,838,369	4,802,611	2,838,364
Effect of exchange rate fluctuations on cash held	(3,896)	(2,687)	(3,901)	(2,682)
Cash and equivalents, end of period	$ 4,798,710	$ 2,835,682	$ 4,798,710	$ 2,835,682
Components of cash and equivalents are as follows:				
Cash	$ 4,798,710	$ 2,835,682	$ 4,798,710	$ 2,835,682
	$ 4,798,710	$ 2,835,682	$ 4,798,710	$ 2,835,682
Supplementary cash flow information:				
Interest received	$ 4,012	$ 3,882	$ 14,729	$ 19,118
Non cash investing and financing activities:				
Issuance of common shares for property option fees	$ –	$ –	$ –	$ 17,000
Common shares received, included in exploration expenses	$ –	$ –	$ –	$ 48,000

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

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

British Columbia, Canada Properties	Three months ended December 31 2010	Three months ended December 31 2009	Nine months ended December 31 2010	Nine months ended December 31 2009
Assays and analysis	$ 105,114	$ 130,097	$ 486,307	$ 187,652
Drilling	778,926	614,807	778,926	667,925
Engineering	–	450	–	450
Equipment rental	40,099	12,677	99,579	27,288
Freight	747	241	2,658	625
Geological	671,675	709,476	2,140,832	1,057,389
Graphics	15,444	2,050	52,114	15,608
Transportation	–	(13,000)	25,703	134,517
Mineral Exploration Tax Credit (METC-BC)	–	–	–	(252,086)
Property fees and assessments	108,492	31,243	159,292	43,327
Property option payments	–	–	–	77,000
Site activities	299,414	97,358	640,964	239,521
Sustainability	58,784	27,596	127,630	140,494
Travel and accommodation	11,161	25,405	100,863	33,082
Incurred during the period	2,089,856	1,638,400	4,614,868	2,372,792
Cumulative expenditures, beginning of the period	27,789,086	22,803,151	25,264,074	22,068,759
Cumulative expenditures, end of the period	$ 29,878,942	$ 24,441,551	$ 29,878,942	$ 24,441,551

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

1. NATURE 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.

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

These interim 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 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 financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") 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 financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements. These interim 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.

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. While the Company has begun assessing the adoption of IFRS for fiscal 2012, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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

(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 will adopt this section in its next fiscal year, beginning April 1, 2011.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	Cost	Estimated Fair Value at December 31, 2010	Estimated Fair Value at March 31, 2010
Falkirk Resources Corp.	$ 17,000	$ 16,000	$ 12,000
New High Ridge Resources Inc. (renamed to "Newton Gold Corp." in February 2011) (note 6(a)(i))	5,000	4,000	2,375
Serengeti Resources Inc.	26,000	39,000	31,000
Tulox Resources Inc. (note 6(a)(iii))	1	1	1
Total	$ 48,001	$ 59,001	$ 45,376

5. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value
December 31, 2010			
Site equipment	$ 45,498	$ 27,277	$ 18,221
Computers	30,607	18,367	12,240
Total	$ 76,105	$ 45,644	$ 30,461
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

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

6. MINERAL PROPERTY INTERESTS

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

		December 31, 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 August 2009, the Company entered into an option agreement with New High Ridge Resources Inc. ("New High Ridge"), renamed to "Newton Gold Corp." in February 2011, 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 issuances have been completed, and exploration expenditures to the amount of $240,000 on or before December 31, 2009 (completed). The claims held under the 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 (paid on January 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).

(ii) The Plateau Gold-Copper Belt

During the period ended December 30, 2010, the Company acquired, by staking claims, a 100% interest in approximately 3,000 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.

In July 2010, the Tulox property agreement was amended, whereby Tulox agreed to issue an additional 100,000 common shares to the Company (issued) and a further 175,000 common shares on or before November 15, 2010 (issued).

(b) *Yukon Territory and Saskatchewan*

The Company has a 5% net profits interest ("NPI") in the 46 mineral claims comprising the Ana Property in the Yukon, and a 2.5% NPI in a mineral lease comprising the Mann Lake Property in Saskatchewan. These net profit interests have been recorded at a nominal value of $1 each (note 6). 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 and an unlimited number of preference shares.

(b) *Share issuances.*

(i) December 2010

In December 2010, the Company initiated 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 private placement was completed as follows:

Flow-through shares

At December 31, 2010, the flow-through shares were fully paid-up and were deemed as issued and outstanding. In accordance with the terms of the flow-through share agreements, the Company is obligated to spend the proceeds on eligible exploration activities by December 31, 2011. The Company is subject to a tax, calculated monthly, on the portion of the proceeds remaining unspent each month after February 2011.

Non-flow-through shares

Subsequent to December 31, 2010, the Company completed the private placement of 8,076,923 non-flow-through shares in January 2011.

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

(ii) October 2010

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

(c) *Share purchase option compensation plan*

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

The continuity of share purchase options for the nine month period ended December 31, 2010 was:

Expiry date	Exercise price	March 31, 2010	Granted	Exercised	Expired/ Cancelled	December 31, 2010
July 19, 2011	$ 0.70	1,615,200	–	–	(23,000)	1,592,200
April 28, 2012	$ 0.70	70,000	–	–	–	70,000
March 30, 2013	$ 0.51	50,000	–	–	–	50,000
Total		1,735,200	–	–	(23,000)	1,712,200
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

(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 and nine months ended December 31, 2010, and which have been reflected in the statements of operations, is as follows:

	Three months ended December 31		Nine months ended December 31	
	2010	2009	2010	2009
Exploration:				
Engineering	$ –	$ 1,693	$ –	$ 5,409
Environmental, socioeconomic and land	–	3,644	–	4,258
Geological	–	45,184	–	55,533
Exploration	–	50,521	–	65,200
Administration	–	74,483	–	114,788
Total compensation cost recognized in operations, credited to contributed surplus	$ –	$ 125,004	$ –	$ 179,988

The fair value of options was estimated using the Black-Scholes option pricing model, based upon the following assumptions: risk free interest rate of 2.4%; weighted average expected life of 3.0 years; expected volatility of 85%; and expected dividends of nil.

(d) *Share purchase warrants*

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

Expiry date	Exercise Price	March 31, 2010	Issued	Exercised (note 7(b))	Expired/ Cancelled	December 31, 2010
February 9, 2011	$ 0.10	5,000,000	–	5,000,000	–	–
Weighted average exercise price		$ 0.10	–	5,000,000	–	–

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

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

(e) *Contributed surplus*

The components of contributed surplus were:

	December 31, 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

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

8. RELATED PARTY BALANCES AND TRANSACTIONS

Balances due (to) from related parties	December 31, 2010	March 31, 2010
Hunter Dickinson Services Inc. (a)	$ (115,842)	$ 29,870
United Mineral Services Ltd. (b)	$ (373,029)	–
Total	$ (488,871)	$ 29,870

Related party transactions	Three months to December 31		Nine months to December 31	
	2010	2009	2010	2009
Hunter Dickinson Services Inc. (a)				
Services received and expenses reimbursed	$ 639,980	$ 299,923	$ 2,120,636	$ 1,143,735
United Mineral Services Ltd. (b)				
Proceeds from loan against a promissory note	872,580	–	872,580	–
Partial repayment of the promissory note	500,000	–	500,000	–
Interest accrued on the promissory note	499	–	499	–

(a) Hunter Dickinson Services Inc. ("HDSI") is a private company which until recently was owned equally by several public companies, one of which was the Company. In March 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 July 2, 2010, provides geological, corporate development, administrative and management services to the Company at annually set rates. HDSI also incurs third party costs on behalf of the Company. Prior to July 2, 2010, HDSI had provided services to the Company on a full cost recovery basis, pursuant to an agreement dated June 1, 2008.

(b) United Mineral Services Ltd. ("UMS") is a private company controlled by a director of Amarc. Pursuant to a loan agreement dated December 6, 2010, the Company received a loan of $872,580 from UMS against a promissory note payable on demand and bearing interest at a rate of 1% per annum, calculated monthly and payable quarterly. On December 20, 2010, the Company made a partial repayment of $500,000 against the principal amount of the loan. Subsequent to December 31, 2010, the loan was fully repaid, along with accrued interest, on January 6, 2011.

9. SUBSEQUENT EVENTS

In addition to issuance of non-flow through shares (note 7(b)(i)) and the repayment of a related party loan (note 8(b)) in January 2011, there were no significant events subsequent to December 31, 2010 requiring disclosure in these interim financial statements.

NINE MONTHS ENDED DECEMBER 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

AMARC RESOURCES LTD.
NINE MONTHS ENDED DECEMBER 31, 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 December 31, 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 February 22, 2011.

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

1.2 Overview

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

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

Through its property evaluation efforts, Amarc acquired by option agreement, the Newton gold-copper property located in south-central BC. The Company has successfully completed a Phase 2 drill program at the Newton property following on from the Phase 1 discovery drilling completed in 2010. In addition, Amarc holds, a 100% interest in extensive claim holdings covering the Plateau Gold-Copper Belt, located south and north from the Newton property.

Figure 1. Location of Amarc's Newton property and Plateau Gold-Copper Belt

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 Newton tested for porphyry-style copper mineralization which in general returned low grade copper results. However, four drill holes (06-12, 06-03, 92-04 and 06-11), positioned in the easternmost part of the area drilled, intercepted 105 metres of 1.20 g/t gold (including 49 metres at 2.33 g/t gold), 95 metres at 0.51 g/t Au, 60 meters of 0.69 g/t gold and 46 meters of 0.54 g/t gold, respectively. Holes 06-12 and 06-03 also bottomed in mineralization. Geological interpretation by Amarc suggests the presence of a bulk-tonnage gold environment.

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

An initial 14-hole Phase 1 diamond drill program completed by Amarc in 2010 returned broad continuous intervals of bulk-tonnage style gold and silver mineralization. Significant assay results from Phase 1 drill hole sampling are tabulated below.

NEWTON PROJECT
ASSAY RESULTS FROM 14-HOLE, PHASE 1 DRILL PROGRAM

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ[1] (g/t)
9001		3.0	39.0	36.0	118	0.60	0.9	0.62
		228.0	297.0	69.0	226	1.41	10.9	1.59
	incl.	233.1	234.0	0.9	3	11.19	22.2	11.56
	incl.	252.8	297.0	44.2	145	1.74	15.9	2.00
		441.0	477.0	36.0	118	0.34	0.6	0.35
9002		222.0	255.2	33.2	109	0.96	2.8	1.01
	incl.	234.0	252.0	18.0	59	1.10	3.3	1.15
9003		3.0	224.5	221.5	727	0.60	5.6	0.69
	incl.	18.0	39.0	21.0	69	0.71	2.3	0.75
	incl.	96.0	224.5	128.5	421	0.84	8.9	0.99
	and	156.0	198.0	42.0	138	1.25	16.8	1.53
9004		6.0	195.0	189.0	620	1.56	7.9	1.69
	incl.	54.0	195.0	141.0	463	2.01	10.0	2.17
	and	96.0	195.0	99.0	325	2.76	12.2	2.96
	and	126.0	195.0	69.0	226	3.79	9.1	3.94
	and	129.0	132.0	3.0	10	13.47	14.4	13.71
	and	168.9	195.0	26.1	86	5.54	12.5	5.75
9005		12.0	27.0	15.0	49	0.32	1.4	0.34
		41.0	54.0	13.0	43	0.44	4.4	0.51
		76.0	163.2	87.2	286	0.50	7.1	0.62
	incl.	88.0	89.0	1.0	3	16.56	221.6	20.25
		279.0	303.0	24.0	79	0.34	0.8	0.35
9006		9.0	306.5	297.5	976	0.26	2.3	0.29
	incl.	78.0	192.2	114.2	375	0.32	3.7	0.38
	incl.	264.0	306.5	42.5	139	0.43	0.6	0.43
9007		48.0	252.0	204.0	669	0.33	4.5	0.41
	incl.	48.0	66.0	18.0	59	0.49	1.9	0.52
	incl.	135.0	216.0	81.0	266	0.46	8.0	0.59
	and	183.0	216.0	33.0	108	0.62	13.4	0.84
9008		18.0	42.0	24.0	79	0.44	6.4	0.55
		123.7	129.0	5.3	17	0.44	8.0	0.58
9009		15.0	147.9	132.9	436	0.25	5.9	0.35
	incl.	66.0	114.0	48.0	158	0.36	6.3	0.47
9010		35.4	189.0	153.6	504	0.29	3.0	0.34
	incl.	35.4	69.0	33.6	110	0.52	3.2	0.58
9011		83.4	207.0	123.6	406	0.44	2.3	0.47
	incl.	149.0	207.0	58.0	190	0.60	2.4	0.64
	and	186.0	207.0	21.0	69	1.13	2.9	1.18
9012		No reportable intercepts						
9013		No reportable intercepts						
9014		72.0	210.0	138.0	453	0.74	4.2	0.81
	incl.	147.0	210.0	63.0	207	1.17	6.8	1.28
	and	168.0	207.0	39.0	128	1.45	6.5	1.56
	and	204.0	207.0	3.0	10	11.70	50.8	12.55

1. Gold equivalent calculations use metal prices of Au US$900/oz and Ag US$15/oz
Metallurgical recoveries and net smelter returns are assumed to be 100%.
AuEQ = (Au g/t) + (Ag g/tx 0.482/28.94).

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

The recently completed 28-hole Phase 2 core drilling program executed a series of widely spaced, exploration-style drill holes to test the extensive mineralised system and the Phase 1 drill zone. Significant assay results from Phase 1 drill hole sampling are tabulated below.

NEWTON PROJECT
ASSAY RESULTS FROM 28-HOLE, PHASE 2 ASSAY RESULTS

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ[1] (g/t)
10015		95.0	134.0	39.0	128	0.35	3.1	0.41
		194.0	230.0	36.0	118	0.43	4.7	0.51
10016		141.0	249.0	108.0	354	0.37	1.5	0.40
	incl.	231.0	249.0	18.0	59	0.57	1.8	0.60
10017		75.0	215.0	140.0	459	0.35	2.3	0.39
	incl.	138.0	168.0	30.0	98	0.52	3.4	0.58
		307.3	311.5	4.3	14	1.13	4.6	1.21
10018		54.0	60.0	6.0	20	0.47	0.8	0.49
		141.0	150.0	9.0	30	0.45	2.6	0.49
10019		321.2	393.0	71.8	236	0.49	1.9	0.52
10020		18.0	156.0	138.0	453	0.46	4.1	0.53
	incl.	63.0	98.7	35.7	117	0.58	2.3	0.62
	incl.	116.8	156.0	39.3	129	0.79	10.5	0.97
	and	116.8	132.0	15.3	50	1.55	5.9	1.65
		294.0	297.0	3.0	10	6.58	1.0	6.59
10021	No reportable intercepts							
10022	No reportable intercepts							
10023		30.0	39.0	9.0	30	0.46	2.0	0.49
		249.0	288.0	39.0	128	1.21	2.0	1.24
	incl.	249.0	273.0	24.0	79	1.81	1.6	1.84
	and	267.0	273.0	6.0	20	5.15	2.6	5.19
10024	No reportable intercepts							
10025	No reportable intercepts							
10026		185.0	221.0	36.0	118	0.41	2.7	0.45
10027		75.0	78.0	3.0	10	2.31	0.2	2.31
		102.0	135.0	33.0	108	0.34	6.2	0.44
10028		26.0	65.0	39.0	128	0.14	0.5	0.15
10029		15.0	240.0	225.0	738	0.31	1.0	0.33
	incl.	153.0	189.0	36.0	118	0.80	1.3	0.82
	and	162.0	174.0	12.0	39	1.77	1.2	1.79
10030		18.0	42.0	24.0	79	0.83	0.9	0.85
10031		171.0	183.0	12.0	39	0.89	2.3	0.92
		207.0	210.0	3.0	10	1.11	2.9	1.16
11032	No reportable intercepts							
11033		159.0	183.0	24.0	79	0.37	1.3	0.39
11034		9.1	33.0	23.9	78	0.34	3.0	0.39
11036		10.0	31.0	21.0	69	0.25	1.3	0.27
11037	No reportable intercepts							

Drill Hole ID	Incl.	From (m)	To (m)	Int. (m)	Int. (ft)	Au (g/t)	Ag (g/t)	AuEQ[1] (g/t)
11038	No reportable intercepts							
11039	Pending							
11040		15.4	171.0	155.6	511	0.58	2.9	0.63
	incl.	15.4	42.0	26.6	87	1.12	4.2	1.19
	incl.	69.0	108.0	39.0	128	0.71	3.6	0.77
11041	Pending							
11042	Pending							
11043	Pending							

1. Gold equivalent calculations use metal prices of Au US$900/oz and Ag US$15/oz
   Metallurgical recoveries and net smelter returns are assumed to be 100%.
   AuEQ = (Au g/t) + (Ag g/t x 0.482/28.94).
2. Drill Hole Dips -90 Degrees
3. Drill Hole 11035 lost, redrilled as hole 11037

Highlights from the Phase 2 drilling include important intercepts in hole 11040 which have established that the Phase 1 discovery potentially extends eastward under shallow cover and remains open to the east.

Follow-up, Phase 3 drilling is planned in 2011 to continue to test and delineate gold mineralization within the Newton bulk-tonnage gold target. Drill permit applications have been submitted to the BC government.

Newton Property Agreement

In August 2009, Amarc entered into an Option and Joint Venture Agreement (the "Newton Agreement") with High Ridge Resources (subsequently renamed New High Ridge Resources and now Newton Gold Corp. ("NGC") 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.

The Newton Agreement is subject to an underlying option agreement and accompanying amending agreements with arm's length parties. NGC 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 (paid). On exercise of the option by Amarc, the two parties are to enter into a joint venture agreement.

Amarc has been advised by NGC that NGC believes the definition of the "Property" area in the Newton Agreement implies that the joint venture area should include certain mineral claim areas that Amarc believes belong solely to Amarc as they lie outside the area defined by the term "the Property" in the Newton Agreement. The exact division of the mineral claim areas, into (i) those which are solely Amarc's, and (ii) those in which NGC has an interest through the Newton Agreement as part of the definition of the Property, cannot currently be agreed upon. The target area being drilled by Amarc and the area of the currently identified mineralized zone do not lie within the disputed claim area.

The Plateau Gold-Copper Belt

Amarc holds a 100% interest in extensive claim holdings covering the Plateau Gold-Copper Belt located south and north from the Newton property. Public domain information indicates that the region has favourable geology and geochemistry for Newton-style gold deposits and porphyry gold-copper deposits.

Amarc completed in 2010 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 which 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 mineral occurrences in the region have been established, and Amarc is utilizing this comparative data to assist in the definition of previously unrecognized deposit targets within the belt.

Initial field evaluations in 2010, including prospecting, soil geochemical sampling and IP geophysical surveys, were completed on selected targets. These field surveys defined three significant copper-molybdenum multi-element geochemical and coincident IP geophysical anomalies. Permits to drill test all three copper-molybdenum porphyry targets have been received.

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, 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 487 million tonnes grading 0.43 g/t gold and 0.22% copper, Taseko Mines Limited).

Other BC Agreements

The Tulox Property Agreement

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

In April 2009, Amarc entered into an option agreement with Tulox Resources Inc. ("Tulox", formerly named Sitec Ventures Corp.) 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 525,000 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.

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 annual average 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 increased in 2009 and have, largely, continued to do so since that time. The average price in 2009 was US$974/oz and US$1227/oz in 2010. The average price to February 22 is US$1,361/oz.

Copper prices increased significantly between late 2003 and mid 2008, and then declined in late 2008. The average price in 2008 was approximately US$3.16/lb. Prices began to increase again in 2009 and have continued to do so, overall, in 2010 and 2011, averaging US$2.34/lb in 2009 and US$3.42/lb 2010. The average price in 2011 to February 22 is US$4.91/lb.

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.

	Dec 31 2010	Sep 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sep 30 2009	Jun 30 2009	Mar 31 2009
Current assets	$ 5,301	$ 2,220	$ 3,704	$ 4,650	$ 4,082	$ 2,931	$ 3,023	$ 3,373
Other assets	31	33	36	38	42	46	49	54
Total assets	5,332	2,253	3,740	4,688	4,124	2,977	3,072	3,427
Current liabilities	1,235	698	255	33	362	683	67	34
Shareholders' equity	4,097	1,555	3,485	4,655	3,762	2,294	3,005	3,393
Total liabilities & shareholders' equity	5,332	2,253	3,740	4,688	4,124	2,977	3,072	3,427
Working capital	4,066	1,522	3,449	4,617	3,720	2,248	2,956	3,339
Expenses								
Amortization	3	3	3	4	4	3	6	6
Exploration	2,090	1,610	915	823	1,638	790	196	301
Tax credits received	–	–	–	–	–	(252)	–	(1,435)
Legal, accounting and audit	18	15	21	23	2	5	6	31
Management and consulting	2	1	–	23	1	–	–	2
Office and administration	58	47	44	43	23	46	41	35
Salaries and benefits	147	182	156	108	25	73	106	(97)
Shareholder communication	60	46	34	47	13	25	18	(78)
Travel and conference	26	17	2	31	5	7	6	9
Trust and filing	3	14	1	46	6	7	1	10
Subtotal	2,407	1,935	1,176	1,148	1,717	704	380	(1,217)
Foreign exchange loss (gain)	1	3	(6)	–	(3)	30	13	(6)
Interest income	(4)	(3)	(7)	(5)	(4)	(12)	(4)	(232)
Tax on flow-through shares	18	–	–	–	–	–	–	16
Subtotal	2,422	1,935	1,163	1,143	1,710	722	389	(1,440)
Stock-based compensation	–	–	–	(42)	125	22	33	39
Net loss (income) for the period	**$ 2,422**	**$ 1,935**	**$ 1,163**	**$ 1,101**	**$ 1,835**	**$ 744**	**$ 422**	**$ (1,401)**
Unrealized (gain) loss on available-for-sale marketable securities	(15)	(5)	7	3	(5)	5	–	–
Comprehensive loss (income) for the period	**$ 2,407**	**$ 1,930**	**$ 1,170**	**$ 1,104**	**$ 1,830**	**$ 749**	**$ 422**	**$ (1,401)**
Basic and diluted net loss (earning) per share	$ 0.03	$ 0.02	$ 0.01	$ 0.01	$ 0.03	$ 0.01	$ 0.01	$ (0.02)
Weighted average number of common shares outstanding (thousands)	87,326	83,839	83,839	83,288	72,839	72,783	72,739	70,684

1.5 Results of Operations

During the nine months ended December 31, 2010, the Company incurred a net loss of $5,520,617, compared to a net loss of $3,001,412 for the same period in fiscal 2010. The increase in loss for the period was due primarily to increased exploration expenditures in BC during the current period, compared to the same period of the previous year.

Exploration expenses for the nine months ended December 31, 2010 was $4,614,868, compared to $2,372,792 for the same period in the previous year. This increase was due to an increase in exploration activities in the current period, compared to the same period of the prior year. The major exploration expenditures during the period were for assays and analysis (2011 – $486,307; 2010 – $187,652), drilling (2011 – $778,926; 2010 – $667,925), geological (2011 – $2,140,832; 2010 – $1,057,389), and site activities (2011 – $640,964; 2010 – $239,521). During the current period, there was no cost recovery recorded in respect of mineral exploration tax credit (see section 1.7 below), compared to $252,086 in mineral tax credit received during the same period of the prior year.

Administrative costs for the nine months ended December 31, 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 – $484,995; 2010 – $203,795), office and administration (2011 – $149,170; 2010 – $110,181), and shareholder communication (2011 – $140,576; 2010 – $56,695).

There was no stock-based compensation expense charged to operations during the nine month period ended December 31, 2010, compared to $179,988 during the same period in the previous year. Stock-based compensation expense in the prior period was mainly due to the amortization of a greater number of options vesting in that prior period.

Interest income decreased to $14,729 for the nine month period ended December 31, 2010, compared to $19,118 for the same period last year, due mainly to lower average cash balances during the nine month period ended December 31, 2010 compared to same period of the prior year.

1.6 Liquidity

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

At December 31, 2010, the Company had working capital of approximately $4.1 million, compared to working capital of $4.6 million at March 31, 2010. A further $4.9 million was raised in the non-flow-through portion of the financing in January 2011. The Company's current working capital is sufficient to fund its known commitments.

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

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

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

1.7 Capital Resources

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

The Mineral Exploration Tax Credit ("BC METC") initiative was introduced by the BC Government to stimulate new economic activities in the province and includes an enhanced credit for mineral exploration in areas affected by the mountain pine beetle infestation. The Company records receipt of this tax credit as cost recovery which is included in exploration expenses. There was no receipt of tax credit under BC-METC program during the nine months ended December 31, 2010, compared to a receipt of $252,086 during the same period of the previous year. This was due to the timing of disbursement of the tax credit by the relevant government department.

In December 2010, the Company initiated 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. At December 31, 2010, the flow-through shares were fully paid-up. Funds raised for the non-flow-through portion of the financing were received subsequent to the quarter end, in January 2011.

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

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

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

The required disclosure is provided in note 8 of the accompanying unaudited interim consolidated financial statements as at and for the period ended December 31, 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 December 31, 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.

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 December 31, 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 February 22, 2011, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number
Common shares			102,728,896
Options	July 19, 2011	$0.70	1,592,200
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 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 has been completed.

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

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

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:

- to apply the requirements of IFRS 3, Business Combinations, prospectively from the transition date; and
- to apply the requirements of IFRS 2, *Share-based Payments*, to equity instruments granted which had not vested as of 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. IFRS requires significantly more note disclosure than Canadian GAAP for certain standards (for example, related party transactions with key management personnel). These increased disclosure requirements will cause the Company to enhance certain financial reporting processes to ensure the sufficient and appropriate data is collected.

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 and consider the impacts the transition will have on its internal planning process and compensation arrangements.