



**AMARC RESOURCES LTD.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED  
JUNE 30, 2020 and 2019

*(Expressed in Canadian Dollars)*

*(Unaudited)*

## **Notice to Reader**

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

## Amarc Resources Ltd.

### Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

|   | Note | June 30,<br>2020  | March 31,<br>2020 |
|---|------|-------------------|-------------------|
| <b>ASSETS</b>                                     |      |                   |                   |
| <b>Current assets</b>                             |      |                   |                   |
| Cash  | 3    | \$ 22,645         | \$ 249,183        |
| Amounts receivable and other assets               | 5    | 60,398            | 83,378            |
| Marketable securities                             |      | 16,892            | 18,356            |
|   |      | 99,935            | 350,917           |
| <b>Non-current assets</b>                         |      |                   |                   |
| Restricted cash                                   | 4    | 178,401           | 178,143           |
| <b>Total assets</b>                               |      | <b>\$ 278,336</b> | <b>\$ 529,060</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |      |                   |                   |
| <b>Current liabilities</b>                        |      |                   |                   |
| Accounts payable and accrued liabilities          | 7    | \$ 97,327         | \$ 100,075        |
| Balance due to a related party                    | 10   | 840,868           | 591,979           |
| Director's loan                                   | 8    | 300,000           | 300,000           |
|   |      | 1,238,195         | 992,054           |
| <b>Non-current liabilities</b>                    |      |                   |                   |
| Director's loan                                   | 8    | 525,039           | 512,119           |
| <b>Total liabilities</b>                          |      | <b>1,763,234</b>  | <b>1,504,173</b>  |
| <b>Shareholders' equity</b>                       |      |                   |                   |
| Share capital                                     | 9    | 64,341,556        | 64,341,556        |
| Reserves  | 9    | 5,636,908         | 5,631,897         |
| Accumulated deficit                               |      | (71,463,362)      | (70,948,566)      |
|   |      | (1,484,898)       | (975,113)         |
| <b>Total liabilities and shareholders' equity</b> |      | <b>\$ 278,336</b> | <b>\$ 529,060</b> |

Nature of operations and going concern (note 1)

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

/s/ Robert A. Dickinson

/s/ Scott D. Cousens

Robert A. Dickinson  
Director

Scott D. Cousens  
Director

## Amarc Resources Ltd.

### Condensed Consolidated Interim Statements of Loss

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

|   | Note  | Three months ended June 30, |             |
|---|-------|-----------------------------|-------------|
|   |       | 2020                        | 2019        |
| <b>Expenses</b>   | 10,11 |                             |             |
| Exploration and evaluation                                  |       | \$ 344,091                  | \$ 311,551  |
| Assays and analysis   |       | 67,766                      | 5,614       |
| Equipment rental  |       | -                           | 4,350       |
| Geological, including geophysical                           |       | 226,673                     | 198,313     |
| Property acquisition and assessments costs                  |       | 198                         | 21,268      |
| Site activities   |       | 29,591                      | 8,889       |
| Socioeconomic   |       | 19,863                      | 66,486      |
| Travel and accommodation                                    |       | -                           | 6,631       |
| Administration  |       | 119,571                     | 182,843     |
| Legal, accounting and audit                                 |       | 3,767                       | 18,597      |
| Office and administration                                   | 11(b) | 101,554                     | 126,273     |
| Shareholder communication                                   |       | 8,113                       | 22,629      |
| Travel and accommodation                                    |       | 5,008                       | 10,362      |
| Trust and regulatory  |       | 1,129                       | 4,982       |
| Equity-settled share-based compensation                     |       | 6,476                       | -           |
|   |       | 470,138                     | 494,394     |
| <b>Other items</b>  |       |                             |             |
| Finance income  |       | (674)                       | (1,728)     |
| Interest expense – director's loans                         | 8     | 32,411                      | 22,438      |
| Transaction cost – director's loans                         | 8     | 12,920                      | 38,174      |
| Foreign exchange loss                                       |       | 1                           | 40          |
| <b>Net loss</b>   |       | \$ 514,796                  | \$ 553,318  |
| <b>Basic and diluted loss per common share</b>              |       | \$ 0.00                     | \$ 0.00     |
| <b>Weighted average number of common shares outstanding</b> |       | 175,602,894                 | 170,602,894 |

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

## Amarc Resources Ltd.

### Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

|  | Three months ended June 30, |            |
|--|-----------------------------|------------|
|  | 2020                        | 2019       |
| <b>Net loss</b>  | \$ 514,796                  | \$ 553,318 |
| <b>Other comprehensive loss:</b>                                     |                             |            |
| Items that will not be reclassified subsequently to profit and loss: |                             |            |
| Revaluation of marketable securities                                 | 1,465                       | 5,497      |
| <b>Total other comprehensive loss</b>                                | 1,465                       | 5,497      |
| <b>Comprehensive loss</b>  | \$ 516,261                  | \$ 558,815 |

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

## Amarc Resources Ltd.

### Condensed Consolidated Interim Statements of Changes in (Deficiency) Equity

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

|   | Share capital      |                      | Reserves                     |                                |                        |                        | Deficit               | Total |
|---|--------------------|----------------------|------------------------------|--------------------------------|------------------------|------------------------|-----------------------|-------|
|   | Number of shares   | Amount               | Share-based payments reserve | Investment revaluation reserve | Share warrants reserve |                        |                       |       |
| Balance at April 1, 2019                            | 170,602,894        | \$ 64,041,556        | \$ 2,202,640                 | \$ 19,519                      | \$ 2,882,923           | \$ (69,689,556)        | \$ (542,918)          |       |
| Net loss for the period                             | -                  | -                    | -                            | -                              | -                      | (553,318)              | (553,318)             |       |
| Other comprehensive loss for the period             | -                  | -                    | -                            | (5,497)                        | -                      | -                      | (5,497)               |       |
| Total comprehensive loss                            | -                  | -                    | -                            | (5,497)                        | -                      | (553,318)              | (558,815)             |       |
| Gain on disposition of equity investments at FVTOCI | -                  | -                    | -                            | (5,455)                        | -                      | 5,455                  | -                     |       |
| <b>Balance at June 30, 2019</b>                     | <b>170,602,894</b> | <b>\$ 64,041,556</b> | <b>\$ 2,202,640</b>          | <b>\$ 14,022</b>               | <b>\$ 2,882,923</b>    | <b>\$ (70,242,874)</b> | <b>\$ (1,101,733)</b> |       |
| Balance at April 1, 2020                            | 175,602,894        | \$ 64,341,556        | \$ 2,244,764                 | \$ 13,761                      | \$ 3,373,372           | \$ (70,948,566)        | \$ (975,113)          |       |
| Net loss for the period                             | -                  | -                    | -                            | -                              | -                      | (514,796)              | (514,796)             |       |
| Other comprehensive loss for the period             | -                  | -                    | -                            | (1,465)                        | -                      | -                      | (1,465)               |       |
| Total comprehensive loss                            | -                  | -                    | -                            | (1,465)                        | -                      | (514,796)              | (516,261)             |       |
| Equity-settled share-based compensation             | -                  | -                    | 6,476                        | -                              | -                      | -                      | 6,476                 |       |
| <b>Balance at June 30, 2020</b>                     | <b>175,602,894</b> | <b>\$ 64,341,556</b> | <b>\$ 2,251,240</b>          | <b>\$ 12,296</b>               | <b>\$ 3,373,372</b>    | <b>\$ (71,463,362)</b> | <b>\$ (1,484,898)</b> |       |

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

## Amarc Resources Ltd.

### Condensed Consolidated Interim Statements of Cash Flows

(Unaudited - Expressed in Canadian Dollars)

|   | Note | Three months ended June 30, |              |
|---|------|-----------------------------|--------------|
|   |      | 2020                        | 2019         |
| <b>Operating activities</b>                         |      |                             |              |
| Loss for the period                                 |      | \$ (514,796)                | \$ (553,318) |
| Adjustments for:                                    |      |                             |              |
| Equity-settled share-based compensation             |      | 6,476                       | -            |
| Finance income                                      |      | -                           | (1,728)      |
| Interest expense – director's loans                 | 8    | 32,411                      | 22,438       |
| Transaction cost – director's loans                 | 8    | 12,920                      | 38,174       |
| Changes in working capital items                    |      |                             |              |
| Amounts receivable and other assets                 |      | 22,980                      | 271,848      |
| Restricted cash                                     |      | (258)                       | -            |
| Accounts payable and accrued liabilities            |      | (2,749)                     | 24,082       |
| Balance due to a related party                      |      | 216,478                     | 8,727        |
| Net cash (used in) provided by operating activities |      | (226,538)                   | (189,777)    |
| <b>Investing activities</b>                         |      |                             |              |
| Proceeds from disposition of marketable securities  |      | -                           | 5,455        |
| Interest received                                   |      | -                           | 1,728        |
| Net cash provided by investing activities           |      | -                           | 7,183        |
| <b>Financing activities</b>                         |      |                             |              |
| Interest paid on director's loans                   | 8    | -                           | (22,192)     |
| Net cash (used in) financing activities             |      | -                           | (22,192)     |
| <b>Net (decrease) increase in cash</b>              |      | (226,538)                   | (204,786)    |
| <b>Cash, beginning balance</b>                      |      | 249,183                     | 282,996      |
| <b>Cash, ending balance</b>                         | 3    | \$ 22,645                   | \$ 78,210    |

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

# AMARC RESOURCES LTD.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The Company’s continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to continue the exploration and development of its mineral property interests and to obtain the permits necessary to mine, and the future profitable production from its mineral property interest or proceeds from the disposition of its mineral property interests.

These condensed consolidated interim financial statements as at and for the three months ended June 30, 2020 (the “Financial Statements”) have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. As at June 30, 2020, the Company had cash of \$22,645, a working capital deficit of \$1,138,260, and a shareholders’ deficiency of \$71,463,362.

The Company will need to seek additional financing to meet its exploration and development objectives. The Company has a reasonable expectation that additional funds will be available when necessary to meet ongoing exploration and development costs. However, there can be no assurance that the Company will continue to be able to obtain additional financial resources or will achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to re-evaluate its planned expenditures until additional funding can be raised through financing activities. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

These Financial Statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are described below. These policies have been consistently applied for all years presented, unless otherwise stated.

## **AMARC RESOURCES LTD.**

### **Notes to the Condensed Consolidated Interim Financial Statements**

For the three months ended June 30, 2020 and 2019

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

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#### *(a) Statement of compliance*

These Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and the interpretations by the IFRS Interpretation Committee (“IFRIC”). These Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards (“IFRS”) for complete financial statements for year-end reporting purposes. These Financial Statements should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended March 31, 2020. Results for the reporting period ended June 30, 2020 are not necessarily indicative of future results. The accounting policies and methods of computation applied by the Company in these Financial Statements are the same as those applied by the Company in its more recent annual financial statements, which are filed under the Company’s provide on SEDAR at [www.sedar.com](http://www.sedar.com).

The Audit Committee of the Company’s Board of Directors authorized these Financial Statements for issuance on August 28, 2020.

#### *(b) Basis of presentation and consolidation*

These Financial Statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through other comprehensive income, which are reported at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

These Financial Statements include the financial statements of the Company and its wholly-owned subsidiary, 1130346 B.C. Ltd. (the “Subco”), incorporated under the laws of BC. The Subco was incorporated for the purposes of entering into an option agreement related to the JOY Project. As at June 30, 2020 and 2019, the Subco did not have any assets, liabilities, income or expenses. Intercompany balances and transactions are eliminated in full on consolidation.

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current period.

#### *(c) Significant accounting estimates and judgements*

The critical estimates and judgements applied in the preparation of these Financial Statements are consistent with those applied in the Company’s audited consolidated financial statements as at and for the year ended March 31, 2020.

#### *(d) Operating segments*

The Company operates as a single reportable segment—the acquisition, exploration and development of mineral properties. All assets are held in Canada.

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

#### 3. CASH

The Company's cash is invested in business and savings accounts, which are available on demand by the Company.

#### 4. RESTRICTED CASH

Restricted cash represents amounts held in support of exploration permits. The amounts are refundable subject to the consent of regulatory authorities upon completion of any required reclamation work on the related projects.

#### 5. AMOUNTS RECEIVABLE AND OTHER ASSETS

|                      | June 30,<br>2020 | March 31,<br>2020 |
|----------------------|------------------|-------------------|
| Sales tax refundable | \$ 23,831        | \$ 16,858         |
| Prepaid insurance    | 36,567           | 66,520            |
| Total                | \$ 60,398        | \$ 83,378         |

#### 6. EXPLORATION AND EVALUATION EXPENSES AND COST RECOVERIES

Below is a summary of the Company's major exploration projects and their associated royalties, where the Company is currently incurring the majority of its exploration work.

##### (a) *IKE Project Capped Royalties*

Amarc has a 100% interest in the IKE, Granite, Galore and Juno Properties, which make up the IKE Project that is located in south-central BC. The mineral claims comprising the Juno Property were staked and are owned 100% by the Company.

The IKE Property claims carry a Net Smelter Return ("NSR") royalty obligation of 1%, subject to a \$2 million cap with the Company able to purchase the royalty at any time by payment of the same amount. These claims carry an additional NSR royalty of 2%, subject to the Company retaining the right to purchase up to the entire royalty amount by the payment of up to \$4 million. The Company has also agreed to make annual advance royalty payments of \$50,000 to the holders of the 2% NSR royalty interest and, upon completion of a positive feasibility study, to issue to these same parties 500,000 common shares.

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

The Granite Property claims are subject to a 2% NSR royalty which can be purchased for \$2 million. In addition, there is an underlying 2.5% NSR royalty on certain mineral claims within the Granite Property, which can be purchased at any time for \$1.5 million less any amount of royalty already paid.

The entire IKE Project is subject to a 1% NSR royalty from mine production capped at a total of \$5 million.

#### *(b) JOY Project Royalties*

The 100% Amarc owned JOY Project comprises the JOY, PINE and Paula Properties, and also the STAKED Claims, which is located in north-central BC. The mineral claims comprising the STAKED Claims were staked and are owned 100% by the Company.

On November 21, 2017, Amarc acquired 100% interest in the JOY Property from a private company wholly-owned by one of its directors (note 10(c)) for the reimbursement of the vendor's direct acquisition costs of \$335,299. The JOY Property is subject to an underlying 3% NSR royalty from production to a former owner, which is capped at \$3.5 million.

The PINE Property is subject to a 2.5% Net Profit Interest ("NPI") royalty on mineral claims comprising about 96% of the PINE Property and a 1% NSR royalty on the balance of the claims. The NPI royalty can be reduced to 1.25% at any time through the payment of \$2.5 million in cash or shares. The NSR royalty can be reduced to 0.50% through payment of \$2.5 million in cash or shares.

The PINE Property is also subject to a 3% underlying NSR royalty payable from production to a former owner and capped at \$5 million payable from production.

The Paula Property, which comprises a single mineral claim, is subject to a 1% NSR royalty payable from commercial production that is capped at \$0.5 million.

#### DUKE Project

The DUKE Project is located in central BC. In November 2016, the Company entered into a purchase agreement with a private company wholly-owned by one of its directors (note 10(c)) to purchase a 100% interest in the DUKE property for the reimbursement of the vendor's direct acquisition costs of \$168,996.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                     | June 30,<br>2020 | March 31,<br>2020 |
|---------------------|------------------|-------------------|
| Accounts payable    | \$ 77,331        | \$ 80,075         |
| Accrued liabilities | 19,996           | 20,000            |
| Total               | \$ 97,327        | \$ 100,075        |

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

#### 8. DIRECTORS LOANS

|                                   | Three months ended<br>June 30, 2020 | Year ended<br>March 31, 2020 |
|-----------------------------------|-------------------------------------|------------------------------|
| Opening balance                   | \$ 812,119                          | \$ 893,800                   |
| Principal advances                | –                                   | 675,000                      |
| Principal repayments              | –                                   | (375,000)                    |
| Transactions costs                | –                                   | (490,449)                    |
| Amortization of transaction costs | 12,920                              | 108,768                      |
| Closing balance                   | \$ 825,039                          | \$ 812,119                   |

|                     | Three months ended<br>June 30, 2020 | Year ended<br>March 31, 2020 |
|---------------------|-------------------------------------|------------------------------|
| Current portion     | \$ 300,000                          | \$ 300,000                   |
| Non-current portion | 525,039                             | 512,119                      |
| Total               | \$ 825,039                          | \$ 812,119                   |

| Finance expenses                  | Three months ended June 30, |           |
|-----------------------------------|-----------------------------|-----------|
|                                   | 2020                        | 2019      |
| Interest on director's loan       | \$ 32,411                   | \$ 22,438 |
| Amortization of transaction costs | 12,920                      | 38,174    |
| Total                             | \$ 45,331                   | \$ 60,612 |

#### (a) 2019 loan

In December 2019, the Company entered into a loan extension and amendment agreement (the "Loan") with a director and significant shareholder of the Company (the "Lender"), pursuant to which a previous loan agreement with a maturity date of November 26, 2019 was extended for five years or earlier pending the achievement of certain financing milestones. The Loan has a principal sum of \$1,000,000, is unsecured and bears interest at a rate of 10% per annum.

Pursuant to the Loan, the Company issued to the Lender a loan bonus comprising of 16,000,000 common share purchase warrants (the "Warrants") with an expiry of five years and an exercise price of \$0.05 per share (note 9(c)(i)).

#### (b) 2019 bridge loans

In July and August 2019, the Company entered into certain loan agreements (collective the "Bridge Loans") with a director of the Company and a private company wholly-owned by a director of the Company (collectively the "Bridge Lenders"), pursuant to which the Bridge Lenders advanced to the

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

Company an aggregate principal sum of \$375,000 with a 1-year term and bearing interest at 10% per annum. The Bridge Loans were fully repaid in September 2019.

In December 2019, the Company entered into a loan agreement (the “Second Bridge Loan”) with a director of the Company (the “Second Bridge Lender”), pursuant to which the Second Bridge Lender advanced to the Company a principal sum of \$300,000 with a 9-month term and bearing interest at a rate of 10% per annum.

Advances have been measured as financial liabilities at their (cash) transaction values, with the unamortized balance of directly applicable transaction costs, comprised of the fair values of the loan bonus warrants granted, representing a partially offsetting asset balance. Such transaction costs are being expensed pro-rata over the term of the debt, with the effect on the balance sheet presentation being that the aggregate debt is accreted towards its face value.

In August 2020, the principal and interest balances of the Second Bridge Loan were fully repaid.

## 9. SHARE CAPITAL AND RESERVES

### *(a) Authorized and outstanding share capital*

The Company’s authorized share capital consists of an unlimited number of common shares without par value (“Common Shares”) and an unlimited number of preferred shares. All issued Common Shares are fully paid. No preferred shares have been issued.

As at June 30, 2020, there were 175,602,894 Common Shares issued and outstanding (June 30, 2019 – 170,602,894).

### *(b) Share purchase options*

The following summarizes changes in the Company’s share purchase options (the “Options”):

|                                 | June 30, 2020                            |                      | June 30, 2019                            |                      |
|---------------------------------|--|----------------------|--|----------------------|
|                                 | Weighted<br>Average<br>Exercise<br>Price | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price | Number of<br>Options |
| Outstanding – beginning balance | \$0.05                                   | 2,000,000            | -  | -                    |
| Grant                           | -  | -                    | -  | -                    |
| Outstanding – ending balance    | \$0.05                                   | 2,000,000            | -  | -                    |

The following summarizes information on the options outstanding and exercisable as at June 30, 2020:

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

|                |   | <b>Options<br/>Outstanding</b> |   | <b>Options<br/>Exercisable</b> |
|----------------|---|--------------------------------|---|--------------------------------|
| Exercise price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (years) | Number of<br>Options           | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (years) | Number of<br>Options           |
| \$0.05         | 4.26  | 2,000,000                      | 4.26  | 1,000,000                      |
| Total          | 4.26  | 2,000,000                      | 4.26  | 1,000,000                      |

#### (c) Share purchase warrants

The following common share purchase warrants were outstanding at June 30, 2020 and March 31, 2019:

|  | Exercise price | June 30,<br>2020 | March 31,<br>2020 |
|--|----------------|------------------|-------------------|
| Issued pursuant to the Loan (note 9(b)(i)) | \$ 0.05        | 16,000,000       | 16,000,000        |
| Total                                      |                | 16,000,000       | 16,000,000        |

#### (i) 2019 loan bonus warrants

In December 2019, 16,000,000 share purchase warrants were issued pursuant to the Loan (note 8(a)). The fair value of these warrants at issue was determined to be \$490,449 at \$0.03 per warrant using the Black-Scholes pricing model and based on the following assumptions: risk-free rate of 1.57%; expected volatility of 144%; underlying market price of \$0.035; strike price of \$0.05; expiry term of 5 years; and, dividend yield of nil.

In August 2020, 3,000,000 share purchase warrants were exercised for financing the flow-through eligible expenses to be incurred.

## 10. RELATED PARTY TRANSACTIONS

| <b>Balances due to related parties</b> | June 30,<br>2020 | March 31,<br>2020 |
|--|------------------|-------------------|
| Hunter Dickinson Services Inc.         | \$ 718,216       | \$ 507,232        |
| Robert Dickinson (interest payable)    | 117,631          | 79,726            |
| United Mineral Services Ltd.           | 5,021            | 5,021             |
| Total                                  | \$ 840,868       | \$ 591,979        |

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2020 and 2019

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

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#### *(a) Transactions with key management personnel*

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

Note 8 includes the details of a director’s loan. Note 6(b) and 6(c) includes the details of the acquisition of mineral property interests from a private entity wholly-owned by one of the directors of the Company.

During the three months ended June 30, 2020 and 2019, the Company’s President, Chief Executive Officer and Director; Chief Financial Officer (June 30, 2019 only); and Corporate Secretary provided services to the Company under a service agreement with Hunter Dickinson Services Inc. (note 10(b)).

During the three months ended June 30, 2020, the Company incurred a \$1,000 fee for the services provided by the new Chief Financial Officer.

There were no other transactions with KMP during the three months ended June 30, 2020 and 2019.

#### *(b) Hunter Dickinson Services Inc.*

Hunter Dickinson Inc. (“HDI”) and its wholly-owned subsidiary Hunter Dickinson Services Inc. (“HDSI”) are private companies established by a group of mining professionals. HDSI provides contract services for a number of mineral exploration and development companies, and also to companies that are outside of the mining and mineral development space. Amarc acquires services from a number of related and arms-length contractors, and it is at Amarc’s discretion that HDSI provides certain contract services.

The Company has one director in common with HDSI, namely Robert Dickinson. Also, the Company’s President, Chief Executive Officer and Director, Chief Financial Officer (until March 31, 2020) and Corporate Secretary are employees of HDSI and are contracted to work for the Company under an employee secondment agreement between the Company and HDSI.

Pursuant to an agreement dated July 2, 2010, HDSI provides certain cost effective technical, geological, corporate communications, regulatory compliance, and administrative and management services to the Company, on a non-exclusive basis as needed and as requested by the Company. As a result of this relationship, the Company has ready access to a range of diverse and specialized expertise on a regular basis, without having to engage or hire full-time employees or experts. The Company benefits from the economies of scale created by HDSI which itself serves several clients both within and external to the exploration and mining sector.

The Company is not obligated to acquire any minimum amount of services from HDSI. The monetary amount of the services received from HDSI in a given period of time is a function of annually set and agreed charge-out rates for and the time spent by each HDSI employee engaged by the Company.

HDSI also incurs third-party costs on behalf of the Company. Such third party costs include, for example, capital market advisory services, communication services and office supplies. Third-party costs are billed at cost, without markup.

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There are no ongoing contractual or other commitments resulting from the Company's transactions with HDSI, other than the payment for services already rendered and billed. The agreement may be terminated upon 60 days' notice by either the Company or HDSI.

The following is a summary of transactions with HDSI that occurred during the reporting period:

| <b>Transactions with HDSI</b><br><i>(rounded to the nearest thousand CAD)</i>             | Three months ended June 30, |                   |
|---|-----------------------------|-------------------|
|   | 2020                        | 2019              |
| Services received from HDSI and as requested by the Company                               | \$ 307,000                  | \$ 299,000        |
| Information technology – infrastructure and support services                              | 15,000                      | 15,000            |
| Reimbursement, at cost, of third-party expenses incurred by HDSI on behalf of the Company | 64,000                      | 46,000            |
| <b>Total</b>  | <b>\$ 386,000</b>           | <b>\$ 360,000</b> |

#### *(c) United Mineral Services Ltd.*

United Mineral Services Ltd. (“UMS”) is a private company wholly-owned by one of the directors of the Company. UMS is engaged in the acquisition and exploration of mineral property interests.

In November 2016, the Company acquired from UMS a 100% interest in two mineral property interests, namely the JOY Property (note 6(b)) and the DUKE Property (note 6(c)), for aggregate acquisition costs of \$504,295 which were the direct acquisition costs of UMS for the two property interests.

The following is a summary of transactions with UMS that occurred during the reporting period:

| <b>Transactions with UMS</b><br><i>(rounded to the nearest thousand CAD)</i> | Three months ended June 30, |                  |
|--|-----------------------------|------------------|
|  | 2020                        | 2019             |
| Services received from UMS and as requested by the Company                   | \$ -                        | \$ 9,000         |
| <b>Total</b>   | <b>\$ -</b>                 | <b>\$ 20,000</b> |

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#### 11. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED STATEMENTS OF LOSS

##### *(a) Employees' salaries and benefits*

The employees' salaries and benefits included in exploration and evaluation expenses and administration expenses are as follows:

| <b>Employees' salaries and benefits</b><br><i>(rounded to the nearest thousand CAD)</i> | Three months ended June 30, |                   |
|---|-----------------------------|-------------------|
|   | 2020                        | 2019              |
| Salaries and benefits included in the following:  |                             |                   |
| Exploration and evaluation expenses   | \$ 287,000                  | \$ 203,000        |
| Administration expenses <sup>1</sup>  | 92,000                      | 111,000           |
| <b>Total</b>  | <b>\$ 379,000</b>           | <b>\$ 314,000</b> |

1 This amount includes salaries and benefits included in office and administration expenses (note 11(b)) as well as other salaries and benefits expenses classified as administration expenses.

##### *(b) Office and administration expenses*

Office and administration expenses include the following:

| <b>Office and administration expenses</b><br><i>(rounded to the nearest thousand CAD)</i> | Three months ended June 30, |                   |
|---|-----------------------------|-------------------|
|   | 2020                        | 2019              |
| Salaries and benefits   | \$ 61,000                   | \$ 97,000         |
| Insurance   | 21,000                      | 12,000            |
| Data processing and retention   | 15,000                      | 15,000            |
| Other office expenses   | 4,000                       | 3,000             |
| <b>Total</b>  | <b>\$ 101,000</b>           | <b>\$ 127,000</b> |