

Schedule "B"

DRC RESOURCES CORPORATION

**BC FORM 51-901F
QUARTERLY AND YEAR END REPORT
FOR THE SECOND QUARTER ENDING JUNE 30, 2002
(Prepared by Management)**

Item 1.

Deferred Costs: Deferred exploration costs of \$137,282 in the quarter and \$160,337 during the fiscal year to date are included in the total cost of Resource Properties included in the Consolidated Interim Balance Sheet and detailed in the Schedule of Resource Properties in Schedule "A" .

General and Administrative Expenses: \$88,683 in the quarter and \$183,029 during the fiscal year to date were expended for general expenses pertaining to the day to day administration of a public company as indicated in the Expenses on the Statement of Operations attached in Schedule "A".

Item 2.

Related Party Transactions: During the second quarter of the year 2002, the Company paid \$11,575 for secretarial and accounting services invoiced by a private company in which a director has a 50% interest. A private company controlled by a director was paid a total of \$ 30,400 for consulting, deferred exploration costs and property investigation..

Item 3.

During the quarter ended June 30, 2002

(a) Securities Issued: NIL

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid

(b) Options Granted: NIL

Name	Number	Price	Date Granted	Expiry Date

Item 4.

At June 30, 2002

- (a) the Authorized Capital of the Company consisted of 40,000,000 common shares without par value, of which
- (b) 8,355,566 common shares were issued and outstanding at June 30, 2002
- (c) the following options were outstanding:

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE	RECORDED VALUE
Options	428,000	*\$3.00 per share	Sept. 13, 2002	Nil
Options	90,000	*\$3.00 per share	May 9, 2003	Nil
Options	320,000	\$3.00 per share	Feb 1, 2004	Nil

* During the quarter the Company received the consent of the TSX Venture Exchange to amended the exercise price of 518,000 of the above stock options from \$4.00 to \$3.00 per share. Independent shareholder approval for options issued to directors and insiders of the Company was received at the Company Annual General Meeting held on June 17, 2002.

- (d) no common shares were subject to escrow or pooling agreements
- (e) On February 28, 2002, the Company obtained CDNX approval to conduct a normal course issuer bid through the facilities of the TSX Venture Exchange (formerly CDNX) to purchase up to 250,000 common shares of its outstanding capital. No shares were purchased during the first quarter of 2002. During the second quarter ended June 30, 2002 the Company purchased, for cancellation, 128,200 common shares of its own capital for a total cost of \$370,302. At June 30, 2002 120,600 of those common shares had been cancelled.

Item 5.

At the date this report was signed, the following were the Company's directors and officers:

John H. Kruzick	President & CEO and Director
Sharon L. Ross	Secretary and Director
C. Robert Edington	CFO and Director
Mike Muzylowski	Director
Thomas O'Toole Taylor	Director

Bruno J. Mosimann	Vice President Corporate Development and Finance
Maurice Lee	Vice President Business Development

ADDITIONAL INFORMATION RELATED TO THIS SCHEDULE "B" IS INCLUDED IN THE NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2002 ATTACHED HERETO AS SCHEDULE "A" AND THE MANAGEMENT DISCUSSION AND ANALYSIS ATTACHED HERETO AS SCHEDULE "C"

Schedule "C"

DRC RESOURCES CORPORATION

**BC FORM 51-901F
QUARTERLY AND YEAR END REPORT
FOR THE SECOND QUARTER ENDING JUNE 30, 2002
(Prepared by Management)**

MANAGEMENT DISCUSSION

Management's Discussion and Analysis ("MD&A") for the quarter ended June 30, 2002 should be read in conjunction with DRC Resources Corporation's (DRC) interim consolidated financial statement, corresponding notes and Schedule B attached hereto.

Description of Business

DRC Resources Corporation, with head office located in Vancouver, British Columbia, was incorporated in 1980 as a resource company. The company presently has 8.36 million issued shares and is listed on the TSX Venture Exchange (TSX symbol DRC). The main project of the Company is the Afton Copper-Gold Property, located 10 kilometers west of Kamloops, British Columbia. The Company also owns resource properties in Alberta, Ontario and Texas which are being maintained with no further work programs presently planned.

The Company's business is managed by directors and executive with professional backgrounds and many years experience in the mining industry, augmented by independent geological and mining engineers retained to advise the Company on its main project.

Progress and Outlook

On April 17, 2002, DRC Resources Corporation's independent engineer completed a Mineral Resource Study for the 2000 – 2001 diamond drilling on the Afton Copper Gold Project. The engineer recommends a \$1,100,000 surface diamond drill program to further explore the mineral zone along strike, to surface and to depth.

The Afton Main Zone is estimated to have a current Indicated Mineral Resource of 37.7 Million Tons (34.3 Million Tonnes) of 2.32% Copper Equivalent. The Afton Northeast Zone is estimated to have a current Indicated Mineral Resource of 1.2 Million Tons (1.1 Million Tonnes) of 1.40% Copper Equivalent. There is an additional estimated Inferred Mineral Resource, up-dip and down-dip of the Main Zone, of 4.8 Million Tones (4.4 Million Tonnes of an assumed grade of 2.32 Copper Equivalent, similar to the grade of the Main Zone.

Mineral Resource Summary

Main Zone

Indicated Mineral Resource

37.7 Million Tons (34.3 Million Tonnes)

2.32% Copper Equivalent

1.55% Cu

1.14 g/tonne (0.0366oz/tonne) Au

0.125 g/tonne (0.004 oz/tonne) Pd

3.42 g/tonne (0.11 oz/tonne) Ag

Inferred Mineral Resource

4.8 Million Tons (4.4 Million Tonnes)

2.32% Copper Equivalent

(assumed grade)

Northeast Zone

Indicated Mineral Resource

1.2 Million Tons (1.1 Million Tonnes)

1.40% Copper Equivalent

1.02 % Cu

0.86 g/tonne (0.027oz/tonne) Au

0.10 g/tonne (0.003 oz/tonne) Pd

5.49 g/tonne (0.17 oz/tonne) Ag

Assumed Metal Prices (US\$): Copper \$1540/tonne (\$0.70/pound), Gold \$8.75/gram (\$300/oz)

Palladium \$11.67/gram (\$400/oz), Silver \$0.13/gram (\$4.50/oz).

During 2000 and 2001, 49 NQ Diamond Drill Holes totalling 23,800 metres (78,000 ft) outlined a significant, steeply-dipping, southwest plunging primary copper-rich deposit extending southwest from the 274 metre (900 ft) deep abandoned Afton open-pit. The Afton Main Zone averages 70 metres (230 ft) wide by 600 metres (1970 ft) long by over 775 metres (2540 ft) in depth. In addition, a 30 metre (98 ft) wide northeast extension zone was located en-echelon to the Main Zone and increases the total mineralized length to 850 metres (2800 ft). The mineral zones remain open along strike to the northeast and southwest, but appear to narrow at depth (near Sea Level) and towards the surface, the latter containing lower metal grades.

The Mineral Resource Study was prepared by an independent qualified person, James J. McDougall, P.Eng. in compliance with National Instrument 43-101 requirements and Form 43-101F1, and according to CIM Standards on Mineral Resources and Reserves, August 20, 2000. The mineral resource estimate was calculated by utilizing computer and manually generated plans, cross sections, 60 metre (196 ft) wide volume sections for 38 of 49 NQ diamond drill holes which intersected the

mineral zone, a 0.5% copper cut-off grade, a tonnage factor of 2.6 tonnes/cubic metre, and weighted averages of metal grades for core intervals within the specific volume sections.

The company implemented and the geologist supervised a Quality Assurance Program for the Afton Project. All mineralized diamond drill core was logged, photographed, sawed and sampled in 2, 3, or 4 metre (7, 10 & 13 ft) intervals and transported (by Eco-Tech employees) to Eco-Tech Laboratories Ltd. Of Kamloops, B.C. for analysis for copper, gold, silver and palladium. Check samples were randomly selected and sent to Acme Analytical Laboratories Ltd. Vancouver, B.C., which correlated with the original assays. Selected core samples were examined microscopically in the field and by petrographer J.F. Harris, Ph.D. in thin sections.

Eco-Tech Laboratories of Kamloops are B.C. Certified Assayers who participate in the National Canmet Proficiency Testing, and maintain their own in-house Quality Assurance and Quality Control Program. They have been in the analytical testing business for 27 years, and are familiar with assaying the Afton samples.

The copper equivalent value is based on a copper-gold mineral resource with minor palladium and silver values. The copper and gold constitutes 95% of the total concentrate value. The indicated mineral resource is not a mineral reserve and does not demonstrate economic viability.

The Mineral Resource Study states “The author is of the opinion that all sampling, logging, sample preparation, field and analytical procedures and security of samples was carried out in a proper manner under the supervision of the geologist and project manager. All exploration data relevant to the Afton project appears to have been collected, calculated and analyzed either manually or by computer generated techniques in a professional manner to arrive at the conclusions for this mineral resource study.”

Year 2001 exploration increased the indicated mineral resource of DRC’s Afton Copper-Gold Project by over 50%. In 2002 the Company intends to move forward with the advancement of the Afton Copper Gold Project and to increase the mineral resource through further exploration. With working capital of approximately \$5 million on the date of this report, the Company is well funded to proceed with planned exploration. The Company has held and is continuing discussions with senior members of the mining industry with the object of moving the project beyond the exploration stage. The Company has signed confidentiality agreements with a number of mining companies and financial institutions.

On February 20, 2002 the Company announced the approval by the CDNX of a Normal Course Issuer Bid to purchase through the facilities of the CDNX, for a period of one year, up to 250,000 common shares, 2.94% of the outstanding issued capital. The Company has not purchased through the facilities of the CDNX/TSX Venture any of its own securities through a Normal Course Issuer Bid in the past. Securities will be purchased at price which is not higher than the last independent trade and no abnormal influence will be made to the market price of the shares by the Normal Course

Issuer Bid. To June 30, 2002 the Company has purchased for cancellation 128,200 shares for a total expenditure of \$370,302.

DRC Resources' 2002 exploration program is underway and the Company is proceeding with the \$1.1 Million Diamond Drill Program as a continuation of the \$4.7 million program as recommended by the Company's independent engineer.

Operating Results

During the quarter ended June 30, 2002, DRC incurred a gain after taxes of \$25,623 (\$0.01 per share) compared to a net loss after taxes of \$35,342 (\$0.01 per share) for the same period in 2001.

Income for the quarter ended June 30, 2002 decreased to \$3,400 from \$48,004 in the corresponding period in 2001 due to the reduced rate interest rate on working capital invested for future exploration and administration expenditures. Administration costs for the quarter ended June 30, 2002 increased slightly to \$87,628 compared to \$77,746 for the same period in 2001.

The Company participated in several trade shows and promotional activities during the Quarter which increased management salaries and expenses (which include travel, promotion and outside communications consultants).

Legal and Accounting fees are not billed on a regular monthly or quarterly basis, they are billed as work is performed and completed. During this quarter no major billing for legal or accounting services was received or receivable.

Quarterly Budget – For Period Ending June 30, 2002

<u>Administration</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Office Supplies and expenses	\$ 9,000	\$ 15,822	\$ 6,822
Salaries of support staff	\$15,750	\$ 13,175	\$ (2,575)
Management salaries & Expenses	\$27,750	\$ 46,030	\$ 18,280
Regulatory and transfer agent fees	\$ 4,500	\$ 5,966	\$ 1,466
Utilities and telephone	\$ 4,500	\$ 1,116	\$ (3,384)
Rent	\$ 6,000	\$ 4,830	\$ (1,170)
Legal and accounting	\$22,500	\$ 689	\$(21,811)
Total	\$90,000	\$87,628	\$ 2,291

Financial Condition - Liquidity & Capital Resources

At June 30, 2002, DRC had cash and cash equivalents of \$3,207,389 compared to \$4,462,756 as at

June 30, 2001. Of the foregoing, at June 30, 2002 approximately \$219,733 is committed to exploration expenditures pursuant to agreements under which flow through shares were issued. Working capital at June 30, 2002 was \$3,467,864 compared to working capital of \$4,587,419 at June 30, 2001. An improving trend in gold and copper prices has prompted DRC to review all potential courses of action beneficial to all shareholders by attracting financial participation in the Afton Copper-Gold Project. Discussions are on-going with a number of mining companies and financial institutions that have expressed an interest in project participation.

Related Party Transactions

During the quarter ending June 30, 2002, the Company paid \$11,575 compared to \$9,588 in the quarter ending June 30, 2001, for secretarial and accounting services invoiced by Allshare Holdings Ltd., a private company in which a director has a 50% interest. During the quarter ended June 30, 2002 the Company paid \$30,400 compared to \$40,000 in the quarter ended June 30, 2001 for consulting, deferred exploration costs and property investigation services invoiced by Westridge Enterprises Ltd., a private company a director of the Company.

Marketable Securities

As at June 30, 2002, DRC owned 25,000 common shares of Planet Ventures Inc., a junior resource company listed on the TSX Venture Exchange. The value of these securities at date of acquisition was \$5,750 market value of these securities at June 30, 2001 was \$3,250.

Pursuant to a Normal Course Issuer Bid approved by the CDNX (predecessor to the TSX Venture Exchange) on February 18, 2002, during the quarter ending June 30, 2002, the Company purchased 128,200 common shares of its outstanding capital for a total purchase price of \$370,302. The Company cancelled 120,600 of these shares during the quarter.

Exploration and Development

During the quarter ending June 30, 2002, DRC incurred exploration and development expenditures of \$187,751 compared to \$456,203 for the same period in 2001. The difference in exploration costs during the respective periods is due to the later starting date for the year 2002 Afton diamond drilling program, better drilling environment and inclement weather conditions which shut down the drilling on several occasions.

The \$4,700,000 Exploration Program Budget recommended by J.J. McDougall & Associates in their January 24th, 2001 Engineering Report and disclosed in the August 3rd, 2001 Final Prospectus was adopted by the Company as its Afton Copper-Gold Project budget. The Engineering Report did not break down project cost estimates on a month by month basis.

The following is a breakdown of budgeted and actual expenditures for the quarter and the year, with budget remainder (overage) at year-end.

Exploration	Budget Amount for Entire Program	Expended During Quarter Ending June 30, 2002	Total Expended To June 30, 2002	Budget Remainder (Overage)
Diamond Drilling	\$2,500,000	\$ 95,403	\$ 1,370,034	\$1,129,966
Assaying	200,000	5,253	92,605	107,395
Accommodation and Meals	100,000	7,305	65,376	34,624
Technical personnel salaries*	500,000	63,272	657,123*	(157,123)
Support personnel salaries	100,000	9,179	79,709	20,291
Vehicles and fuel	50,000	3,061	28,976	21,024
Metallurgical testing	50,000	-	12,000	38,000
Pre-feasibility study	700,000	-	-	700,000
Contingencies	500,000	4,278	42,266	457,734
Total	\$4,700,000	\$ 187,751	\$2,348,089	\$2,351,911

*included in the total expenditure are contract work done by Behre, Dolbear & Company Ltd. for preparation of the Scoping Study, by J.J. McDougall for preparation of the 2001 Mineral Resource Study and \$10,000 of metallurgical testing by Process Research Associates in preparing for Preliminary Flotation Studies on the Afton Mine Project, together with additional invoiced support work for those programs by the Company's manager, project manager, geologists, and engineers.

Project costs during this quarter were lower than the previous year comparative period due to the fact that the 2002 diamond drill program at Afton started later than in the season and inclement weather conditions stopped drilling several times during the quarter.

To June 30, 2002 85,740 feet of diamond drilling has been completed at a total drilling cost of \$1,370,034. The average drilling cost per foot was \$15.97. The amount remaining in the budget for diamond drilling was \$1,129,966. Due to the present competitive nature of the drilling industry, DRC's drilling costs are substantially lower than originally anticipated when budgeting for the Afton Exploration Program. .

In 2000-2001 the company drilled 49 NQ Diamond Drill Holes totaling 23,800 metres (78,000 ft), of which 38 drill holes intersected the mineral zone, testing the copper-gold mineralization over a length of 850 metres (2800 ft).

With respect to an independent investment opinion on the Afton Copper-Gold Project in The Market

Insight Research Report prepared by Georgia Pacific Securities in January, 2002, the Company notes that the economic analysis was applied to the total of the indicated and inferred resource categories which does not conform with section 2.3(1) (b) of NI 43-101

In 2002 the Company plans a continuation of the \$4.7 million Diamond Drill Exploration Program recommended by the Company's independent engineer in the January 24, 2001 technical report. The Company's objective will be to extend the Afton main zone towards the surface and to the southwest beyond the previously outlined copper-gold mineralization. Drilling commenced during the week of April 22, 2002. The Company's engineer is of the opinion that additional exploration is required before a Pre-feasibility study will be commissioned.

Risks

Mineral exploration is a high risk business and there is no assurance that economic mineral deposits will be found on any of DRC's properties. Even excellent surface indications are no guarantee of finding mineral deposits at depth. Mineral commodity prices and exchange rates can fluctuate and affect the economics of mineral deposits. Financial markets can sometimes be negative toward junior exploration companies.

Subsequent Events

On July 23, 2002 DRC Resources Corporation received TSX Venture Exchange acceptance for a \$2,100,000 Brokered Private Placement of 700,000 flow through common shares at \$3.00 per share with Dundee Securities Corporation. DRC Resources and Dundee Securities Corporation have completed the documentation pertaining to the closing of the financing and the funds have been received by the company. The Company paid a cash commission to Dundee Securities Corporation equal to 8% of the gross proceeds (\$ 168,000) and 70,000 Broker's Warrant to purchase 70,000 common shares of DRC at a price of \$3.00 per share on or before July 25, 2002. The proceeds from this Private Placement brings the company's current cash position to \$5 million. The \$2,100,000 received from this financing will be used for exploration on the company's Afton Copper-Gold Project.

Disclaimer

The information contained herein is prepared by the company and believed to be accurate but has not been independently audited or verified and is provided for informational purposes. This information is not to be construed as an offer nor as a recommendation to buy or sell securities. DRC Resources Corporation, its officers and directors assume no responsibility for use of this information in any way whatsoever and do not guarantee its accuracy.

Cautionary Note

It should be noted that some of the statements contained in this presentation are not

historical facts but may be forward-looking statements. Estimates and statements that describe the Company's future plans, objectives or goals are examples of forward-looking statements and such statements may include words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements by reason of factors such as the productivity of the Company's mining properties, changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals, legislative, environmental and other regulatory, political and competitive developments in areas in which the Company operates.

US Investors Should Note: *The United States Securities and Exchange Commission permits mining companies, in their filings with the SEC to disclose only those mineral deposits that a company can economically and legally extract or produce. We may use certain terms in our publications such as "resources", "possible ore reserves" that the SEC guidelines strictly prohibit us from including in filings with the SEC.*