

DRC RESOURCES CORPORATION
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

**BEAUCHAMP & COMPANY
CHARTERED ACCOUNTANTS
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NOTICE TO READER

We have compiled the interim consolidated balance sheet of DRC Resources Corporation as at June 30, 2002 and the interim consolidated statements of operations and deficit, and cash flows, and schedule of resource properties for the six months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.
July 18, 2002

“BEAUCHAMP & COMPANY”
Chartered Accountants

DRC RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2002 AND DECEMBER 31, 2001
(Unaudited - See Notice to Reader)

	Jun. 30,	(Note 14)
	<u>2002</u>	<u>Dec. 31,</u>
		<u>2001</u>
ASSETS		
CURRENT ASSETS		
Cash and term deposits	\$ 3,207,389	\$ 3,816,120
Marketable security	2,750	3,750
Amounts receivable - government	274,721	447,799
Prepaid expenses	13,101	13,276
	<hr/>	<hr/>
	3,497,961	4,280,945
RESOURCE PROPERTIES - SCHEDULE (Notes 2 and 3)	1,824,319	1,603,871
CAPITAL ASSETS (Notes 2 and 4)	16,219	14,367
	<hr/>	<hr/>
	\$ 5,338,499	\$ 5,899,183
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LIABILITIES		
CURRENT LIABILITIES		
Account payable and accruals	\$ 30,097	\$ 36,202
	<hr/>	<hr/>
FUTURE INCOME TAXES (Note 5)	172,776	296,410
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	6,725,190	7,133,578
DEFICIT	(1,589,564)	(1,567,007)
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	5,135,626	5,566,571
	<hr/>	<hr/>
	\$ 5,338,499	\$ 5,899,183
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COMMITMENTS (Note 12)

APPROVED BY THE BOARD:

"JOHN KRUZICK" Director

"SHARON ROSS" Director

See accompanying notes.

DRC RESOURCES CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Unaudited - See Notice to Reader)

	Three Months Ended Jun. 30, 2002	Three Months Ended Jun. 30, 2001	Six Months Ended Jun. 30, 2002	Six Months Ended Jun. 30, 2001
INCOME				
Interest and other	\$ 24,375	\$ 62,968	\$ 56,892	\$ 133,472
Oil and gas royalties	439	1,656	977	2,174
Foreign exchange gain (loss)	(21,414)	(16,620)	(21,031)	(2,360)
	<u>3,400</u>	<u>48,004</u>	<u>36,838</u>	<u>133,286</u>
EXPENSES				
Bank charges	91	178	274	301
Consulting and management	27,400	17,080	33,566	22,680
Amortization	1,055	5,600	2,110	5,600
Dues and subscriptions	2,950	5,019	11,773	5,434
Management services	1,600	-	13,800	-
Office, secretarial services and stationary	24,356	20,117	50,303	31,786
Professional fees	689	15,149	4,254	15,149
Regulatory fees	3,354	6,115	6,781	7,608
Rent	4,830	3,102	9,616	9,446
Telephone	1,116	789	2,375	1,486
Transfer agent	2,612	2,685	3,340	3,589
Travel and promotion	18,630	7,512	43,837	16,489
Write-down of marketable security	-	-	1,000	-
	<u>88,683</u>	<u>83,346</u>	<u>183,029</u>	<u>119,568</u>
(LOSS) NET INCOME FOR THE PERIOD BEFORE INCOME TAXES				
	(85,283)	(35,342)	(146,191)	13,718
FUTURE INCOME TAXES (Note 5)	110,906	-	123,634	-
NET INCOME (LOSS) FOR THE PERIOD	25,623	(35,342)	(22,557)	13,718
DEFICIT, BEGINNING OF PERIOD	(1,615,187)	(1,186,153)	(1,567,007)	(1,235,213)
DEFICIT, END OF PERIOD	\$ (1,589,564)	\$ (1,221,495)	\$ (1,589,564)	\$ (1,221,495)
EARNINGS (LOSS) PER SHARE	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ 0.01

See accompanying notes.

DRC RESOURCES CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(Unaudited - See Notice to Reader)

	Three Months Ended Jun. 30, 2002	Three Months Ended Jun. 30, 2001	Six Months Ended Jun. 30, 2002	Six Months Ended Jun. 30, 2001
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 25,623	\$ (35,342)	\$ (22,557)	\$ 13,718
Items not requiring cash:				
Amortization	1,055	5,600	1,055	5,600
Write-down of marketable security	-	-	1,000	-
Future income taxes	(110,906)	-	(123,634)	-
	(84,228)	(29,742)	(144,136)	19,318
Net change in non-cash working capital items	7,192	4,347	198,208	(83,832)
Cash Provided By (Used For)				
Operating Activities	(77,036)	(25,395)	54,072	(64,514)
INVESTING ACTIVITIES				
Payments of resource property costs	(230,875)	(456,313)	(289,594)	(576,044)
Acquisition of capital assets	-	(5,596)	(2,907)	(8,475)
Cash Used For Investing Activities	(230,875)	(461,909)	(292,501)	(584,519)
FINANCING ACTIVITIES				
Shares issued for cash	-	32,000	-	32,000
Share capital repurchased for cash	(370,302)	-	(370,302)	-
Cash Provided By (Used For)				
Financing Activities	(370,302)	32,000	(370,302)	32,000
INCREASE (DECREASE) IN CASH	(678,213)	(455,304)	(608,731)	(617,033)
CASH, BEGINNING OF PERIOD	3,885,602	4,918,060	3,816,120	5,079,789
CASH, END OF PERIOD	\$ 3,207,389	\$ 4,462,756	\$ 3,207,389	\$ 4,462,756
CASH COMPRISES:				
Cash			\$ 122,268	\$ 51,015
Term deposits			3,085,121	4,411,741
			\$ 3,207,389	\$ 4,462,756

See accompanying notes.

DRC RESOURCES CORPORATION
SCHEDULE OF RESOURCE PROPERTIES
SIX MONTHS ENDED JUNE 30, 2002 AND YEAR ENDED DECEMBER 31, 2001
(Unaudited - See Notice to Reader)

<u>Acquisition Costs</u>	(Note 14)	
	<u>Jun. 30,</u> <u>2002</u>	<u>Dec. 31,</u> <u>2001</u>
Kamloops "Afton" Claims	\$ 361,734	\$ 301,733
Kamloops Ajax - Python Claims	48,731	48,621
Alberta Mineral Permits	6,000	6,000
Timmins, Ontario Claims	1	31,500
Texas Oil and Gas Property	110,867	110,867
Balance, End Of Year	527,333	467,222

Deferred Exploration Costs

	<u>Afton</u> <u>Claims</u>	<u>Ajax -</u> <u>Python</u> <u>Claims</u>	<u>Other</u>	<u>Jun. 30,</u> <u>2002</u>	<u>Dec. 31,</u> <u>2001</u>
Balance, Beginning Of Period	\$ 1,077,464	\$ 59,185	\$ -	1,136,649	657,641
Assays and testing	5,253	-	-	5,253	44,905
Drilling	95,439	-	-	95,439	809,873
Engineering	46,188	-	-	46,188	116,996
Geological consulting	66,895	-	-	66,895	268,462
Labour	12,449	-	-	12,449	36,918
Supplies and equipment	1,515	-	-	1,515	7,818
Travel and accommodation	14,384	-	-	14,384	52,157
Staking and filing fees	-	-	-	-	11,617
Miscellaneous	4,344	-	-	4,344	3,698
Grant recoveries	11,956	-	-	11,956	(412,375)
Tax effect of flow through shares	(98,086)	-	-	(98,086)	(396,200)
	160,337	-	-	160,337	543,869
Costs written-off	-	-	-	-	(64,861)
	160,337	-	-	160,337	479,008
Balance, End Of Period	\$ 1,237,801	\$ 59,185	\$ -	1,296,986	1,136,649
Resource Properties				\$ 1,824,319	\$ 1,603,871

See accompanying notes.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

1. NATURE OF BUSINESS

DRC Resources Corporation is a public company incorporated under the Company Act (British Columbia). The common shares of the Company are traded on the TSX Venture Exchange ("TSXV").

The Company is in the process of exploring its resource properties to determine whether the properties contain ore reserves that are economically recoverable.

The continued operations of the Company and the recoverability of the amounts shown as resource properties are dependent upon the existence of recoverable reserves, the ability of the Company to obtain financing to complete the developments, and upon future profitable production or proceeds from disposition of its resource properties.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Principals of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dynamic Resources Corporation, Inc. All significant inter-company transactions and balances have been eliminated on consolidation.

b) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Significant areas of estimate relate to impairment of investments, resource properties and related deferred exploration costs, future site restoration costs, and future income tax asset valuation allowance. Actual results could differ from those estimates. By their nature, these estimates are subject to measurement uncertainty, and the impact on the consolidated financial statements of future changes in such estimates could be material.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Resource Properties

i) Mineral Interests

The Company capitalizes acquisition and related exploration costs of mineral interests until such time as the mineral property to which they relate is brought into production, or is sold, allowed to lapse or abandoned. The costs will be amortized on a unit of production basis following commencement of production or written off to operations if the mineral property is abandoned. Mineral option payments are recorded when received and are charged against the related mineral claim interest cost. General exploration, overhead and administration costs are expensed in the period they are incurred.

ii) Oil and Gas Interests

The acquisition, drilling and completion costs of oil and gas interests are capitalized when incurred. If proven to be productive, these costs are charged to operations over the producing life of the property by annual provisions for depletion calculated on a unit of production basis; otherwise, if abandoned, the costs less accumulated amortization are charged to operations. All oil and gas property interests are royalty interests and are held in the United States.

c) Marketable Securities

The following portfolio investments are recorded at the lower of cost and market value:

<u>Name Of Issuer</u>	<u>Class Of Security</u>	<u>Quantity</u>	<u>Cost Of Securities</u>	(Note 14)	
				Marker Value Of Securities Jun. 30, 2002	Market Value Of Securities Dec. 31, 2001
Planet Ventures Inc.	Common shares	25,000	\$ 5,750	\$ 2,750	\$ 3,750

e) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is calculated using the straight-line method at a rate of 20% per annum.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Foreign Currency Translation

The Company's foreign operation is considered fully integrated with the Company and is translated into Canadian dollars using the weighted average rates for the period for items included in the statement of operations and deficit, except for amortization which is translated at historical rates, the rate prevailing at the balance sheet date for monetary assets and liabilities, and historical rates for all other items. Exchange gains or losses on translation are included in the current period's operations.

g) Income Taxes

The Company recognizes and measures, as assets and liabilities, income taxes currently payable or recoverable as well as future taxes which will arise from the realization of assets or settlement of liabilities at their carrying amounts, which differ from their tax bases. Future tax assets and liabilities are measured using substantially enacted or enacted tax rates expected to apply to taxable income in the years in which such temporary differences are expected to be recovered or settled. A valuation allowance is recognized to the extent the recoverability of future income tax assets is not considered more likely than not.

h) Adoption of New Accounting Standards

Share capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act of Canada ("the Act"). The Act provides that, where the share issuance proceeds are used for exploration and development expenditures, the related income tax deductions may be renounced to subscribers. Accordingly, these expenditures provide no tax deduction to the Company.

Commencing in December 31, 2001, the Company reduces share capital and deferred exploration costs for the 2001 year by the estimated amount of relate future tax liability when the capital expenditures are incurred. The prior quarterly financial information has not been restated to reflect this change.

i) Loss Per Share

Loss per share data is computed by dividing net loss by the weighted average number of common shares and common share equivalents outstanding during the year. Shares issuable upon the exercise of share purchase warrants and stock options were excluded from the computation of loss per share because their effect would be anti-dilutive.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

3. RESOURCE PROPERTIES

- Kamloops, B.C. "Afton" Mineral Property

The Company entered into an option agreement dated September 22, 1999 to acquire the Afton Mineral Claims Group, in the Kamloops Mining Division of B.C. Consideration is the issuance of 2,000,000 common shares of the Company in stages, being 1,000,000 shares on effective date of the shareholders' approval of the agreement, and 200,000 shares annually for the next five years beginning in year 2, a work commitment of \$6,500,000 over nine years and a 10% net profit royalty. Minimum work commitments vary from \$400,000 to \$1,000,000 each year and are \$400,000 in year one and \$600,000 in year two. The property must be in production within ten years of agreement date, or the property reverts to the vendors. On July 19, 2000, 1,000,000 common shares of the Company were issued in accordance with the agreement.

Subsequent to the quarter ending, March 31, 2002, the Company issued 200,000 common shares in accordance with the agreement for year 2. The value as per the terms of the agreement was \$0.30 per share for a total cost to the Company of \$60,000. Claim work completed has extended the claims in good standing until March 8, 2011.

The President of the Company has a one-half interest in the option agreement above as one of the optionors. (See Notes 8 and 12)

- Kamloops, B.C., Mineral Property

The Company owns a 100% interest in the Ajax - Python Claim Group, subject to a 2% net smelter royalty, consisting of 62 mineral claims and 5 crown grants in the Kamloops Mining Division of B.C. The cost of the claims acquired was 100,000 common shares of the Company at a fair value of \$0.50 per share. Claim work completed has extended the claims in good standing until September 26, 2004 - 2007.

The Company entered into a joint venture agreement dated April 4, 1999 with Planet Ventures Inc. (formerly Footwall Explorations Inc.), a CDNX listed public company, for them to acquire a 50% interest in the Python Claim Group. Consideration to be received was 100,000 common shares of Planet Ventures Inc. (25,000 shares per year) and they were to incur cumulative exploration expenditures of \$400,000 over four years. The Company received 25,000 shares of Planet Ventures Inc. upon signing the agreement, subject to a one-year hold period, and Planet Ventures Inc. incurred exploration expenditures of \$29,675 during the year. The Company and Planet Ventures Inc. by mutual agreement, terminated the option agreement on March 29, 2000.

- Alberta Mineral Property

The Company acquired, on October 23, 2000, twelve metallic and industrial mineral permits located in Northern Alberta. These permits are in good standing until April 12, 2003.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - See Notice to Reader)

3. RESOURCE PROPERTIES

- Timmins, Ontario, Mineral Property

The Company has a 100% interest in 11 units (440 acres) located in the Porcupine Mining division of Ontario. The mineral claims are in good standing until October 14, 2005.

- Oil and Gas Property, Texas, U.S.A.

The Company owns a 25% interest in approximately 358 acres of land located in Texas, U.S.A., which land provide its oil and gas property royalty interests.

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
			<u>Jun. 30, 2002</u>	<u>Dec. 31, 2001</u>
Office equipment	\$ 27,406	\$ 11,187	\$ 16,219	\$ 14,367

5. INCOME TAXES

- a) Profit (loss) before income taxes are as follows:

	(Note 14)	
	<u>Six Months Ended Jun. 30, 2002</u>	<u>Year Ended Dec. 31, 2001</u>
Canada	\$ (147,083)	\$ (36,625)
U.S.A.	892	1,241
TOTAL	\$ (146,191)	\$ (35,384)

- b) The provision for income taxes consist of the following:

	(Note 14)	
	<u>Six Months Ended Jun. 30, 2002</u>	<u>Year Ended Dec. 31, 2001</u>
Future		
Canada	\$ (123,634)	79,425
U.S.A.	-	-
TOTAL FUTURE INCOME TAX EXPENSE	\$ (123,634)	\$ 79,425

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

5. INCOME TAXES (CONT'D)

c) Temporary differences that give rise to future income taxes are as follows:

	Six Months Ended	(Note 14)
	Jun. 30,	Year Ended
	2002	Dec. 31,
		2001
Long-term future tax liability		
Resource Properties	\$ (177,932)	\$ (302,166)
Capital Assets	5,156	5,756
TOTAL LONG-TERM FUTURE INCOME TAX LIABILITY	\$ (172,776)	\$ (296,410)

d) Temporary differences that could give rise to future income tax assets:

	Six Months Ended	(Note 14)
	Jun. 30,	Year Ended
	2002	Dec. 31,
		2001
Long-Term Future Income Tax Assets		
Loss carry forwards	\$ 238,762	\$ 165,536
Share issue costs	110,873	132,326
	349,635	297,862
Total Long-Term Future Income Tax Assets		
Less valuation allowance	349,635	297,862
NET LONG-TERM FUTURE INCOME TAX ASSETS	\$ -	\$ -

e) Subject to confirmation by the income tax authorities, the Company has the following undeducted tax pools:

	Jun. 30,	(Note 14)
	2002	Dec. 31,
		2001
Canadian Exploration Expenses	\$ 576,271	\$ 316,748
Canadian Development Expenses	\$ 473,596	\$ 413,596
Undepreciated Capital Costs	\$ 29,233	\$ 29,165
Share Issue Costs	\$ 279,842	\$ 333,988
Non-Capital Losses, expiring at various date to 2008	\$ 602,631	\$ 417,810

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002
(Unaudited - See Notice to Reader)

6. SHARE CAPITAL

a) Authorized
40,000,000 common shares without a par value

b) Issued

	Six Months Ended Jun. 30, 2002		(Note 14) Year Ended Dec. 31, 2001	
	Number Of Shares	Amount	Number Of Shares	Amount
Balance, beginning of period	8,283,766	\$ 7,133,578	6,680,516	\$ 2,669,341
Issued for cash:				
Exercise of options			211,000	47,300
Exercise of warrants			-	-
Exercise of special warrants and flow-through entitlements			1,392,250	4,813,137
Repurchase for cancellation	(128,200)	(370,302)		
Tax effect of flow-through special warrants		(98,086)		(396,200)
Issued for mineral property	200,000	60,000	-	-
Balance, end of period	8,355,566	\$ 6,725,190	8,283,766	\$ 7,133,578

- Year 2002

During the second quarter ended June 30, 2002, the Company repurchased for cancellation 128,200 shares at a cost of \$370,302. The Company is authorized to repurchase up to a total of 250,000 shares. This right expires on February 19, 2003. The balance of shares available to repurchase is 121,800.

During the first quarter ending March 31, 2002, 200,000 shares were issued at a price of \$0.30 per share for the 2001 year option payment in accordance with the Afton property option agreement.

- Year 2001

The Company issued 160,000 common shares for share options exercised at \$0.20 per share and 51,000 common shares for options exercised at \$0.30 per share.

1,392,250 special warrants were exercised during the year. The net proceeds were transferred to share capital.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL (CONT'D)

c) Stock Options

The Company does not have an established share purchase option plan. However, from time to time, the board of directors may grant options to directors, officers, employees or consultants subject to the approval of the regulatory authorities.

Stock Options Outstanding

	Options Outstanding	Option Price
Balance, December 31, 1999	423,000	
Exercised	(138,000)	\$0.20
Exercised	(74,000)	\$0.30
Granted	453,000	\$4.00*
Balance, December 31, 2000	664,000	
Cancelled	(25,000)	\$7.00
Exercised	(160,000)	\$0.20
Exercised	(51,000)	\$0.30
Granted	90,000	\$4.00*
Balance, December 31, 2001	518,000	
Granted	320,000	\$3.00
Balance, June 30, 2002	838,000	

*option price amended from \$7.00 to \$4.00 in year 2001 and from \$4.00 to \$3.00 in current quarter.

The expiry dates of the options are:

September 13, 2002	428,000	options @ \$3.00
May 9, 2003	90,000	options @ \$3.00
February 1, 2004	320,000	options @ \$3.00

7. SPECIAL WARRANTS

On August 3, 2000 the Company, by a brokered private placement, issued 1,304,750 special warrants and 100,000 agents special warrants at a price of \$4.00 per special warrant. Each special warrant was exchangeable for one common share and one non-transferable share purchase warrant at an exercise price of \$5.00 up to December 15, 2001 entitling the holder to purchase one common share. The special warrants issued to Ontario residents were exchanged for common shares pursuant to a final prospectus dated August 3, 2001. During the year ended December 31, 2001, 1,392,250 (2000 - 12,500) warrants were exercised for common shares (See Note 6(b)). No share purchase warrants were exercised and all expired December 15, 2001.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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8. RELATED PARTY TRANSACTIONS

	Six Months Ended	(Note 14)
	Jun. 30,	Year Ended
	2002	Dec. 31,
		2001
For consulting, administration and exploration costs charged by a private company controlled by the President/Director of the Company	\$ 57,000	\$ 113,440
For shares issued in payment on "Afton" property option agreement to the President/Director of the Company. 600,000 shares have been issued to date	\$ 30,000	\$ -
For secretarial and administrative services charged by a private company which a director has a 50% interest	\$ 23,711	\$ 33,481

9. SUPPLEMENTARY CASH FLOW INFORMATION

The statement of cash flows reflected the new requirement under Section 1540 of the Canadian Institute of Chartered Accountants Handbook.

For the quarter ended March 31, 2002, the Company conducted non-cash activities as follows:

Financing Activities	
Common shares issued for mineral properties	\$ <u>60,000</u>

10. SEGMENTED INFORMATION

The Company's operations consist of two business segments - oil and gas, which is in the United States and mineral exploration which is in Canada. The other principal assets which are held in Canada consist primarily of cash and term deposits.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - See Notice to Reader)

10. SEGMENTED INFORMATION (CONT'D)

	Jun. 30,	(Note 14)
	<u>2002</u>	<u>Dec. 31,</u>
		<u>2001</u>
CANADA		
Current Assets	\$ 3,496,531	\$ 4,278,201
Resource Properties	1,713,452	1,493,004
Capital Assets	16,219	14,367
	<hr/> 5,226,203	<hr/> 5,785,572
U.S.A.		
Current Assets	1,430	2,744
Resource Property	110,867	110,867
	<hr/> 112,297	<hr/> 113,611
TOTAL ASSETS	<hr/> \$ 5,338,499	<hr/> \$ 5,899,183

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and term deposits, amounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair values of cash and term deposits, amounts receivable and accounts payable approximate their carrying values due to the relatively short period to maturity of these instruments.

12. COMMITMENTS

The Company, under the terms of the option agreement to acquire the "Afton" Mineral Property, is required to issue an additional 800,000 shares in 200,000 share instalments over the next four years and, to perform a work commitment of \$6,500,000 over nine years. To date \$2,256,552 has been expended.

During the quarter ending March 31, 2002, the year 2 commitment of 200,000 shares was issued in January and February 2002.

DRC RESOURCES CORPORATION
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13. ENVIRONMENTAL RISKS

Existing and possible future environmental legislation, regulations and action could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could materially and adversely affect the business of the Company or its ability to develop its mineral properties on an economic basis. Before production can commence on any property, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained on a timely basis or at all. The cost of compliance with changes in government regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of property.

14. COMPARATIVE FIGURES

The amounts disclosed in these interim consolidated financial statements as at December 31, 2001, and for the year then ended were subject to an audit engagement.