Amarc Resources Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED
MARCH 31, 2010, 2009 and 2008

(Expressed in Canadian Dollars, unless otherwise stated)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

AUDITORS' REPORT

To the Shareholders of Amarc Resources Ltd.

We have audited the balance sheets of Amarc Resources Ltd. as at March 31, 2010 and 2009 and the statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the years in the three year period ended March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards ("GAAS") in Canada and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for each of the years in the three year period ended March 31, 2010 in accordance with Canadian generally accepted accounting principles.

"De Vissser Gray LLP"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
July 26, 2010

AMARC RESOURCES LTD.

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	March 31 2010	March 31 2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,310,460	$ 2,971,352
Amounts receivable and prepaid expenses	264,318	266,454
Balances due from related parties (note 9)	29,870	134,815
Marketable securities (note 5)	45,376	–
	4,650,024	3,372,621
Equipment (note 6)	37,863	54,091
Mineral property interests (note 7)	2	4
	$ 4,687,889	**$ 3,426,716**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 32,999	$ 33,339
	32,999	33,339
Shareholders' equity		
Share capital (note 8)	36,474,363	31,247,065
Contributed surplus (note 8(e))	1,852,377	1,713,992
Accumulated other comprehensive income	(2,625)	–
Deficit	(33,669,225)	(29,567,680)
	4,654,890	3,393,377
Nature and continuance of operations (note 1)		
Commitments (note 8(b))		
Subsequent events (note 12)		
	$ 4,687,889	**$ 3,426,716**

The accompanying notes are an integral part of these 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

(Expressed in Canadian Dollars)

	Years ended March 31		
	2010	**2009**	**2008**
Expenses			
Amortization	$ 16,228	$ 21,704	$ 5,092
Exploration (schedule)	3,195,315	4,619,185	3,066,939
Legal, accounting, and audit	36,289	37,120	55,162
Management and consulting	23,241	58,464	48,795
Office and administration	153,518	178,078	183,842
Salaries and benefits	311,512	208,906	257,060
Shareholder communication	103,538	122,932	72,860
Stock-based compensation (note 8(c))	138,385	244,061	–
Travel and conference	48,493	53,960	96,425
Trust and filing	59,138	25,915	26,903
	4,085,657	5,570,325	3,813,078
Other items			
Foreign exchange loss (gain)	39,576	(218,818)	138,026
Gain on sale of marketable securities (note 9(b))	–	–	(68,992)
Gain on disposal of fixed assets (note 9(c))	–	(14,007)	–
Interest and other income	(23,688)	(309,149)	(315,812)
Tax related to flow-through financing	–	80,809	–
Loss for the year	**$ 4,101,545**	**$ 5,109,160**	**$ 3,566,300**
Other comprehensive loss:			
Unrealized loss on available-for-sale marketable securities (note 5)	2,625	–	–
Total comprehensive loss for the period	**$ 4,104,170**	**$ 5,109,160**	**$ 3,566,300**
Basic and diluted loss per share	$ 0.05	$ 0.07	$ 0.06
Weighted average number of common shares outstanding	75,376,733	68,465,500	63,343,763

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

AMARC RESOURCES LTD.

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Year ended March 31, 2010			Year ended March 31, 2009			Year ended March 31, 2008		
Share capital	Number of shares			Number of shares			Number of shares		
Balance at beginning of the year	72,739,473	$	31,247,065	67,739,473	$	30,747,065	62,949,473	$	27,287,248
Share issuance pursuant to the Newton property option agreement at $0.17 per share (note 8(b))	100,000		17,000	–		–	–		–
Exercise of share purchase warrants at $0.55 per share	–		–	–		–	4,790,000		2,634,500
Fair value of warrants allocated to shares issued on exercise	–		–	–		–	–		825,317
Private placement at $0.10 per share, net of issue costs (note 8(b))	–		–	5,000,000		500,000	–		–
Private placement at $0.50 per share, net of issue costs	11,000,000		5,210,298	–		–	–		–
Balance at end of the year	83,839,473	$	36,474,363	72,739,473	$	31,247,065	67,739,473	$	30,747,065
Contributed surplus									
Balance at beginning of the year		$	1,713,992		$	1,469,931		$	2,295,248
Fair value of warrants allocated to shares issued on exercise			–			–			(825,317)
Stock-based compensation			138,385			244,061			–
Balance at end of the year		$	1,852,377		$	1,713,992		$	1,469,931
Accumulated other comprehensive loss									
Balance at beginning of the year		$	–		$	–		$	–
Unrealized loss on available-for-sale marketable securities (note 5)			(2,625)			–			–
Balance at end of the year		$	(2,625)		$	–		$	–
Deficit									
Balance at beginning of the year		$	(29,567,680)		$	(24,458,520)		$	(20,892,220)
Loss for the year			(4,101,545)			(5,109,160)			(3,566,300)
Balance at end of the year		$	(33,669,225)		$	(29,567,680)		$	(24,458,520)
TOTAL SHAREHOLDERS' EQUITY		**$**	**4,654,890**		**$**	**3,393,377**		**$**	**7,758,476**

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

AMARC RESOURCES LTD.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Cash provided by (used in)	**Years ended March 31** **2010**	**2009**	**2008**
Operating activities			
Loss for the year	$ (4,101,545)	$ (5,109,160)	(3,566,300)
Items not involving cash:			
Amortization	16,228	21,704	5,092
Common shares received, included in exploration expenses	(48,001)	–	–
Common shares issued, included in exploration expenses	17,000	–	–
Foreign exchange loss (gain)	9,863	(12,216)	97,435
Stock-based compensation (note 8(c))	138,385	244,061	–
(Gain) on sale of marketable securities	–	–	(68,992)
(Gain) on disposal of equipment	–	(14,007)	–
Non-cash interest income (note 9(b))	–	–	(53,629)
Changes in non-cash working capital items:			
Amounts receivable and prepaid expenses	2,136	(17,204)	(136,812)
Balances due from and due to related parties	70,799	(282,902)	202,079
Accounts payable and accrued liabilities	(340)	(11,038)	(33,636)
Cash used for operating activities	(3,895,475)	(5,180,762)	(3,554,763)
Investing activities			
Proceeds from sale of equipment	34,148	–	–
Proceeds from sale of marketable securities (note 9(b))	–	–	315,499
Purchase of equipment	–	(74,097)	–
Repayment of loan provided to a related party (note 9(b))	–	–	5,500,000
Cash provided by (used for) investing activities	34,148	(74,097)	5,815,499
Financing activities			
Issuance of share capital, net of costs (note 8(b))	5,210,298	500,000	2,634,500
Cash provided by financing activities	5,210,298	500,000	2,634,500
Effect of exchange rate fluctuations on cash held	(9,863)	12,216	(97,435)
Increase (decrease) in cash and cash equivalents	**1,339,108**	**(4,742,643)**	**4,797,801**
Cash and cash equivalents, beginning of year	2,971,352	7,713,995	2,916,194
Cash and cash equivalents, end of year	**$ 4,310,460**	**$ 2,971,352**	**$ 7,713,995**
Components of cash and cash equivalents are as follows:			
Cash	$ 4,310,460	$ 338,242	$ 511,900
Treasury bills and banker's acceptances	–	2,633,110	6,255,967
Commercial paper	–	–	946,128
Cash and cash equivalents, end of year	**$ 4,310,460**	**$ 2,971,352**	**$ 7,713,995**
Supplementary cash flow information:			
Interest paid	$ –	$ –	$ –
Taxes paid	$ –	$ –	$ –
Interest received	$ 23,688	$ 309,149	$ 262,942
Non cash financing and investing activities:			
Common shares received, included in exploration expenses (note 5)	$ 48,001	$ –	$ –
Common shares received from Rockwell Diamonds Inc. (note 9(b))	$ –	$ –	$ 246,507
Fair value of share warrants transferred to share capital upon exercise	$ –	$ –	$ 825,317
Issuance of common shares for property option fees (note 8(b))	$ 17,000	$ –	$ –

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

AMARC RESOURCES LTD.

Consolidated Schedules of Exploration Expenses

(Expressed in Canadian Dollars)

	Newton program British Columbia	Sitlika program British Columbia	Generative British Columbia	Other (including METC-BC)	Total
Exploration expenses for the year ended March 31, 2010					
Assays and analysis	$ 149,350	$ 23,243	$ 54,657	$ 24,319	$ 251,569
Drilling	617,938	1,178	–	51,190	670,306
Engineering	1,208	–	–	–	1,208
Environmental	1,534	106,312	–	520	108,366
Equipment rental	13,244	13,738	–	1,547	28,529
Geological	1,373,417	143,587	211,755	26,428	1,755,187
Graphics	12,946	2,198	1,980	990	18,114
Helicopter	–	79,505	1,645	37,011	118,161
Mineral Exploration Tax Credit (METC-BC)	–	–	–	(252,086)	(252,086)
Property fees and assessments	9,339	26,837	12,258	26,185	74,619
Property option payments	77,000	–	–	–	77,000
Site activities	151,796	72,675	3,956	26,620	255,047
Socioeconomic	31,230	13,788	810	2,100	47,928
Travel and accommodation	33,096	5,362	1,270	1,639	41,367
Incurred during fiscal 2010	**2,472,098**	**488,423**	**288,331**	**(53,537)**	**3,195,315**
Cumulative expenditures, March 31, 2009	–	6,797,771	3,464,755	11,806,233	22,068,759
Cumulative expenditures, March 31, 2010	**$ 2,472,098**	**$ 7,286,194**	**$ 3,753,086**	**$ 11,752,696**	**$ 25,264,074**
Exploration expenses for the year ended March 31, 2009					
Assays and analysis	$ –	$ 462,881	$ 24,415	$ 109,053	$ 596,349
Drilling	–	806,590	–	–	806,590
Engineering	–	370,280	500	–	370,780
Environmental	–	14,847	–	628	15,475
Equipment rental	–	69,988	35,953	13,203	119,144
Geological	–	1,496,369	549,721	496,574	2,542,664
Graphics	–	6,004	10,008	2,845	18,857
Helicopter	–	582,325	–	18,170	600,495
Mineral Exploration Tax Credit (METC-BC)	–	–	–	(1,435,072)	(1,435,072)
Property fees and assessments	–	41,435	12,361	19,059	72,855
Property option payments	–	50,000	–	10,000	60,000
Site activities	–	353,582	40,378	95,714	489,674
Socioeconomic	–	835	1,895	–	2,730
Travel and accommodation	–	317,731	7,039	33,874	358,644
Incurred during fiscal 2009	**–**	**4,572,867**	**682,270**	**(635,952)**	**4,619,185**
Cumulative expenditures, March 31, 2008	–	2,224,904	2,782,485	12,442,185	17,449,574
Cumulative expenditures, March 31, 2009	**$ –**	**$ 6,797,771**	**$ 3,464,755**	**$ 11,806,233**	**$ 22,068,759**
Exploration expenses for the year ended March 31, 2008					
Assays and analysis	$ –	$ 223,521	$ 23,113	$ 36,647	$ 283,281
Engineering	–	7,581	–	–	7,581
Equipment rental	–	56,066	11,993	15,874	83,933
Geological	–	998,736	296,571	444,768	1,740,075
Graphics	–	10,728	3,218	7,182	21,128
Helicopter	–	380,857	–	11,020	391,877
Property fees and assessments	–	51,393	2,528	13,568	67,489
Property option payments	–	50,000	–	10,000	60,000
Site activities	–	295,404	23,997	53,090	372,491
Travel and accommodation	–	30,441	2,844	5,799	39,084
Incurred during fiscal 2008	**–**	**2,104,727**	**364,264**	**597,948**	**3,066,939**
Cumulative expenditures, March 31, 2007	–	120,177	2,418,221	11,844,237	14,382,635
Cumulative expenditures, March 31, 2008	**$ –**	**$ 2,224,904**	**$ 2,782,485**	**$ 12,442,185**	**$ 17,449,574**

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

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.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") 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 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 consolidated financial statements are prepared in accordance with Canadian GAAP and are presented in Canadian dollars.

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

All material intercompany balances and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of purchase, which are readily convertible to known amounts of cash.

(b) Equipment

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

(c) Mineral property interests and related asset retirement obligations

The acquisition costs of mineral properties are deferred until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis over the estimated useful life of the related properties following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned, or when impairment has been determined to have occurred. If the deferred mineral property costs are determined not to be recoverable over the estimated useful life or are greater than the estimated fair market value, the unrecoverable portion is charged to operations in that period.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, on the date of issue or as otherwise provided under the agreement terms for the mineral property interest. Costs for properties for which the Company does not possess unrestricted ownership and exploration rights, such as option agreements, are expensed in the period incurred or until a feasibility study has determined that the property is capable of commercial production.

Exploration costs and option payments are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as they are made.

Administrative expenditures are expensed in the period incurred.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected from the asset. If the carrying amount of the long-lived asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset value which is amortized over the same basis as the asset being retired. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

The Company has no material asset retirement obligations as the disturbance at the exploration sites as at March 31, 2010 has been minimal.

(d) Government assistance

Due to the uncertainty of approval associated with mineral exploration tax credits and other government grants for which the Company applies, government grants are recorded and credited to exploration expenses when the proceeds of these grants are actually received.

(e) Share capital

Common shares issued for mineral property interests are recorded at their fair market value based upon the trading price of the shares on the TSX Venture Exchange on the date of issue or as otherwise provided under the agreement terms to issue the shares.

The proceeds from common shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits of the exploration expenditures incurred pursuant to these agreements are transferred to the purchaser of the flow-through shares.

Share issue costs are deducted from share capital.

(f) Stock-based compensation

The Company accounts for all non-cash stock-based payments to non-employees, and employee awards that are direct awards of shares that call for settlement in cash or other assets, or that are share appreciation rights which call for settlement by the issuance of equity instruments, using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of non-cash stock-based payments is periodically re-measured until counterparty performance is complete, and any change therein is recognized in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of non-cash stock-based payments to service providers that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

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

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of potential impairments of asset values, and rates for amortization of equipment, as well as the assumptions used in determining the fair value of non-cash stock-based compensation. Actual results could differ from those estimates.

(h) Foreign currency translation

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

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

(i) Segment disclosures

The Company is operating in a single reportable segment – the acquisition, exploration and development of mineral properties in British Columbia, Canada.

(j) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, generally using the enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets also result from unused loss carry-forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

Under the Canadian Income Tax Act, a company may issue securities referred to as flow-through shares whereby the investor may claim the tax deductions arising from the qualifying expenditure of the proceeds by the company. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

(k) *Loss per share*

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period.

When the Company is in a net loss position, diluted loss per share is not presented separately as the effect of the outstanding options and warrants would be anti-dilutive.

(l) *Impairment of long-lived assets*

The Company reviews and evaluates its long-lived assets, including mineral properties, plant and equipment, for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. Measurement of an impairment loss is based on the excess of the estimated fair value of the asset over its carrying value.

At each reporting period and whenever events or circumstances indicate that an asset's fair value may not be at least equal to its carrying value, management of the Company reviews the net carrying value. These reviews involve consideration of the fair value of each property to determine whether a permanent impairment in value has occurred and whether any asset write down is necessary.

(m) *Financial instruments*

All financial instruments, including derivatives, are included on the Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are recognized in the statements of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings (loss).
- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in net earnings (loss).
- Held for trading financial instruments are measured at fair value. All changes in fair value are included in net earnings (loss) in the period in which they arise.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net earnings (loss) in the period in which they arise, except for cash flow hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in other comprehensive income (loss).

In accordance with this standard, the Company had classified its financial instruments as follows:

Financial Instrument	Classification	Measurement
Amounts receivable	Loans and Receivables	Amortized cost
Balance due from related parties	Loans and Receivable	Amortized cost
Marketable securities and investments (i)	Available for Sale	Fair Value
Accounts payable and accrued liabilities	Other Financial Liability	Amortized cost

(i) Marketable securities are classified as available-for-sale securities and are measured at fair market value with unrealized gains or losses recorded in comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net earnings (loss).

(n) *Variable interest entities*

An enterprise holding other than a voting interest in a variable interest entity ("VIE") could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE's expected losses, receive the majority of its expected residual returns, or both. The Company does not have any VIE's.

(o) *Going Concern – Amendments to Section 1400*

CICA Section 1400, "General Standards of Financial Statement Presentation", was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The

Company has assessed its ability to continue as a going concern and concluded that it will be able to continue as a going concern (note 1).

(p) Comparative figures

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

4. CHANGES IN ACCOUNTING POLICIES

(a) Newly adopted accounting policy

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require additional disclosures about fair value measurements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009.

This disclosure requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are:

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

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

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

A table providing the classification of the Company’s investments within the fair value hierarchy is shown in note 11 to the annual consolidated financial statements.

(b) Accounting standards not yet adopted

(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, 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 is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

(Expressed in Canadian Dollars, unless otherwise stated)

5. AVAILABLE-FOR-SALE SECURITIES

As at 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 March 31, 2010
Falkirk Resources Corp. (note 7(a)(vi))	$ 17,000	$ 12,000
New High Ridge Resources Inc. (note 7(a)(i))	5,000	2,375
Serengeti Resources Inc.	26,000	31,000
Tulox Resources Inc. (note 7(a)(iv))	1	1
Total	$ 48,001	$ 45,376

As at March 31, 2009, there were no available-for-sale financial assets held by the Company.

6. EQUIPMENT

		Cost		Accumulated Amortization		Net Book Value
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
March 31, 2009						
Site equipment	$	44,057	$	12,526	$	31,531
Computers		30,607		8,047		22,560
Total	$	74,664	$	20,573	$	54,091

(Expressed in Canadian Dollars, unless otherwise stated)

7. MINERAL PROPERTY INTERESTS

The Company has recorded the following interest in royalties in currently non-producing properties at a nominal value on the balance sheet:

	March 31 2010	March 31 2009
British Columbia, Canada		
Iskut ((a)(ix))	$ –	$ 1
Witch ((a)(ix))	–	1
Other		
Ana, Yukon Territory (b)	1	1
Mann Lake, Saskatchewan (b)	1	1
Total	$ 2	$ 4

(a) British Columbia, Canada

(i) Newton Property

In June 2009, the Company entered into an option agreement with New High Ridge Resources Inc. ("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 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 High Ridge warrants have been completed, and exploration expenditures to the amount of $240,000 on or before December 31, 2009. The claims held under the Newton agreement are subject to a 2% net smelter royalty, which may be purchased by 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, High Ridge has agreed to issue to the Company 100,000 common shares (issued).

(ii) The Plateau Gold-Copper Belt

During the year ended March 31, 2010, the Company acquired, by staking claims, a 100% interest in approximately 2,600 square kilometers of minerals properties over the Plateau Gold-Copper Belt, which extends south from the Newton property.

(iii) Pinchi Property

In August 2009, the Company entered into an option agreement with Lysander Minerals Corp. ("Lysander") on the Pinchi property. Under the terms of the option agreement, the Company has the right to earn a 60% interest in the Pinchi property by funding $3,151,000 in exploration expenditures on or before December 2012. The Company can earn an additional 15% interest by incurring an additional $4,000,000 in exploration expenditures over the subsequent two calendar years. Upon the earlier of the Company exercising its second option to earn a 75% interest or electing to remain at a 60% interest, the two parties will enter into a joint venture agreement.

Subsequent to March 31, 2010, the Company terminated the Pinchi property option agreement on May 14, 2010.

(iv) 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 5), which the Company has recorded at a nominal value of $1.

(v) Pond Property

Effective August 1, 2008, the Company entered into an agreement with a private arm's-length company for an exclusive option whereby the Company may acquire, over up to a four year period, the right to earn an undivided 100% interest in the Pond property, subject to a 2% NSR, which the Company may acquire for $2,000,000. Consideration for acquiring the 100% undivided interest in the Pond property is to consist of staged payments totaling $215,000 ($5,000 paid) and the incurring of expenditures totaling $225,000 on the property, prior to August 2012.

During the year ended March 31, 2010, the Company terminated the Pond agreement.

(vi) Bodine Property

In November 2006, the Company reached an option agreement with an arm's length party to acquire a 100% undivided interest in the Bodine property ("Bodine") which is located in the Omineca Mining Division in central British Columbia. The Company can acquire its interest in Bodine by making staged cash payments totaling $225,000 ($125,000 paid) and expending $2,000,000 (incurred) on the property over four years. Bodine is subject to a 3% NSR, 2% of which may be purchased at the Company's sole discretion for $2,000,000 with the remaining 1% subject to a right of first refusal in favor of the Company. Annual advance royalty payments of $50,000 will be payable beginning from the fifth year of the agreement to the fifteenth year of the agreement. In January 2010, the Company terminated the Bodine property agreement.

In June 2009, the Company reached an agreement (the "Falkirk Agreement") with Falkirk Resources Corp. ("Falkirk"), which was subsequently amended on August 25, 2009. Under the amended option agreement and subject to the underlying Bodine Property Agreement, Falkirk has the right to earn a 50% interest in the Bodine property by issuing 200,000 common shares to the Company (100,000 shares issued) and funding $600,000 in exploration expenditures on or before December 31, 2009 (completed). In January 2010, the Company and Falkirk mutually terminated the Falkirk agreement.

(vii) Sitlika Properties

The Company acquired by staking 100% interests in several mineral properties located in the Omineca, Cariboo and Clinton Mining Divisions of British Columbia, ranging in location from approximately 110 kilometers northeast of Smithers to approximately 35 kilometers southwest of Williams Lake. As of March 31, 2010, these properties included the Aspira, Huge East, Megamine, and Polymet claims and in total comprised 17 square kilometers.

(viii) Rapid Property

In April 2008, the Company acquired, by staking, claims known as the Rapid Property, which is located 27 kilometers northeast of the Aspira Property (part of the Sitlika Properties) and 36 kilometers northwest of the town of Fort St. James. As at March 31, 2010, the Company's claims in Rapid property comprised approximately 5 kilometers.

(ix) Other Properties

The Chona Agreement with an arm's length party, through which the Company retained a 2.5% net smelter royalty in the Chona claims, which were part of the Witch property located in BC, has lapsed.

The AA Agreement with an arm's length party, through which the Company retained a 1.5% net smelter royalty interest in the AA claims, which were part of the Iskut properties located in BC, has lapsed.

(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.

8. 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

<u>Fiscal year ended March 31, 2010.</u>

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 of proceeds from this flow-through share issuance unspent after February 2010. As of March 31, 2010, approximately $1,659,000 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 7(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.

<u>Fiscal year ended March 31, 2009.</u>

In December 2008, the Company completed a private placement of 5,000,000 units at a price of $0.10 per unit. Each unit consisted of one flow-through common share and one non-flow-through warrant. Each warrant is exercisable to purchase one additional common share at a price of $0.10

(Expressed in Canadian Dollars, unless otherwise stated)

for a 24 month period. In accordance with the terms of the flow-through share agreements, the Company has spent total proceeds from the share issuance on eligible exploration expenses and has renounced those expenses to the investors.

Fiscal year ended March 31, 2008.

During the year ended March 31, 2008, pursuant to exercise of share purchase warrants, the Company issued 4,440,000 flow-through common shares and 350,000 non-flow-through common shares for total proceeds of $2,442,000 and $192,500 respectively. During the year ended March 31, 2009, the Company spent total proceeds from this flow-through share issuance on eligible exploration expenses and renounced those expenses to the investors, in accordance with the terms of the flow-through share agreements.

(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 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

The continuity of share purchase options for the year ended March 31, 2009 was:

Expiry date	Exercise price	March 31 2008	Granted	Exercised	Expired/ Cancelled	March 31 2009
July 19, 2011	$ 0.70	–	1,828,200	–	(114,600)	1,713,600
Weighted average exercise price		$ –	$ 0.70	$ –	$ 0.70	$ 0.70

(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 fiscal year 2010, and which have been reflected in the consolidated statements of operations, is as follows:

	Year ended March 31		
	2010	2009	2008
Exploration			
Engineering	$ 5,658	$ 18,796	$ –
Environmental, socioeconomic and land	2,385	3,793	–
Geological	47,961	75,889	–
Exploration	56,004	98,478	–
Operations and administration	82,381	145,583	–
Total compensation cost recognized in operations, credited to contributed surplus	$ 138,385	$ 244,061	$ –

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

	Year ended March 31		
	2010	2009	2008
Risk free interest rate	2.48%	1.96%	–
Expected life	3 years	3 years	–
Expected volatility	85%	83%	–
Expected dividends	Nil	nil	–

(d) *Share purchase warrants*

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

(Expressed in Canadian Dollars, unless otherwise stated)

The continuity of share purchase warrants (each warrant redeemable for one common share) for the year ended March 31, 2009 was:

Expiry date	Exercise Price	March 31 2008	Issued	Exercised	Expired/ Cancelled	March 31 2009
January 17, 2009	$ 0.55	5,700,000	–	–	(5,700,000)	–
February 9, 2011	$ 0.10	–	5,000,000	–	–	5,000,000
Total		5,700,000	5,000,000	–	(5,700,000)	5,000,000
Weighted average exercise price		$ 0.55	$ 0.10	$ –	$ 0.55	$ 0.10

(e) *Contributed surplus*

The components of contributed surplus were:

	March 31 2010	March 31 2009
Fair value of warrants	$ 982,110	$ 982,110
Cumulative stock-based compensation	1,275,363	1,136,978
Contributed surplus transferred to share capital relating to options exercised	(405,096)	(405,096)
Balance, end of the year	$ 1,852,377	$ 1,713,992

9. RELATED PARTY BALANCES AND TRANSACTIONS

Balances receivable	March 31 2010	March 31 2009
Hunter Dickinson Services Inc. (a)	$ 29,870	$ 90,140
Farallon Minera Mexicana.S.A. de C.V (c)	–	44,675
Total	$ 29,870	$ 134,815

Transactions	Year ended March 31		
	2010	2009	2008
Services rendered and expenses reimbursed:			
Hunter Dickinson Services Inc. (a)	$ 1,526,583	$ 2,658,528	$ 1,603,106
Interest income on loan:			
Rockwell Diamonds Inc. (b)	$ –	$ –	$ 53,629
Sale of equipment:			
Farallon Minera Mexicana.S.A. de C.V (c)	$ –	$ 32,679	$ –

(Expressed in Canadian Dollars, unless otherwise stated)

(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. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis.

(b) Rockwell Diamonds Inc. ("Rockwell"), formerly named Rockwell Ventures Inc., is a public company with certain directors in common with the Company. In January 2007, the Company advanced $5,500,000 to Rockwell pursuant to a 90-day promissory note. Interest on the promissory note was calculated at a rate of 20% per annum, compounded quarterly. Interest was payable in common shares of Rockwell. In April 2007, Rockwell repaid the principal amount of the loan, together with 497,993 common shares of Rockwell at a deemed price of $0.495, representing payment of interest on the 90-day promissory note.

In June 2007, the Company sold its 497,993 common shares of Rockwell for proceeds of $315,499. A gain of $68,992 was recorded on the sale.

(c) Farallon Minera Mexicana S.A. de C.V. ("FMM") is a subsidiary of Farallon Resources Ltd., a publicly traded company which has a director in common with the Company. During the year ended March 31, 2009, the Company sold some used equipment with a book value of $18,673 to FMM at market value, for US$30,800 ($32,679).

10. INCOME TAXES

As at March 31, 2010 and 2009, the estimated tax effects of the significant components within the Company's future income tax assets (liabilities) are as follow:

	March 31 2010	March 31 2009
Future income tax assets (liabilities)		
Resource pools	$ 2,707,000	$ 2,532,000
Loss carry forwards	1,057,000	593,000
Financing expenses	65,000	15,000
Equipment	9,000	5,000
Subtotal	3,838,000	3,145,000
Valuation allowance	(3,838,000)	(3,145,000)
Net future income tax asset	$ –	$ –

(Expressed in Canadian Dollars, unless otherwise stated)

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	March 31 2010	March 31 2009
Combined Canadian federal and provincial statutory rate	29.63%	30.75%
Income tax at statutory rates	$ (1,215,000)	$ (1,571,000)
Permanent differences	435,000	771,000
Tax rate differences	128,000	383,000
Adjustments of taxes of prior periods	(41,000)	872,000
Change in valuation allowance	693,000	(455,000)
	$ –	$ –

At March 31, 2010, the Company had non-capital losses available for Canadian income tax purposes totaling approximately $2.6 million (2009 – $2.4 million) expiring in various periods to 2029, and taxable capital losses of $1.6 million (2009 – $nil) that do not expire.

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

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

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

In order to facilitate the management of its capital requirements, the Company prepares annual operating plan that are approved by the Board of Directors.

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

There were no changes to the Company's approach to capital management during the year ended March 31, 2010.

(b) Carrying Amounts and Fair Values of Financial Instruments

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

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2010.

	Financial assets at fair value as at March 31, 2010			
	Level 1	Level 2	Level 3	Total
Marketable securities and investments	$ 45,376	$ –	$ –	$ –

(c) Financial Instrument Risk Exposure and Risk Management

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

(i) Credit Risk

The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents in high quality investments with major financial institutions and in federal government-backed treasury bills. The Company does not have any financial assets that are invested in asset backed commercial paper.

(ii) Liquidity Risk

The Company ensures that there is sufficient cash in order to meet its short term business requirements, after taking into account the Company's holdings of cash and cash equivalents. The

Company's cash and equivalents are invested in business accounts, commercial paper and treasury bills, which are immediately available on demand for the Company's use.

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

(iii) Market Risk

The significant market risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

The Company incurs substantially all of its expenditures in Canada and a significant portion of its cash and cash equivalents are denominated in Canadian dollars ("CAD"). At March 31, 2010, the Company was exposed to foreign exchange risk to the extent of exchange rate fluctuation and a resultant change in the value of its cash and cash equivalents held in US dollars ("USD").

The exposure of the Company's financial assets to foreign exchange risk is as follows:

Expressed in CAD equivalents	March 31 2010	March 31 2009
Financial assets		
United States dollars	$ 118,199	$ 117,878
Mexican pesos	–	37,072
Total financial assets	$ –	$ 154,950

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

The Company currently does not engage in foreign currency hedging.

(Expressed in Canadian Dollars, unless otherwise stated)

The following significant exchange rates applied during the year:

	2010	2009
Canadian dollars per United States dollar		
Closing rate at March 31	1.0158	1.2613
Average rate during the year	1.0904	1.1274
Mexican Peso per Canadian dollar		
Closing rate at March 31	12.171	11.227
Average rate during the year	12.037	10.641

Interest rate risk

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

Price risk

The Company is subject to price risk in respect of its investments in marketable securities (note 5).

12. SUBSEQUENT EVENTS

There were no significant events subsequent to March 31, 2010 requiring disclosure in these consolidated financial statements.

YEAR ENDED MARCH 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 audited consolidated financial statements of Amarc Resources Ltd. ("Amarc", or the "Company") for the year ended March 31, 2010, which are publicly available on SEDAR at www.sedar.com.

This MD&A is prepared as of July 7, 2010. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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

1.2 Overview

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.

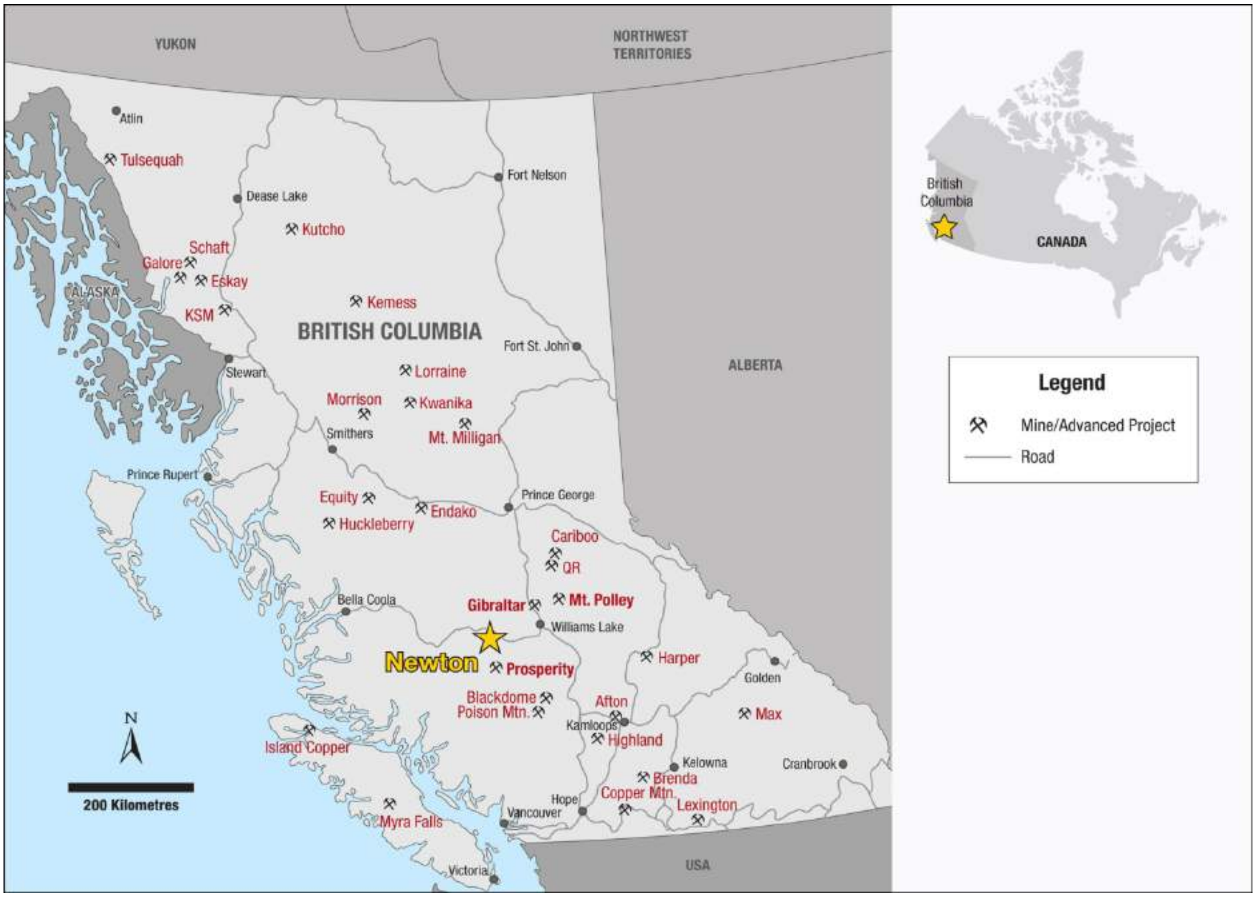

Figure 1. Location of Amarc's Newton project.

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 on 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.

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%.

The most intensively developed mineralization includes disseminated sulphides, and appears to be preferentially localized within pervasively altered volcaniclastic and epiclastic rocks units. These host rocks are characterized by both a high permeability and an anticipated wide geographic distribution – features that are representative of 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. The results of these exploration works will be combined with information from the 2009 drill program and historical data in order to define the 2010 drill targets. The permit application 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 ZTEM (Z-axis Tipper Electromagnetic system) kilometre 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 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 sampling and IP geophysical surveys, is underway on priority targets. The results of these exploration works will allow the prioritization of targets for drill testing.

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 Pinchi Property

Amarc has terminated the Pinchi Property Option Agreement with Lysander Minerals Corp. The Company has relinquished all interest in the Pinchi property in order to focus its efforts on the Newton project and the adjacent Plateau Gold-Copper Belt.

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 Sitlika Belt had been targeted for its potential to host volcanogenic massive sulphide deposits. Approximately $6.9 million was spent on exploration of the Sitlika Belt and targeted properties within the belt between 2007 and 2009. 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 252 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 2,700,000 common shares over four years. Tulox has made a $10,000 cash payment and issued 250,000 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

The **AA** Agreement with an arm's length party, through which the Company retained a 1.5% net smelter royalty interest in the AA property, located in BC, has lapsed. No further work is planned on the AA property.

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 early July 2010 is US$1,156/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 in 2010 to the date of this report is US$3.23/lb.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars.

	As at March 31		
	2010	**2009**	**2008**
Current assets	$ 4,650,024	$ 3,372,621	$ 7,963,247
Mineral property interests	2	4	4
Equipment	37,863	54,091	20,369
Total assets	4,687,889	3,426,716	7,983,620
Current liabilities	32,999	33,339	225,144
Shareholders' equity	4,654,890	3,393,377	7,758,476
Total shareholders' equity & liabilities	4,687,889	3,426,716	7,983,620
Working capital	$ 4,617,025	$ 3,339,282	$ 7,738,103

	Years ended March 31		
	2010	**2009**	**2008**
Expenses (Income)			
Amortization	$ 16,228	$ 21,704	$ 5,092
Exploration	3,195,315	4,619,185	3,066,939
Legal, accounting and audit	36,289	37,120	55,162
Management and consulting	23,241	58,464	48,795
Office and administration	153,518	178,078	183,842
Salaries and benefits	311,512	208,906	257,060
Shareholder communication	103,538	122,932	72,860
Travel and conference	48,493	53,960	96,425
Trust and filing	59,138	25,915	26,903
Foreign exchange loss (gain)	39,576	(218,818)	138,026
Interest and other (income)	(23,688)	(309,149)	(315,812)
Tax relating to flow-through shares	–	80,809	–
(Gain) on sale of equipment	–	(14,007)	–
Subtotal	3,963,160	4,865,099	3,635,292
Stock-based compensation expense (recovery)	138,385	244,061	–
(Gain) on sale of marketable securities	–	–	(68,992)
Net loss for the year	$ 4,101,545	$ 5,109,160	$ 3,566,300
Other comprehensive (income) loss:			
Unrealized loss on marketable securities	2,625	–	–
Total comprehensive loss	$ 4,104,170	$ 5,109,160	$ 3,566,300
Basic and diluted loss per share	$ 0.05	$ 0.07	$ 0.06
Weighted average number of common shares outstanding	75,376,733	68,465,500	63,343,763

1.4 Summary of Quarterly Results

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

	Mar 31 2010	Dec 31 2009	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008
Current assets	$ 4,650	$ 4,082	$ 2,931	$ 3,023	3,373	2,025	4,054	6,697
Other assets	38	42	46	49	54	60	65	90
Total assets	4,688	4,124	2,977	3,072	3,427	2,085	4,119	6,787
Current liabilities	33	362	683	67	34	132	1,040	498
Shareholders' equity	4,655	3,762	2,294	3,005	3,393	1,953	3,079	6,289
Total liabilities & shareholders' equity	4,688	4,124	2,977	3,072	3,427	2,085	4,119	6,787
Working capital	4,617	3,720	2,248	2,956	3,339	1,893	3,014	6,199
Expenses								
Amortization	4	4	3	6	6	6	6	4
Exploration	823	1,638	790	196	301	1,515	2,974	1,264
Tax credits received	–	–	(252)	–	(1,435)	–	–	–
Legal, accounting and audit	23	2	5	6	31	2	(4)	8
Management and consulting	23	1	–	–	2	17	28	12
Office and administration	43	23	46	41	35	39	50	55
Salaries and benefits	108	25	73	106	(97)	107	123	76
Shareholder communication	47	13	25	18	(78)	44	96	61
Travel and conference	31	5	7	6	9	8	18	18
Trust and filing	46	6	7	1	10	9	5	1
Subtotal	1,148	1,717	704	380	(1,217)	1, 747	3,297	1,500
Foreign exchange loss (gain)	–	(3)	30	13	(6)	(177)	(41)	5
Gain on disposal of equipment	–	–	–	–		–	(14)	–
Interest income	(5)	(4)	(12)	(4)	(232)	(9)	(32)	(36)
Tax related to flow-through financing	–	–	–	–	16	65	–	–
Subtotal	1,143	1,710	722	389	(1,440)	1,626	3,211	1,469
Stock-based compensation	(42)	125	22	33	39	11	194	–
Net loss (gain) for the period	1,101	1,835	744	422	(1,401)	1,637	3,405	1,469
Unrealized loss (gain) on available-for-sale marketable securities	3	(5)	5	–	–	–	–	–
Comprehensive loss (income) for the period	$ 1,104	$ 1,830	$ 749	$ 422	$ (1,401)	$ 1,637	$ 3,405	$ 1,469
Basic and diluted net loss (profit) per share	$ 0.01	$ 0.03	$ 0.01	$ 0.01	$ (0.02)	$ 0.02	$ 0.05	$ 0.02
Weighted average number of common shares outstanding (thousands)	83,288	72,839	72,783	72,739	70,684	67,848	67,739	67,739

1.5 Results of Operations

The net loss for the year ended March 31, 2010 decreased to $4,101,545 compared to a net loss of $5,109,160 for the previous year. The decrease in loss was mainly due to a decrease in exploration expenditures in the current year compared to the previous year.

During the year ended March 31, 2010, the Company received BC mineral exploration tax credits ("METC–BC") in the amount of $252,086, compared to receipts totaling $1,435,072 in the previous year (see section 1.7 below). These amounts were credited to "exploration expenses" in the statement of operations.

Exploration expenses, before METC–BC, decreased to $3,447,401 in the fiscal year 2010, compared to $6,054,257 in the previous year. The major exploration expenditures during the year were geological (2010 – $1,754,542; 2009 – $2,535,996), drilling (2010 – $670,306; 2009 – $806,590), assay and analysis (2010 – $251,569; 2009 – $596,349), transportation (2010 – $118,161; 2009 – $600,495), site activities (2010 – $255,047; 2009 – $489,674) and environmental (2010 – $108,366; 2009 – $15,475).

The major administrative costs during the year were salaries and benefits (2010 – $311,512; 2009 – $208,906), office and administration (2010 – $153,518; 2009 – $178,078), conference and travel (2010 – $48,493; 2009 – $53,960), management and consulting (2010 – $23,241; 2009 – $58,464), and shareholder communication (2010 – $103,538; 2009 – $122,932).

Stock-based compensation expense of $138,385 was charged to operations during fiscal 2010, compared to $244,061 for fiscal 2009. This is mainly due to the amortization of a greater number of options granted in fiscal 2009.

A foreign exchange loss of $39,576 was recorded during the year ended March 31, 2010, compared to a gain of $218,818 in the previous year. The loss during the current year is primarily attributable to the Company's US dollar denominated financial assets mainly held in cash and cash equivalents and due to appreciation of Canadian dollar against the US dollar. At March 31, 2010 the Company held approximately US$100,000 (2009 – US$100,000).

During the current year, interest income decreased to $23,688, compared to $309,149 in the previous year. Interest income in the previous year was substantially higher than the current year mainly due to interest on the mineral exploration tax credit received in the previous 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 March 31, 2010, the Company had working capital of approximately $4.6 million, compared to working capital of $3.3 million at March 31, 2009. 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, 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.

Operating activities

Cash used in operating activities was $3,895,475 in fiscal year 2010, compared to $5,180,762 for the previous year. Cash used in operating activities was attributable primarily to exploration programs carried out on its British Columbia mineral properties. The Company anticipates continuing to use its cash to carry out its exploration programs.

Investing activities

Cash provided by investing activities was $34,148 in the fiscal year 2010, compared to cash used for investing activities of $74,097 in the previous year. Cash provided by investing activities during the current year represents the proceeds from sale of equipment. Cash outflow from investing activities in the prior year resulted from the purchase of equipment.

Financing activities

Cash inflows from financing activities were $5,210,298 in fiscal year 2010, compared to $500,000 for the previous year. Cash flows from financing activities were attributable to cash received from private placement.

Requirement for financing

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

1.7 Capital Resources

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

The Company received $252,086 in cash from the BC METC program in 2010, compared to receipts totaling $1,435,072 in the previous year. The METC initiative was introduced by the BC Government to stimulate new economic activity in the province and includes an enhanced credit for mineral exploration in areas affected by the mountain pine beetle infestation.

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 9 of the accompanying audited financial statements as at and for the year ended March 31, 2010.

1.10 Fourth Quarter

The net loss for the fourth quarter of fiscal 2010 was $1,148,000, compared to a net loss of $1,717,000 in the third quarter of the year.

Exploration expenses decreased to $823,000 in the fourth quarter of 2010 from $1,638,000 in the third quarter of the same year due to the timing of exploration expenses.

Salaries and benefits increased to $108,000 from $25,000 in third quarter of the same year.

1.11 Proposed Transactions

There are no proposed transactions requiring disclosure under this section.

1.12 Critical Accounting Estimates

Not required. The Company is a venture issuer.

1.13 Changes in Accounting Policies including Initial Adoption

The required disclosure is provided in note 4 of the accompanying audited financial statements as at and for the year ended March 31, 2010.

1.14 Financial Instruments and Other Instruments

The required disclosure is provided in note 11 of the accompanying audited financial statements as at and for the year ended March 31, 2010.

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 audited consolidated financial statements for the year ended March 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 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 July 7, 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 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:

- 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.