



**AMARC RESOURCES LTD.**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
MARCH 31, 2021, 2020 and 2019

*(Expressed in Canadian Dollars)*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Shareholders and the Board of Directors of Amarc Resources Ltd.,**

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Amarc Resources Ltd. ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020 and the consolidated statements of income (loss), comprehensive income (loss), changes in (deficiency) equity and cash flows for each of the years in the three year period ended March 31, 2021, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020 and its financial performance and its cash flows for each of the years in the three year period ended March 31, 2021, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has no current source of revenue, has incurred losses from inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt as to the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Fair value determination of proceeds received from the sale of an exploration property***

As described in Notes 4 and 7 to the consolidated financial statements, the proceeds received on the Company's divestment of its Newton Property during the current year included non-cash consideration of the purchaser, which required management to use significant judgement in the measurement of the fair values of these instruments. The fair value of the common shares received was determined based on the closing share price of the purchaser's common shares on the date of purchase. The fair value of the warrants received was determined based on a valuation model which requires significant judgement as to the determination of the inputs used. Subsequent to the initial measurement of the transaction these financial assets were re-valued as at March 31, 2021, with the change in fair value recognized in other comprehensive income.

The principal considerations for our determination that the fair value determination of these non-cash proceeds is a critical audit matter are: (i) materiality of the amounts involved in respect to quantum; (ii) there was significant judgement by management when determining the inputs to the valuation model used to value the warrants; and (iii) a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate management's valuation model and the significant assumptions including volatility in share price and discount rate.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures also included, among others, (i) testing management's process for determining the fair value of proceeds received, including evaluating the appropriateness of the valuation model; (ii) testing the completeness and accuracy of underlying data used in the model and evaluating the reasonableness of the significant estimates and assumptions used by management; and (iii) considering whether the financial statements fairly disclosed the inherent uncertainties applicable to these fair value measurements.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, Canada

July 27, 2021

We have served as the Company's auditor since 1995.

## Amarc Resources Ltd.

### Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

|                                                   | Note     | March 31,<br>2021   | March 31,<br>2020 |
|---------------------------------------------------|----------|---------------------|-------------------|
| <b>ASSETS</b>                                     |          |                     |                   |
| <b>Current assets</b>                             |          |                     |                   |
| Cash                                              | 3, 10(b) | \$ 308,085          | \$ 249,183        |
| Amounts receivable and other assets               | 6        | 47,380              | 83,378            |
| Marketable securities                             | 4, 7(e)  | 1,026,418           | 18,356            |
|                                                   |          | 1,381,883           | 350,917           |
| <b>Non-current assets</b>                         |          |                     |                   |
| Restricted cash                                   | 5        | 178,487             | 178,143           |
| <b>Total assets</b>                               |          | <b>\$ 1,560,370</b> | <b>\$ 529,060</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |          |                     |                   |
| <b>Current liabilities</b>                        |          |                     |                   |
| Accounts payable and accrued liabilities          | 8        | \$ 168,195          | \$ 100,075        |
| Balance due to related parties                    | 11       | 795,239             | 591,979           |
| Director's loan                                   | 9        | –                   | 300,000           |
|                                                   |          | 963,434             | 992,054           |
| <b>Non-current liabilities</b>                    |          |                     |                   |
| Director's loan                                   | 9        | 570,000             | 512,119           |
| <b>Total liabilities</b>                          |          | <b>1,533,434</b>    | <b>1,504,173</b>  |
| <b>Shareholders' equity</b>                       |          |                     |                   |
| Share capital                                     | 10       | 64,744,721          | 64,341,556        |
| Reserves                                          | 10       | 4,834,306           | 5,631,897         |
| Accumulated deficit                               |          | (69,587,867)        | (70,948,566)      |
|                                                   |          | (8,840)             | (975,113)         |
| <b>Total liabilities and shareholders' equity</b> |          | <b>\$ 1,524,594</b> | <b>\$ 529,060</b> |

Nature of operations and going concern (note 1)

Events after the reporting period (note 15)

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

/s/ Robert A. Dickinson

/s/ Scott D. Cousens

Robert A. Dickinson  
Director

Scott D. Cousens  
Director

## Amarc Resources Ltd.

### Consolidated Statements of Income (Loss)

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

|                                                             | Note  | Year ended March 31, |                |                |
|-------------------------------------------------------------|-------|----------------------|----------------|----------------|
|                                                             |       | 2021                 | 2020           | 2019           |
| <b>Expenses</b>                                             | 11,13 |                      |                |                |
| Exploration and evaluation                                  |       | \$ (1,395,645)       | \$ (1,637,479) | \$ (5,390,102) |
| Assays and analysis                                         |       | 152,093              | 130,666        | 354,492        |
| Drilling                                                    |       | 146,886              | -              | 800,682        |
| Equipment rental                                            |       | 1,769                | 4,350          | 103,425        |
| Geological, including geophysical                           |       | 475,380              | 693,016        | 1,295,699      |
| Helicopter and fuel                                         |       | 208,347              | 25,064         | 934,727        |
| Property acquisition and assessments costs                  |       | 55,436               | 428,959        | 652,926        |
| Site activities                                             |       | 182,238              | 178,443        | 963,826        |
| Socioeconomic                                               |       | 99,527               | 156,713        | 192,517        |
| Technical data                                              |       | 63,206               | -              | -              |
| Travel and accommodation                                    |       | 10,763               | 20,268         | 91,808         |
| Administration                                              |       | (629,974)            | (855,869)      | (913,897)      |
| Legal, accounting and audit                                 |       | 45,828               | 161,450        | 33,106         |
| Office and administration                                   | 13(b) | 416,924              | 550,534        | 656,569        |
| Shareholder communication                                   |       | 123,925              | 84,608         | 155,126        |
| Travel and accommodation                                    |       | 10,763               | 14,179         | 32,891         |
| Trust and regulatory                                        |       | 32,534               | 45,098         | 36,205         |
| Equity-settled share-based compensation                     |       | (17,888)             | (42,124)       | -              |
| <b>Cost recoveries</b>                                      | 7(d)  | 1,350,891            | 1,491,626      | 4,538,604      |
| <b>Non-refundable contribution of an option agreement</b>   | 7(d)  | 260,115              | -              | -              |
| <b>Proceeds from disposal of mineral property</b>           | 7(e)  | 1,934,500            | -              | -              |
|                                                             |       | 1,501,999            | (1,043,846)    | (1,765,395)    |
| <b>Other items</b>                                          |       |                      |                |                |
| Finance income                                              |       | 26,904               | 5,558          | 38,016         |
| Interest expense – director's loans                         | 10    | (111,354)            | (105,630)      | (90,000)       |
| Transaction cost – director's loans                         | 10    | (57,881)             | (108,768)      | (130,256)      |
| Foreign exchange loss                                       |       | 1,031                | (848)          | (933)          |
| <b>Net income (loss)</b>                                    |       | \$ 1,360,699         | \$ (1,253,534) | \$ (1,948,568) |
| <b>Basic and diluted earnings (loss) per common share</b>   |       | \$ 0.01              | \$ (0.01)      | \$ (0.01)      |
| <b>Weighted average number of common shares outstanding</b> |       | 178,666,081          | 171,767,287    | 169,504,538    |

## Amarc Resources Ltd.

### Consolidated Statements of Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

|                                                                      | Year ended March 31, |                |                |
|----------------------------------------------------------------------|----------------------|----------------|----------------|
|                                                                      | 2021                 | 2020           | 2019           |
| <b>Net income (loss)</b>                                             | \$ 1,360,699         | \$ (1,253,534) | \$ (1,948,568) |
| <b>Other comprehensive income (loss):</b>                            |                      |                |                |
| Items that will not be reclassified subsequently to profit and loss: |                      |                |                |
| Revaluation of marketable securities                                 | (626,438)            | (11,234)       | 2,737          |
| <b>Total other comprehensive income (loss)</b>                       | (626,438)            | (11,234)       | 2,737          |
| <b>Comprehensive income (loss)</b>                                   | \$ 734,261           | \$ (1,264,768) | \$ (1,945,831) |

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

## Amarc Resources Ltd.

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

(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, 2018                                  | 168,786,227        | \$ 63,884,056        | \$ 2,202,640                 | \$ 57,459                      | \$ 2,882,923           | \$ (67,781,665)        | \$ 1,245,413        |
| Net loss for the year                                     | -                  | -                    | -                            | -                              | -                      | (1,948,568)            | (1,948,568)         |
| Other comprehensive (loss) for the year                   | -                  | -                    | -                            | 2,737                          | -                      | -                      | 2,737               |
| Total comprehensive loss                                  | -                  | -                    | -                            | 2,737                          | -                      | (1,948,568)            | (1,945,831)         |
| Issuance of common shares pursuant to property agreements | 1,816,667          | 157,500              | -                            | -                              | -                      | -                      | 157,500             |
| Gain on disposition of equity investments at FVTOCI       | -                  | -                    | -                            | (40,677)                       | -                      | 40,677                 | -                   |
| <b>Balance at March 31, 2019</b>                          | <b>170,602,894</b> | <b>\$ 64,041,556</b> | <b>\$ 2,202,640</b>          | <b>\$ 19,519</b>               | <b>\$ 2,882,923</b>    | <b>\$ (69,689,556)</b> | <b>\$ (542,918)</b> |
| 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 income for the year                                   | -                  | -                    | -                            | -                              | -                      | (1,253,534)            | (1,253,534)         |
| Other comprehensive (loss) for the year                   | -                  | -                    | -                            | (11,234)                       | -                      | -                      | (11,234)            |
| Total comprehensive loss                                  | -                  | -                    | -                            | (11,234)                       | -                      | (1,253,534)            | (1,264,768)         |
| Issuance of share purchase warrants                       | -                  | -                    | -                            | -                              | 490,449                | -                      | 490,449             |
| Issuance of common shares pursuant to property agreements | 5,000,000          | 300,000              | -                            | -                              | -                      | -                      | 300,000             |
| Equity-settled share-based compensation                   | -                  | -                    | 42,124                       | -                              | -                      | -                      | 42,124              |
| Gain on disposition of equity investments at FVTOCI       | -                  | -                    | -                            | 5,476                          | -                      | (5,476)                | -                   |
| <b>Balance at March 31, 2020</b>                          | <b>175,602,894</b> | <b>\$ 64,341,556</b> | <b>\$ 2,244,764</b>          | <b>\$ 13,761</b>               | <b>\$ 3,373,372</b>    | <b>\$ (70,948,566)</b> | <b>\$ (975,113)</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 income for the year                                   | -                  | -                    | -                            | -                              | -                      | 1,360,699              | 1,360,699           |
| Other comprehensive (loss) for the year                   | -                  | -                    | -                            | (626,438)                      | -                      | -                      | (626,438)           |
| Total comprehensive loss                                  | -                  | -                    | -                            | (626,438)                      | -                      | 1,360,699              | 734,261             |
| Equity-settled share-based compensation                   | -                  | -                    | (17,888)                     | -                              | -                      | -                      | (17,888)            |
| Shares issued through exercise of warrants                | 5,000,000          | 403,165              | -                            | -                              | (153,265)              | -                      | 249,900             |
| <b>Balance at March 31, 2021</b>                          | <b>180,602,894</b> | <b>\$ 64,744,721</b> | <b>\$ 2,226,876</b>          | <b>\$ (612,677)</b>            | <b>\$ 3,220,107</b>    | <b>\$ (69,587,867)</b> | <b>\$ (8,840)</b>   |

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

## Amarc Resources Ltd.

### Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

|                                                                                             |       | Year ended March 31, |                |                |
|---------------------------------------------------------------------------------------------|-------|----------------------|----------------|----------------|
|                                                                                             | Note  | 2021                 | 2020           | 2019           |
| <b>Operating activities</b>                                                                 |       |                      |                |                |
| Income (loss) for the year                                                                  |       | \$ 1,360,699         | \$ (1,253,534) | \$ (1,948,568) |
| Adjustments for non-cash items:                                                             |       |                      |                |                |
| Equity-settled share-based compensation                                                     |       | 17,888               | 42,124         | 157,500        |
| Finance income                                                                              |       | –                    | (5,558)        | –              |
| Proceeds from disposal of mineral property                                                  |       | (1,934,500)          | –              | –              |
| Non-cash property payments                                                                  |       | –                    | 300,000        | 130,256        |
| Interest expense – director's loans                                                         | 9     | 111,354              | 105,630        | (38,016)       |
| Transaction cost – director's loans                                                         | 9     | 57,881               | 108,768        | 90,000         |
| Changes in working capital items:                                                           |       |                      |                |                |
| Amounts receivable and other assets                                                         |       | 35,998               | 224,217        | (222,021)      |
| Restricted cash                                                                             |       | (344)                | (5,000)        | –              |
| Accounts payable and accrued liabilities                                                    |       | 68,120               | 64,111         | (328,134)      |
| Advanced contributions received                                                             |       | –                    | (189,021)      | 74,056         |
| Balance due to related parties                                                              |       | 91,906               | 289,320        | (913,693)      |
| Net cash used in operating activities                                                       |       | (190,998)            | (318,943)      | (2,998,620)    |
| <b>Investing activities</b>                                                                 |       |                      |                |                |
| Proceeds from disposition of marketable securities                                          |       | –                    | 5,476          | 38,016         |
| Proceeds from disposition of mineral properties                                             |       | 300,000              | –              | –              |
| Interest received                                                                           |       | –                    | 5,558          | 25,131         |
| Net cash provided by investing activities                                                   |       | 300,000              | 11,034         | 63,147         |
| <b>Financing activities</b>                                                                 |       |                      |                |                |
| Net proceeds from issuance of common shares pursuant to exercise of share purchase warrants | 10(b) | 249,900              | –              | –              |
| Proceeds from director's loan                                                               | 9     | –                    | 675,000        | –              |
| Repayment of director's loans                                                               | 9     | (300,000)            | (375,000)      | –              |
| Interest paid on director's loans                                                           | 9     | –                    | (25,904)       | (90,000)       |
| Net cash (used in) provided by financing activities                                         |       | (50,100)             | 274,096        | (90,000)       |
| <b>Net increase (decrease) in cash</b>                                                      |       | 58,902               | (33,813)       | (3,025,473)    |
| <b>Cash, beginning balance</b>                                                              |       | 249,183              | 282,996        | 3,308,469      |
| <b>Cash, ending balance</b>                                                                 | 4     | \$ 308,085           | \$ 249,183     | \$ 282,996     |

#### Supplemental Cash Flow Information:

##### Non-cash investing activities

|                                                                                                 |    |         |    |   |    |   |
|-------------------------------------------------------------------------------------------------|----|---------|----|---|----|---|
| Fair value of common shares received as part of proceeds from disposition of mineral properties | \$ | 907,500 | \$ | - | \$ | - |
| Fair value of warrants received as part of proceeds from disposition of mineral properties      | \$ | 727,000 | \$ | - | \$ | - |

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



# AMARC RESOURCES LTD.

## Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

*(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 14th 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 consolidated financial statements as at and for the year ended March 31, 2021 (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 March 31, 2021, the Company had cash of \$308,085, working capital of \$418,449, and accumulated deficit of \$69,587,867.

These material uncertainties cast significant doubt on the ability of the Company to continue as a going concern.

Management believes that it is able to maintain its core mineral rights in good standing for the next 12 month period. The Company is continually seeking opportunities for additional funding and has reasonable expectation that it will succeed in raising additional funds when necessary. However, there can be no assurance that the Company will obtain the required additional financial resources or achieve positive cash flows. If the Company is unable to obtain adequate additional financing, it will need to curtail its expenditures further until additional funds can be raised through financing activities.

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions, which may adversely impact Amarc's business and results of operations and the operations of contractors and service providers. The extent to which the COVID-19 impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning its severity and the actions taken to contain the virus or treat its impact, among others. The adverse effects on the economy, the stock market and Amarc's share price could adversely impact its ability to raise capital, with the result that our ability to pursue development of the JOY, IKE and DUKE Districts could be adversely impacted, both through delays and through increased costs. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations and could delay its plans for development of its districts.

# AMARC RESOURCES LTD.

## Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

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

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These Financial Statements do not include any adjustments to the amounts and classification of assets and 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.

### *(a) Statement of compliance*

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting year ended March 31, 2021.

The Board of Directors of the Company authorized these Financial Statements for issuance on July 27, 2021.

### *(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 7(b)). As at March 31, 2021 and 2020, the Subco did not have any assets, liabilities, income or expenses. Intercompany balances and transactions are eliminated in full on consolidation. On March 30, 2021, the Subco was dissolved.

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

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The impacts of such estimates are pervasive throughout the Financial Statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

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

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future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Specific areas where significant estimates or judgments exist are:

- assessment of the Company's ability to continue as a going concern;
- the determination of categories of financial assets and financial liabilities; and,
- the carrying value and recoverability of the Company's marketable securities.

#### *(d) Foreign currency*

The functional and presentational currency of the Company is the Canadian Dollar ("CAD").

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

#### *(e) Financial instruments*

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition. The directly attributable transaction costs of a financial asset classified at FVTPL are expensed in the period in which they are incurred.

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on the derecognition of the financial asset is recognized in profit or loss.

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

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#### Financial assets measured at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income ("FVTOCI") if it meets both the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

Debt investments measured at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are measured in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

#### Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or measured at FVTOCI, as described above, are measured at FVTPL; this includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or measured at FVTOCI as FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise.

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

| <b>Financial liabilities</b>             | <b>Classification</b> |
|------------------------------------------|-----------------------|
| Accounts payable and accrued liabilities | Amortized cost        |
| Balance due to related parties           | Amortized cost        |
| <b>Financial assets</b>                  | <b>Classification</b> |
| Cash                                     | Amortized cost        |
| Marketable securities                    | FVTOCI                |
| Restricted cash                          | Amortized cost        |
| Amounts receivable and other assets      | Amortized cost        |

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

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

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#### *(f) Exploration and evaluation expenditures*

Exploration and evaluation costs are costs incurred to discover mineral resources, and to assess the technical feasibility and commercial viability of the mineral resources found.

Exploration and evaluation expenditures include:

- costs associated with the acquisition of licences;
- costs associated with the acquisition of exploration and evaluation assets, including mineral properties; and,
- costs associated with exploration and evaluation activities.

Exploration and evaluation costs are generally expensed as incurred until the technical feasibility and commercial viability of extracting a mineral resource has been determined and a positive decision to proceed to development has been made. However, if management concludes that future economic benefits are more likely than not to be realized, the costs of property, plant and equipment for use in the exploration and evaluation of mineral resources are capitalized.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed. Costs incurred after the technical feasibility and commercial viability of extracting a mineral resource has been determined and a positive decision to proceed to development has been made are considered development costs and are capitalized.

Costs applicable to established mineral property interests where no further work is planned by the Company may, for presentation purposes only, be carried at nominal amounts.

#### *(g) Equipment*

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and the condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

Depreciation is provided at rates calculated to expense the cost of the equipment, less its estimated residual value, using the declining balance method at various rates ranging from 20% to 30% per annum.

An item of equipment is derecognized upon disposal or when no material future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

## AMARC RESOURCES LTD.

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

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As at March 31, 2021, all equipment had been fully depreciated. The Company did not purchase any equipment during the year ended March 31, 2021.

#### *(h) Share capital*

Common shares of the Company are classified as equity. Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

When the Company issues common shares for consideration other than cash, the transaction is measured at fair value based on the quoted market price of the Company's common shares on the date of issuance.

#### *(i) Loss per share*

Loss per share is computed by dividing the losses attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the losses attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, such as options granted to employees. The dilutive effect of options assumes that the proceeds to be received on the exercise of share purchase options are applied to repurchase common shares at the average market price for the reporting period. Share purchase options are included in the calculation of dilutive earnings per share only to the extent that the market price of the common shares exceeds the exercise price of the share purchase options. The effect of anti-dilutive factors is not considered when computed diluted loss per share.

#### *(j) Equity-settled share-based payments*

The share purchase option plan allows employees and consultants of the Company to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in the share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal and tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, fair value is measured at the grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. At the end of each financial reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest.

Share-based payment transactions with non-employees are measured at the fair value of the goods and services received. However, if the fair value cannot be estimated reliably, the share-based payment

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

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

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transaction is measured at the fair value of the equity instrument granted at the date the entity obtains the goods or the counterparty renders the service.

#### *(k) Income taxes*

Income tax on the profit or loss for the years presented comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and,
- differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Flow-through Shares

The Company will, from time-to-time, issue flow-through common shares to finance a portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes this liability and recognizes this premium as



## AMARC RESOURCES LTD.

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other income, offsetting any expense associated with the Company's expenditure of the flow-through proceeds.

#### *(l) Restoration, rehabilitation and environmental obligations*

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability at the time the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the project or asset, the conditions imposed by the relevant permits, and, when applicable, the jurisdiction in which the project or asset is located.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value, where applicable. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production method or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as at March 31, 2021.

#### *(m) Operating segments*

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

#### *(n) Government assistance*

When the Company is entitled to receive the BC Mineral Exploration Tax Credit ("BCMETC") and other government grants, this government assistance is recognized as a cost recovery when there is reasonable assurance of recovery. Any amounts accrued or received, typically remain subject to review and revision by government authorities. It is not possible to predict the occurrence or outcome of such actions in advance.



## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

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#### (o) *Recent accounting pronouncements*

##### *Amendments to IFRS 3, Business Combinations ("IFRS 3")*

The Company adopted the amendments to IFRS 3 in the current year, although there was no impact on Company. The amendments relate to the definition of a business and clarify that while a business usually has outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after April 1, 2020.

##### *Adoption of Other Narrow Scope Amendments to IFRSs and IFRS Interpretations*

The Company also adopted other amendments to IFRSs, which were effective for accounting periods beginning on or after April 1, 2020. The adoption had no impact on the Financial Statements.

##### *New and Revised IFRS, Narrow Scope Amendments to IFRS and IFRS Interpretations not yet Effective*

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after March 31, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption; however, the pronouncement below may have an impact in future periods.

##### *Amendments to IAS 16, Property, Plant and Equipment*

The amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment ("PPE") to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments prohibit entities from deducting amounts received from selling items produced from the cost of PPE while the Company is preparing the asset for its intended use. Instead, sales proceeds and the cost of producing these items will be recognized in profit or loss. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The amendments apply retrospectively, but only to assets brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

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(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. MARKETABLE SECURITIES

As at March 31, 2021, the fair value of its current holdings was \$1,026,418 (March 31, 2020 - \$18,356) and the negative change of fair value adjustment of \$626,438 for the year ended March 31, 2021 (March 31, 2020 - negative change of fair value adjustment of \$11,234). The marketable securities include 5.5 million units (shares and warrants) of Carlyle Commodities Corp., a Canadian public company listed on TSX-V exchange (note 7(e)).

Continuity table:

|                                         | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-----------------------------------------|------------------------------|------------------------------|
| <b>Balance - beginning of year</b>      | \$ 18,356                    | \$ 35,067                    |
| Disposition of marketable securities    | -                            | (5,477)                      |
| Received as option payments (note 7(e)) | 1,634,500                    | -                            |
| Revaluation of marketable securities    | (626,438)                    | (11,234)                     |
| <b>Balance - end of year</b>            | \$ 1,026,418                 | \$ 18,356                    |

As at March 31, 2021, the Company held the following marketable securities:

| Company                             | Shares/Warrants Held | Cost      | Fair Value | Fair Value<br>Increase<br>(Decrease) |
|-------------------------------------|----------------------|-----------|------------|--------------------------------------|
| Carlyle Commodities Corp - Shares   | 5,500,000            | 907,500   | 577,500    | (330,000)                            |
| Carlyle Commodities Corp - Warrants | 5,500,000            | 727,000   | 421,000    | (306,000)                            |
| Other                               | 2,275,002            | 18,356    | 27,918     | 9,562                                |
|                                     |                      | 1,652,856 | 1,026,418  | (626,438)                            |

#### 5. 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.

## AMARC RESOURCES LTD.

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#### 6. AMOUNTS RECEIVABLE AND OTHER ASSETS

|                         | March 31,<br>2021 | March 31,<br>2020 |
|-------------------------|-------------------|-------------------|
| Sales tax refundable    | \$ 17,011         | \$ 16,858         |
| Contribution receivable | 9,851             | -                 |
| Prepaid insurance       | 20,518            | 66,520            |
| Total                   | \$ 47,380         | \$ 83,378         |

#### 7. 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 District*

The IKE District 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 would acquire, through a staged investment process, up to a 60% ownership interest in the IKE District.

The Company initially recorded 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 recognized amounts as cost recoveries in the Consolidated Statements of Loss as the Company incurred the related expenditures.

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

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.

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

#### *(b) JOY District*

The JOY District, 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 to purchase 100% of the JOY Property for the reimbursement of the vendor’s direct acquisition costs of \$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 District.

The Company initially recorded 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 reallocated 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 District. As a result of the termination, the Company currently maintains a 100% interest in the JOY District.

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.

In October 2018, Amarc acquired a 100% interest in Cascadero’s 49% interest in the PINE Property by completing total cash payments of \$1,000,000 and issuing 5,277,778 common shares.

In November 2019 Amarc entered into a purchase agreement with two prospectors to acquire 100% of a single mineral claim, called the Paula property, located internal to the wider JOY District tenure. The claim is subject to a 1% NSR royalty payable from commercial production that is capped at \$0.5 million.

In December 2019, the Company amended the GFTEC Agreement to purchase GFTEC’s 51% interest in the PINE property. Under the terms of the amendment Amarc will purchase outright GFTEC’s 51% interest in the 323 km<sup>2</sup> Property by issuing to GFTEC 5,000,000 common shares of the Company (issued). As such Amarc now holds a 100% interest in the PINE mineral claims.

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).

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

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

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GFTEC will retain a 2.5% net profits interest ("NPI") royalty on mineral claims comprising approximately 96% of the PINE 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 royalty. The NPI royalty 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 0.5% through the payment to GFTEC of \$2.5 million in cash or shares.

Refer to Note 15 for the JOY District Agreement with Freeport entered into subsequent to March 31, 2021.

#### *(c) DUKE District*

The DUKE District 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 to purchase a 100% interest in the DUKE District for the reimbursement of the vendor's direct acquisition costs of \$168,996.

#### *(d) Operated Properties*

During the current year, Amarc operated programs on two exploration properties owned by a related party, Jake and Mack (the "Operated Properties"), for the claim optionee on a cost recovery basis (note 11(c)).

During the current year, Amarc received a non-refundable payment of US\$200,000 (CDN\$260,115) pursuant to an option agreement whereby an arms-length third party optionee has the right to earn a 51% interest in the Windfall Project, being 25 mineral claims in the IKE district (note 7(a)), by spending US\$4.2 million on exploration by October 21, 2022. Thereafter, the optionee can joint venture the project with Amarc or increase its interest to 80% by making additional expenditures after which the joint venture would be formed or the residual 20% sold to the optionee for a price to be negotiated. On May 25, 2021, this option agreement was terminated by mutual consent of both Amarc and the optionee.

Included in cost recoveries are BCMETC refunds totaling \$820,075 received in the year ended March 31, 2021 (\$Nil – March 31, 2020; \$Nil – March 31, 2019).

#### *(e) Divestment of the Newton Property*

On December 16, 2020 (the "Closing Date"), the Company closed the sale of its Newton property ("Newton") located in south-central British Columbia ("BC") to Isaac Mining Corp. ("IMC"), an arms-length private company and a wholly-owned subsidiary of Carlyle Commodities Corp. ("Carlyle") (CSE:CCC, FSE:10Z, OTC:DLRYF). Amarc has received consideration comprising total cash of \$300,000 from IMC and 5.5 million equity units (common share plus warrant) in Carlyle. The 5.5 million warrants are exercisable at \$0.50 per warrant with an expiry date on December 8, 2025. The fair value of the 5.5 million shares of Carlyle on the Closing Date was recorded at \$907,500 measured at \$0.165, the closing quote of Carlyle's common shares on December 16, 2020. The fair value of the 5.5 million warrants of Carlyle on the Closing Date is recorded as \$727,000 using the Black-Scholes option pricing model. The fair value was calculated

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

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based on the following weighted average assumptions: Risk free-interest rate – 0.38%; Dividend yield – 0.00%; Expected volatility – 139.0%; Expected life – 4.98 years. The fair value of the aggregate consideration totalled \$1,934,500 and is recorded as proceeds from sale of mineral property in the Statement of Income for the year ended March 31, 2021.

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                  | March 31,<br>2021 | March 31,<br>2020 |
|------------------|-------------------|-------------------|
| Accounts payable | \$ 168,195        | \$ 100,075        |
| Total            | \$ 168,195        | \$ 100,075        |

#### 9. DIRECTOR'S LOANS

|                                   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|-----------------------------------|------------------------------|------------------------------|
| Opening balance                   | \$ 812,119                   | \$ 893,800                   |
| Principal advances                | -                            | 675,000                      |
| Principal repayments              | (300,000)                    | (375,000)                    |
| Transaction costs                 | -                            | (490,449)                    |
| Amortization of transaction costs | 57,881                       | 108,768                      |
| Closing balance                   | \$ 570,000                   | \$ 812,119                   |

|                     | March 31,<br>2021 | March 31,<br>2020 |
|---------------------|-------------------|-------------------|
| Current portion     | \$ -              | \$ 300,000        |
| Non-current portion | 570,000           | 512,119           |
| Total               | \$ 570,000        | \$ 812,119        |

| Finance expenses                  | For the year ended March 31, |            |            |
|-----------------------------------|------------------------------|------------|------------|
|                                   | 2021                         | 2020       | 2019       |
| Interest on director's loan       | \$ 111,354                   | \$ 105,630 | \$ 90,000  |
| Amortization of transaction costs | 57,881                       | 108,768    | 130,256    |
| Total                             | \$ 169,235                   | \$ 214,398 | \$ 220,256 |

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#### *(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 10(c)(i)). The warrants are exercisable into common shares or flow-through common shares at the election of the Lender upon exercise.

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

In July and August 2019, the Company entered into certain loan agreements (collectively 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.

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.

## 10. 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.



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As at March 31, 2021, there were 180,602,894 Common Shares issued and outstanding (March 31, 2020 – 175,602,894).

#### (b) Issued share capital

In December 2019, the Company amended its option agreement with GFTEC to purchase GFTEC's 51% interest in the PINE Property (the "Transaction"). Upon completion of the Transaction, the Company would hold a 100% interest in the PINE mineral claims having completed the purchase of Cascadero's 49% interest in the PINE Property in the prior year (note 6(b)). On January 6, 2020, the Company concluded the Transaction by issuing 5,000,000 Common Shares to GFTEC.

On August 20, 2020, 3,000,000 flow-through shares were issued pursuant to the exercise of warrants for gross proceeds of \$150,000 (note 9(a)).

On October 2, 2020, 2,000,000 flow-through shares were issued pursuant to the exercise of warrants for gross proceeds of \$100,000 (note 9(a)). \$100 related to flow-through tax filing has been deducted from the gross proceeds as issuance costs.

Approximately \$167,000 of the flow-through proceeds received were renounced to the shareholder as at December 31, 2020. The Company recognized no flow-through premium in excess of the fair value of these common shares at their dates of issuance.

As at March 31, 2021, the amount of flow-through proceeds remaining to be expended is approximately \$83,000, which must be incurred on or before December 31, 2023.

#### (c) Share purchase options

The following summarizes changes in the Company's share purchase options (the "Options"):

|                                 |                                    | March 31,<br>2021    |                                    | March 31,<br>2020    |
|---------------------------------|------------------------------------|----------------------|------------------------------------|----------------------|
|                                 | Weighted Average<br>Exercise Price | Number of<br>Options | Weighted Average<br>Exercise Price | Number of<br>Options |
| Outstanding - beginning balance | \$ 0.05                            | 2,000,000            | \$ -                               | -                    |
| Granted                         | -                                  | -                    | 0.05                               | 2,000,000            |
| Outstanding - beginning balance | \$ 0.05                            | 2,000,000            | \$ 0.05                            | 2,000,000            |

Award vesting in several tranches ranging from 6 months to 18 months from the date of grant.

During the year ended March 31, 2021, the Company recognized share-based compensation expense of \$17,888 (2020 – \$42,124).



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The following summarizes information on the options outstanding and exercisable as at March 31, 2021:

|                | Options outstanding |                                                     | Options exercisable |                                                     |
|----------------|---------------------|-----------------------------------------------------|---------------------|-----------------------------------------------------|
|                | Number of Options   | Weighted average remaining contractual life (years) | Number of Options   | Weighted average remaining contractual life (years) |
| Exercise price |                     |                                                     |                     |                                                     |
| \$ 0.05        | 2,000,000           | 3.51                                                | 500,000             | 3.51                                                |
| Total          | 2,000,000           | 3.51                                                | 500,000             | 3.51                                                |

#### (d) Share purchase warrants

The following common share purchase warrants were outstanding at March 31, 2021 and 2020:

|                                                 | Exercise price | March 31, 2021 | March 31, 2020 |
|-------------------------------------------------|----------------|----------------|----------------|
| Issued pursuant to a loan agreement (note 9(a)) | \$ 0.05        | 16,000,000     | 16,000,000     |
| Exercised                                       | \$ 0.05        | (5,000,000)    | -              |
| Total                                           |                | 11,000,000     | 16,000,000     |

#### (i) 2019 loan bonus warrants

In December 2019, 16,000,000 share purchase warrants were issued pursuant to the Loan (note 9(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.

## 11. RELATED PARTY TRANSACTIONS

| Balances due to related parties       | March 31, 2021 | March 31, 2020 |
|---------------------------------------|----------------|----------------|
| Bookskipper Accounting & Tax Services | \$ 1,050       | \$ -           |
| Hunter Dickinson Services Inc.        | 614,352        | 507,232        |
| Robert Dickinson (interest payable)   | 174,816        | 79,726         |
| United Mineral Services Ltd.          | 5,021          | 5,021          |
| Total                                 | \$ 795,239     | \$ 591,979     |

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

*(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 9 includes the details of loans with a director of the Company and a private company wholly-owned by a director of the Company. Note 7(b) and 7(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 year ended March 31, 2021 and 2020, the Company's President, Chief Executive Officer and Director; and Corporate Secretary provided services to the Company under a service agreement with Hunter Dickinson Services Inc. ("HDSI") (note 11(b)).

During the year ended March 31, 2021, the Company incurred a \$10,000 (March 31, 2020 - \$nil) fee for the services provided by the Chief Financial Officer.

There were no other transactions with KMP during the year ended March 31, 2021 and 2020.

#### *(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, 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 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.

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

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:

| Transactions with HDSI<br>(rounded to the nearest thousand CAD)                           | For the years ended March 31, |              |              |
|-------------------------------------------------------------------------------------------|-------------------------------|--------------|--------------|
|                                                                                           | 2021                          | 2020         | 2019         |
| Services received from HDSI and as requested by the Company                               | \$ 914,000                    | \$ 1,272,000 | \$ 1,620,000 |
| Information technology – infrastructure and support services                              | 60,000                        | 60,000       | 60,000       |
| Reimbursement, at cost, of third-party expenses incurred by HDSI on behalf of the Company | 79,000                        | 104,000      | 63,000       |
| Total                                                                                     | \$ 1,053,000                  | \$ 1,436,000 | \$ 1,745,000 |

#### (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, 2021, UMS reimbursed the Company an aggregate of \$139,160 for additional cost related to exploration programs on its operated properties described at note 7(d). The following is a summary of transactions with UMS that occurred during the reporting period:

| Transactions with UMS<br>(rounded to the nearest thousand CAD)                 | For the years ended March 31, |          |           |
|--------------------------------------------------------------------------------|-------------------------------|----------|-----------|
|                                                                                | 2021                          | 2020     | 2019      |
| Services received from UMS and as requested by the Company                     | \$ -                          | \$ 813   | \$ 36,000 |
| Interest and finance charges                                                   | -                             | 616      | -         |
| Reimbursement of third-party expenses incurred by UMS on behalf of the Company | 138,009                       | 8,442    | 19,000    |
| Total                                                                          | \$ 138,009                    | \$ 9,871 | \$ 55,000 |

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

## 12. INCOME TAXES

### (a) Provision for current tax

No provision has been made for current income taxes as the Company has no taxable income.

### (b) Provision for deferred tax

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized.

At March 31, 2021, the Company had unused non-capital loss carry forwards of approximately \$10,700,000 (March 31, 2020 – \$9.8 million; March 31, 2019 – \$8.8 million).

At March 31, 2021, the Company had resource tax pools of approximately \$31,000,000 (March 31, 2020 – \$31.3 million; March 31, 2019 – \$30.6 million) available in Canada, which may be carried forward and utilized to offset future taxes related to certain resource income.

### (c) Reconciliation of effective tax rate

|                                                            | March 31,<br>2021 | March 31,<br>2020 |
|------------------------------------------------------------|-------------------|-------------------|
| Income (loss) for the year                                 | \$ 1,360,699      | \$ (1,253,534)    |
| Total income tax expense                                   | –                 | –                 |
| Loss excluding income tax                                  | 1,360,699         | (1,253,534)       |
| Income tax expense (recovery) using the Company's tax rate | 367,000           | (338,000)         |
| Non-deductible expenses and other                          | (577,000)         | (114,000)         |
| Temporary difference booked to reserve                     | 16,000            | (2,000)           |
| Deferred income tax assets not recognized                  | 194,000           | 454,000           |
|                                                            | \$ –              | \$ –              |

The Company's statutory tax rate was 27% (2020 – 27%; 2019 – 27%) and its effective tax rate is nil (2020 – nil; 2019 – nil).

### (d) Deductible temporary differences

At March 31, 2021, the Company had the following deductible temporary differences for which no deferred tax asset was recognized:

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

| Expiry            | Tax losses<br>(capital) | Tax losses<br>(non-capital) | Resources<br>pools | Other        |
|-------------------|-------------------------|-----------------------------|--------------------|--------------|
| Within one year   | \$ -                    | \$ -                        | \$ -               | \$ -         |
| One to five years | -                       | -                           | -                  | 21,000       |
| After five years  | -                       | 10,730,000                  | -                  | 1,011,000    |
| No expiry date    | 1,294,000               | -                           | 31,201,000         | 77,000       |
|                   | \$ 1,294,000            | \$ 10,730,000               | \$ 31,201,000      | \$ 1,109,000 |

### 13. 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:

| Employees' salaries and benefits<br>(rounded to the nearest thousand CAD) | For the years ended March 31, |              |              |
|---------------------------------------------------------------------------|-------------------------------|--------------|--------------|
|                                                                           | 2021                          | 2020         | 2019         |
| Salaries and benefits included in the following:                          |                               |              |              |
| Exploration and evaluation expenses                                       | \$ 576,000                    | \$ 856,000   | \$ 1,268,000 |
| Administration expense <sup>1</sup>                                       | 363,000                       | 454,000      | 571,000      |
| Total                                                                     | \$ 939,000                    | \$ 1,310,000 | \$ 1,839,000 |

1 This amount includes salaries and benefits included in office and administration expenses (note 13(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:

| Office and administration expenses<br>(rounded to the nearest thousand CAD) | For the years ended March 31, |            |            |
|-----------------------------------------------------------------------------|-------------------------------|------------|------------|
|                                                                             | 2021                          | 2020       | 2019       |
| Salaries and benefits                                                       | \$ 300,000                    | \$ 414,000 | \$ 501,000 |
| Insurance                                                                   | 79,000                        | 55,000     | 74,000     |
| Data processing and retention                                               | 23,000                        | 60,000     | 60,000     |
| Other office expenses                                                       | 15,000                        | 21,000     | 22,000     |
| Total                                                                       | \$ 417,000                    | \$ 550,000 | \$ 657,000 |

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

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#### 14. FINANCIAL RISK MANAGEMENT

##### (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 ongoing expenditures and suitable business opportunities as they arise.

The Company considers the components of shareholders' equity as well as its cash 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.

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, which are readily convertible into known amounts of cash.

The Company is not subject to any imposed equity requirements.

There were no changes to the Company's approach to capital management during the year ended March 31, 2021.

##### (b) *Carrying amounts and fair values of financial instruments*

The Company's marketable securities are carried at fair value based on quoted prices in active markets.

As at March 31, 2021 and 2020, the carrying values of the Company's financial assets and financial liabilities approximate their fair values.

##### (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 of Directors approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

###### Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, and amounts receivable and other assets. The carrying values of these financial assets represent the Company's maximum exposure to credit risk.

The Company limits the exposure to credit risk by only investing its cash in high-credit quality financial institutions in business and savings accounts, which are available on demand by the Company for its programs.

## AMARC RESOURCES LTD.

### Notes to the Consolidated Financial Statements

For the years ended March 31, 2021, 2020 and 2019

(Expressed in Canadian Dollars, unless otherwise stated)

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#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. 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.

The Company has sufficient cash to meet its commitments associated with its financial liabilities in the near term, other than the amounts payable to related parties.

#### Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash. The Company's policy is to invest cash at variable rates of interest and cash reserves are to be maintained in cash in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash matures impact interest income earned.

As at March 31, 2021 and 2020, the Company's exposure to interest rate risk was nominal.

#### Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is subject to price risk in respect of its investments in marketable securities.

As at March 31, 2021 and 2020, the Company's exposure to price risk was not significant in relation to these Financial Statements.

## 15. EVENTS AFTER THE REPORTING PERIOD

### (a) Sublease Agreement

On April 22, 2021, the Company and HDSI entered into a sublease agreement for renting an office space in Vancouver British Columbia (the "2021 Office Sublease Agreement"). Pursuant to the Sublease Agreement, the sublease term commences on May 1, 2021 and expires on April 29, 2026. The Company as the sublease tenant will pay HDSI the sublandlord the basic rent according to the following schedule:

| Rent Periods                  | Basic Rents |
|-------------------------------|-------------|
| May 1, 2021 to April 30, 2022 | \$ 25,545   |
| May 1, 2022 to April 30, 2023 | 25,545      |
| May 1, 2023 to April 30, 2024 | 26,855      |
| May 1, 2024 to April 30, 2025 | 28,165      |
| May 1, 2025 to April 29, 2026 | 28,165      |
| Total                         | \$ 134,275  |

## **AMARC RESOURCES LTD.**

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

For the years ended March 31, 2021, 2020 and 2019

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

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#### *(b) JOY District Agreement with Freeport*

On May 11, 2021, the Company and Freeport-McMoRan Mineral Properties Canada Inc. ("Freeport"), a wholly owned subsidiary of Freeport-McMoRan Inc. (NYSE:FCX) entered into a Mineral Property Earn-in Agreement (the "EIA") whereby Freeport may acquire up to a 70% ownership interest of the Company's Joy porphyry Cu-Au District Property (See Note 7(b)).

Under the terms of the EIA, Freeport has a two-stage option to earn up to a 70% ownership interest in the mineral claims comprising the JOY District, plus other rights and interests, over a 10 year period.

To earn an initial 60% interest, Freeport is required to fund \$35 million of work expenditures over a 5-year term. During the first year of the earn-in, a \$4 million work program is planned in the JOY District.

These optional earn-in expenditures can be accelerated by Freeport at its discretion. Amarc will be operator during the initial earn-in period. Once Freeport has acquired such 60% interest, Amarc and Freeport will proceed to operate the JOY District through a jointly owned corporation with Freeport assuming project operatorship.

Upon Freeport earning such 60% interest, it can elect, in its sole discretion, to earn an additional 10% interest, for a total 70% interest by sole funding a further \$75 million within the following five years.

Once Freeport has finalized its earned ownership interest at either the 60% or 70% level, each party will be responsible for funding its own pro-rata share of project costs on a 60:40 or 70:30 basis.