



**AMARC RESOURCES LTD.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED  
SEPTEMBER 30, 2019 and 2018

*(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	September 30, 2019	March 31, 2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	3	\$ 407,079	\$ 282,996
Amounts receivable and other assets	5	112,336	307,595
Marketable securities		24,220	35,067
		543,635	625,658
<b>Non-current assets</b>			
Restricted cash	4	178,143	173,143
<b>Total assets</b>		<b>\$ 721,778</b>	<b>\$ 798,801</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 61,626	\$ 35,965
Advanced contributions received	6	–	189,021
Balances due to related parties	10	309,433	222,933
Director's loan	8	973,200	893,800
		1,344,259	1,341,719
<b>Total liabilities</b>		<b>1,344,259</b>	<b>1,341,719</b>
<b>Shareholders' equity</b>			
Share capital	9	64,041,556	64,041,556
Reserves	9	5,094,235	5,105,082
Accumulated deficit		(69,758,272)	(69,689,556)
		(622,481)	(542,918)
<b>Total liabilities and shareholders' equity</b>		<b>\$ 721,778</b>	<b>\$ 798,801</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 September 30,		Six months ended September 30,	
		2019	2018	2019	2018
<b>Expenses</b>	10,11				
Exploration and evaluation		\$ 378,450	\$ 2,482,342	\$ 690,001	\$ 3,673,475
Assays and analysis		46,055	163,105	51,669	248,194
Drilling		-	427,109	-	691,142
Equipment rental		-	48,848	4,350	73,523
Geological, including geophysical		174,794	505,579	373,107	867,965
Helicopter and fuel		25,064	754,204	25,064	802,389
Property acquisition and assessments costs		1,562	-	22,830	198
Site activities		101,660	494,501	110,549	821,836
Socioeconomic		24,278	36,012	90,764	96,186
Travel and accommodation		5,037	52,984	11,668	72,042
Administration		237,627	302,790	420,470	490,693
Legal, accounting and audit		78,028	31,976	96,625	32,233
Office and administration	11(b)	130,156	221,181	256,429	357,525
Shareholder communication		8,858	25,252	31,487	64,424
Travel and accommodation		306	5,206	10,668	14,353
Trust and regulatory		20,279	19,175	25,261	22,158
<b>Cost recoveries</b>	6	(1,162,757)	(2,710,399)	(1,162,757)	(3,390,332)
		(546,680)	74,733	(52,286)	773,836
<b>Other items</b>					
Finance income		(634)	(15,312)	(2,362)	(26,997)
Interest expense – director's loans	8	26,151	22,685	48,589	45,123
Transaction cost – director's loans	8	41,226	31,689	79,400	61,029
Foreign exchange loss		790	365	830	486
Gain on disposition of marketable securities		-	(10,454)	-	(10,454)
<b>Net loss</b>		\$ (479,147)	\$ 103,706	\$ 74,171	\$ 843,023
<b>Basic and diluted loss per common share</b>		\$ (0.00)	\$ 0.00	\$ 0.00	\$ 0.00
<b>Weighted average number of common shares outstanding</b>		170,602,894	168,786,227	170,602,894	168,786,227

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 September 30,		Six months ended September 30,	
	2019	2018	2019	2018
<b>Net loss</b>	\$ (479,147)	\$ 103,706	\$ 74,171	\$ 843,023
<b>Other comprehensive loss:</b>				
Items that may be reclassified subsequently to profit and loss:				
Revaluation of marketable securities	-	(10,293)	-	(9,866)
Reallocation of the fair value of marketable securities upon disposition	-	10,454	-	10,454
Items that will not be reclassified subsequently to profit and loss:				
Revaluation of marketable securities	(105)	-	5,392	-
<b>Total other comprehensive loss</b>	(105)	161	5,392	588
<b>Comprehensive loss</b>	\$ (479,252)	\$ 103,867	\$ 79,563	\$ 843,611

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

## Amarc Resources Ltd.

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

(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			
<b>Balance at April 1, 2018</b>	168,786,227	\$ 63,884,056	\$ 2,202,640	\$ 57,459	\$ 2,882,923	\$ (67,781,665)	\$ 1,245,413	
Net loss for the period	-	-	-	-	-	(843,023)	(843,023)	
Other comprehensive loss for the period	-	-	-	(588)	-	-	(588)	
<b>Balance at September 30, 2018</b>	168,786,227	\$ 63,884,056	\$ 2,202,640	\$ 56,871	\$ 2,882,923	\$ (68,624,688)	\$ 401,802	
<b>Balance at April 1, 2019</b>	170,602,894	\$ 64,041,556	\$ 2,202,640	\$ 19,519	\$ 2,882,923	\$ (69,689,556)	\$ (542,918)	
Net loss for the period	-	-	-	-	-	(74,171)	(74,171)	
Other comprehensive loss for the period	-	-	-	(5,392)	-	-	(5,392)	
Total comprehensive loss	-	-	-	(5,392)	-	(74,171)	(79,563)	
Gain on disposition of equity investments at FVTOCI	-	-	-	(5,455)	-	5,455	-	
<b>Balance at September 30, 2019</b>	170,602,894	\$ 64,041,556	\$ 2,202,640	\$ 8,672	\$ 2,882,923	\$ (69,758,272)	\$ (622,481)	

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	Six months ended September 30,	
		2019	2018
<b>Operating activities</b>			
Loss for the period		\$ (74,171)	\$ (843,023)
Adjustments for:			
Finance income		(2,362)	(26,997)
Interest expense – director's loans	8	48,589	45,123
Transaction cost – director's loans	8	79,400	61,029
Gain on disposition of marketable securities		-	(10,454)
Changes in working capital items			
Amounts receivable and other assets		195,259	(45,937)
Restricted cash		(5,000)	-
Accounts payable and accrued liabilities		2,976	(189,909)
Advanced contributions received	6	(189,021)	(765,433)
Balances due to related parties		86,500	(10,029)
Net cash provided by (used in) operating activities		142,170	(1,785,630)
<b>Investing activities</b>			
Proceeds from disposition of marketable securities		5,455	10,454
Interest received		2,362	26,997
Net cash provided by investing activities		7,817	37,451
<b>Financing activities</b>			
Proceeds from director's loan	8	375,000	-
Repayment of director's loans	8	(375,000)	-
Interest paid on director's loans	8	(25,904)	(45,123)
Net cash used in financing activities		(25,904)	(45,123)
<b>Net increase (decrease) in cash</b>		124,083	(1,793,302)
<b>Cash, beginning balance</b>		282,996	3,308,469
<b>Cash, ending balance</b>	3	\$ 407,079	\$ 1,515,167

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 and six months ended September 30, 2019 and 2018

*(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 and six months ended September 30, 2019 (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 September 30, 2019, the Company had cash of \$407,079, a working capital surplus, and a shareholders’ deficiency.

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.

## **AMARC RESOURCES LTD.**

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

For the three and six months ended September 30, 2019 and 2018

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

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## **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.

### *(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, 2019. Results for the reporting period ended September 30, 2019 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 November 20, 2019.

### *(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 (note 6(b)). As at September 30, 2019 and 2018, 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, 2019.

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

#### (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.

#### (e) Accounting standards, interpretations and amendments to existing standards

The Company has adopted the following new or revised IFRS accounting standards effective for annual periods beginning on or after January 1, 2019:

- IFRS 16, *Leases*
- IFRIC 23, *Uncertainty over Income Tax Treatments*

These new standards do not have a material impact on the Company's financial statements.

### 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

	September 30, 2019	March 31, 2019
Sales tax refundable	\$ 27,387	\$ 7,304
Contributions receivable (note 6(a) and 6(b))	-	300,291
Prepaid insurance	84,949	-
Total	\$ 112,336	\$ 307,595

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

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

Below is a summary of the Company's major exploration projects on the basis of where the Company is currently incurring the majority of its exploration work.

##### *(a) IKE Project*

The IKE Project is located in south-central BC and is comprised of the IKE, Granite, Galore and Juno Properties. In July 2017, the Company announced that it had entered into a Mineral Property Farm-In Agreement (the "IKE Agreement") with Hudbay Minerals Inc. ("Hudbay") pursuant to which Hudbay may acquire, through a staged investment process, up to a 60% ownership interest in the IKE Project.

The Company initially records the amounts of contributions received or receivable from Hudbay pursuant to the IKE Agreement as a liability (advanced contributions received) in the Consolidated Statements of Financial Position, and subsequently recognizes amounts as cost recoveries in the Consolidated Statements of Loss as the Company incurs related expenditures.

In January 2019, the Company announced that Hudbay had relinquished its option to earn an interest in the IKE Project. As a result of the termination, the Company maintains a 100% interest in the IKE Project.

The IKE Property claims carry a Net Smelter Return ("NSR") royalty obligation of 1%, subject to a \$2 million cap and 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.

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 project is subject to a 1% Conversion NSR royalty from mine production capped at a total of \$5 million.

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

The JOY Project, located in north-central BC, comprises the JOY and PINE Properties, and also the "Staked Claims" acquired directly by the Company. 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 100% of the JOY Property for the reimbursement of the vendor's direct acquisition costs of

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

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\$335,299. The property is subject to an underlying NSR royalty held by a former owner which is capped at \$3.5 million.

In August 2017, the Company announced that it had entered into a Mineral Property Farm-In Agreement (the “JOY Agreement”) with Hudbay pursuant to which Hudbay may acquire, through a staged investment process, up to 60% ownership in the JOY Property. This was later amended to include the PINE Property and Staked Claims, collectively the JOY Project.

The Company initially records the amounts of contributions received or receivable from Hudbay pursuant to the JOY Agreement as a liability (advanced contributions received) in the Consolidated Statements of Financial Position, and subsequently reallocates amounts to cost recoveries in the Consolidated Statements of Loss as the Company incurs related expenditures.

In January 2019, the Company announced that Hudbay had relinquished its option to earn an interest in the JOY Project. As a result of the termination, the Company maintains a 100% interest in the JOY Project.

In addition, the Company concluded agreements with each of Gold Fields Toodoggone Exploration Corporation (“GFTEC”) and Cascadero Copper Corporation (“Cascadero”) in mid-2017 pursuant to which the Company can purchase 100% of the PINE Property.

During the year ended March 31, 2019, the Company completed its acquisition of a 49% interest in the PINE Property by making cash payments of \$300,000 (2018 – \$700,000) and issuing 300,000 common shares (2018 – 650,000 common shares) to Cascadero. The Company maintains the option to acquire GFTEC’s 51% interest by agreeing to incur up to \$2.75 million in exploration expenditures on the project prior to August 2021 (completed). GFTEC will retain a 2.5% net profits interest royalty (“NPI”) on mineral claims comprising approximately 96% of the property which are subject to a NSR royalty payable to a former owner (“Underlying NSR”), and a 1% NSR royalty on the balance of the claims that are not subject to the Underlying NSR. The NPI can be reduced to 1.25% at any time through the payment to GFTEC of \$2.5 million in cash or shares. The NSR royalty can be reduced to 0.50% through the payment to GFTEC of an additional \$2.5 million in cash or shares. If the Company does not exercise the option or terminates the GFTEC Agreement at any time during the four-year option period, then it may be required to make a termination payment to GFTEC. The level of termination payment, if any, varies with the year of termination and the amount of any exploration expenditures completed, from a low of no payment to an absolute maximum of \$1,375,000 in the event that no exploration work is done by the Company.

The PINE Property is subject to a 3% underlying NSR royalty payable to a former owner. The Company has reached an agreement with the former owner to cap the 3% NSR royalty at \$5 million payable from production for consideration totaling \$100,000 and 300,000 common shares payable in stages through to January 31, 2019 (completed). In the current year, the Company made cash payments of \$50,000 (2018 – \$50,000) and issued 50,000 common shares (2018 – 50,000 common shares) to the former owner.

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

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

#### (c) 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 Project for the reimbursement of the vendor's direct acquisition costs of \$168,996.

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	March 31, 2019
Accounts payable	\$ 61,626	\$ 35,965
Total	\$ 61,626	\$ 35,965

### 8. DIRECTOR'S LOANS

	Six months ended September 30, 2019	Year ended March 31, 2019
Opening balance	\$ 893,800	\$ 763,544
Principal advances	375,000	-
Principal repayments	(375,000)	-
Amortization of transaction costs	79,400	130,256
Closing balance	\$ 973,200	\$ 893,800

#### Finance expenses

	Six months ended September 30,	
	2019	2018
Interest on director's loan	\$ 48,589	\$ 22,438
Amortization of transaction costs	79,400	29,340
Total	\$ 127,989	\$ 51,778

#### (a) 2016 loan

In November 2016, the Company entered into a loan agreement (the "Loan") with the a director of the Company (the "Lender"), superseding a previous loan agreement for a \$1,000,000 advance, pursuant to which the original maturity date of November 26, 2016 was extended for three years on customary conditions. The principal sum was subsequently increased to \$1,500,000 by way of an additional

## **AMARC RESOURCES LTD.**

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

For the three and six months ended September 30, 2019 and 2018

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

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advance of \$500,000 to fund mineral property acquisitions (note 6(b) and 6(c)). The Loan is subject to an interest rate of 9% per annum.

Pursuant to the Loan, the Company issued to the Lender a loan bonus comprising of 10,000,000 common share purchase warrants with an expiry term of three years and an exercise price of \$0.08 per share (note 9(b)(i)).

During the year ended March 31, 2018, \$500,000 of the Loan was repaid to the Lender, leaving a balance outstanding of \$1,000,000.

#### *(b) 2019 bridge loans*

In July 2019 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 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.

Advances have been measured as financial liabilities at their (cash) transaction values, with the unamortized balance of directly applicable costs, comprised of the fair values of the bonus warrants granted, representing a partially offsetting asset balance. Such 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.

## **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 September 30, 2019, there were 170,602,894 Common Shares issued and outstanding (September 30, 2018 – 168,786,227).

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

#### (b) Share purchase warrants

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

	Exercise price	September 30, 2019	March 31, 2019
Issued pursuant to the Loan (note 9(b)(i))	\$ 0.08	5,000,000	5,000,000
Total		5,000,000	5,000,000

#### (i) Loan bonus warrants

In November 2016, 10,000,000 share purchase warrants were issued pursuant to the Loan (note 8). The fair value of these warrants at issue was determined to be \$607,406 at \$0.06 per warrant using the Black-Scholes model and based on the following assumptions: risk-free rate of 0.79%; expected volatility of 135%; underlying market price of \$0.08; expiry term of 3 years; and, dividend yield of nil.

In September 2017, 5,000,000 of these warrants were exercised leaving 5,000,000 of these warrants outstanding.

## 10. RELATED PARTY TRANSACTIONS

Balances due to related parties	September 30, 2019	March 31, 2019
Hunter Dickinson Services Inc.	\$ 304,412	\$ 214,179
United Mineral Services Ltd.	5,021	8,754
Total	\$ 309,433	\$ 222,933

#### (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 loans with a director of the Company and a private company wholly-owned by a director of the Company. Note 6(b) and 6(c) includes the details of the acquisition of mineral property interests from a private company wholly-owned by a director of the Company.

During the three and six months ended September 30, 2019 and 2018, the Company’s President, Chief Executive Officer and Director; Chief Financial Officer; and Corporate Secretary provided services to the Company under a service agreement with Hunter Dickinson Services Inc. (“HDSI”) (note 10(b)). There

## **AMARC RESOURCES LTD.**

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

For the three and six months ended September 30, 2019 and 2018

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

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were no other transactions with KMP during the three and six months ended September 30, 2019 and 2018.

*(b) Hunter Dickinson Services Inc.*

Hunter Dickinson Inc. (“HDI”) and its wholly-owned subsidiary HDSI are private companies established by a group of mining professionals. HDSI provides services under contracts 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 Chief Executive Officer, President and Director, Chief Financial Officer, and Corporate Secretary are employees of HDSI and work for the Company under an employee secondment arrangement 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, directors and officers insurance, travel, conferences, and communication services. Third-party costs are billed at cost, without markup.

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.

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### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

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

<b>Transactions with HDSI</b> <i>(rounded to the nearest thousand CAD)</i>	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
Services received from HDSI and as requested by the Company	\$ 333,000	\$ 476,000	\$ 632,000	\$ 832,000
Information technology – infrastructure and support services	15,000	15,000	30,000	30,000
Reimbursement, at cost, of third-party expenses incurred by HDSI on behalf of the Company	8,000	40,000	54,000	59,000
<b>Total</b>	<b>\$ 356,000</b>	<b>\$ 531,000</b>	<b>\$ 716,000</b>	<b>\$ 921,000</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.

During the year ended March 31, 2017, the Company acquired from UMS a 100% interest in two mineral property interests, namely JOY (note 6(b)) and DUKE (note 6(c)), for aggregate direct acquisition costs of \$504,295.

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

<b>Transactions with UMS</b> <i>(rounded to the nearest thousand CAD)</i>	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
Services received from UMS and as requested by the Company	\$ -	\$ 7,000	\$ 9,000	\$ 8,000
Reimbursement, at cost, of third-party expenses incurred by UMS on behalf of the Company	-	-	-	19,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 7,000</b>	<b>\$ 9,000</b>	<b>\$ 27,000</b>

## AMARC RESOURCES LTD.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended September 30, 2019 and 2018

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

#### 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> (rounded to the nearest thousand CAD)	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
Salaries and benefits included in the following:				
Exploration and evaluation expenses	\$ 230,000	\$ 484,000	\$ 433,000	\$ 774,000
Administration expenses <sup>1</sup>	113,000	144,000	224,000	280,000
<b>Total</b>	<b>\$ 343,000</b>	<b>\$ 628,000</b>	<b>\$ 657,000</b>	<b>\$ 1,054,000</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> (rounded to the nearest thousand CAD)	Three months ended September 30,		Six months ended September 30,	
	2019	2018	2019	2018
Salaries and benefits	\$ 109,000	\$ 128,000	\$ 206,000	\$ 241,000
Insurance	2,000	74,000	14,000	74,000
Data processing and retention	15,000	15,000	30,000	30,000
Other office expenses	4,000	4,000	7,000	12,000
<b>Total</b>	<b>\$ 130,000</b>	<b>\$ 221,000</b>	<b>\$ 257,000</b>	<b>\$ 357,000</b>

#### 12. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Company granted 2,000,000 share purchase options to a director and officer of the Company with an exercise price of \$0.05 and an expiry term of 5 years from the date of grant.