

DRC RESOURCES CORPORATION
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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 September 30, 2002 and the interim consolidated statements of operations and deficit, and cash flows, and schedule of resource properties for the nine 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.
November 22, 2002

“BEAUCHAMP & COMPANY”
Chartered Accountants

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

	Sept. 30, <u>2002</u>	(Note 15) Dec. 31, <u>2001</u>
ASSETS		
CURRENT ASSETS		
Cash and term deposits	\$ 4,621,152	\$ 3,816,120
Marketable security	1,500	3,750
Amounts receivable - government	131,734	447,799
Prepaid expenses	5,391	13,276
	4,759,777	4,280,945
RESOURCE PROPERTIES - SCHEDULE (Notes 2 and 3)	1,974,405	1,603,871
CAPITAL ASSETS (Notes 2 and 4)	39,806	14,367
	\$ 6,773,988	\$ 5,899,183
LIABILITIES		
CURRENT LIABILITIES		
Account payable and accruals	\$ 82,862	\$ 36,202
FUTURE INCOME TAXES (Note 5)	183,537	296,410
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	8,159,887	7,133,578
DEFICIT	(1,652,298)	(1,567,007)
	6,507,589	5,566,571
	\$ 6,773,988	\$ 5,899,183

COMMITMENTS (Note 13)

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 NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(Unaudited - See Notice to Reader)

	Three Months Ended Sept. 30, 2002	Three Months Ended Sept. 30, 2001	Nine Months Ended Sept. 30, 2002	Nine Months Ended Sept. 30, 2001
INCOME				
Interest and other	\$ 29,855	\$ 48,573	\$ 86,747	\$ 182,045
Oil and gas royalties	230	519	1,207	2,693
Foreign exchange gain (loss)	17,132	14,555	(3,899)	12,195
	<u>47,217</u>	<u>63,647</u>	<u>84,055</u>	<u>196,933</u>
EXPENSES				
Bank charges	19	(39)	293	262
Consulting and management	7,915	26,025	41,481	48,705
Amortization	6,103	2,800	8,213	8,400
Dues and subscriptions	-	151	11,773	5,585
Financing costs	12,000	-	12,000	-
Management services	8,075	-	21,875	-
Office, secretarial services and stationary	17,079	11,746	67,382	43,532
Professional fees	26,231	33,534	30,485	48,683
Regulatory fees	7,864	825	14,645	8,433
Rent	5,086	4,020	14,702	13,466
Telephone	818	827	3,193	2,313
Transfer agent	2,951	604	6,291	4,193
Travel and promotion	3,799	2,656	47,636	19,145
Write-down of marketable security	1,250	-	2,250	-
	<u>99,190</u>	<u>83,149</u>	<u>282,219</u>	<u>202,717</u>
(LOSS) NET INCOME FOR THE PERIOD BEFORE INCOME TAXES	(51,973)	(19,502)	(198,164)	(5,784)
FUTURE INCOME TAXES (Note 5)	(10,761)	-	112,873	-
NET INCOME (LOSS) FOR THE PERIOD	(62,734)	(19,502)	(85,291)	(5,784)
DEFICIT, BEGINNING OF PERIOD	(1,589,564)	(1,221,495)	(1,567,007)	(1,235,213)
DEFICIT, END OF PERIOD	\$ (1,652,298)	\$ (1,240,997)	\$ (1,652,298)	\$ (1,240,997)
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 NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001
(Unaudited - See Notice to Reader)

	Three Months Ended Sept. 30, 2002	Three Months Ended Sept. 30, 2001	Nine Months Ended Sept. 30, 2002	Nine Months Ended Sept. 30, 2001
CASH PROVIDED BY (USED FOR):				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (62,734)	\$ (19,502)	\$ (85,291)	\$ (5,784)
Items not requiring cash:				
Amortization	6,103	2,800	8,213	8,400
Write-down of marketable security	1,250	-	2,250	-
Future income taxes	10,761	-	(112,873)	-
	(44,620)	(16,702)	(187,701)	2,616
Net change in non-cash working capital items	197,275	31,350	405,957	(52,482)
Cash Provided By (Used For)				
Operating Activities	152,655	14,648	218,256	(49,866)
INVESTING ACTIVITIES				
Payments of resource property costs	(276,894)	(298,248)	(576,962)	(874,292)
Acquisition of capital assets	(29,690)	-	(33,652)	(8,475)
Cash Used For Investing Activities	(306,584)	(298,248)	(610,614)	(882,767)
FINANCING ACTIVITIES				
Shares issued for cash	1,917,558	15,300	1,917,558	47,300
Share capital repurchased for cash	(349,866)	-	(720,168)	-
Cash Provided By (Used For)				
Financing Activities	1,567,692	15,300	1,197,390	47,300
INCREASE (DECREASE) IN CASH	1,413,763	(268,300)	805,032	(885,333)
CASH, BEGINNING OF PERIOD	3,207,389	4,462,756	3,816,120	5,079,789
CASH, END OF PERIOD	\$ 4,621,152	\$ 4,194,456	\$ 4,621,152	\$ 4,194,456
CASH COMPRISES:				
Cash			\$ 68,828	\$ 51,015
Term deposits			4,552,324	4,143,441
			\$ 4,621,152	\$ 4,194,456

See accompanying notes.

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

<u>Acquisition Costs</u>	<u>Sept. 30</u> <u>2002</u>	<u>Dec. 31</u> <u>2001</u>
Kamloops "Afton" Claims	\$ 361,734	\$ 301,733
Kamloops Ajax - Python Claims	48,732	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	527,334	467,222

Deferred Exploration Costs

	<u>Afton</u> <u>Claims</u>	<u>Ajax -</u> <u>Python</u> <u>Claims</u>	<u>Other</u>	<u>Sept. 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	23,141	-	-	23,141	44,905
Drilling	300,041	-	-	300,041	809,873
Engineering	77,029	-	-	77,029	116,996
Geological consulting	111,445	-	-	111,445	268,462
Labour	20,843	-	-	20,843	36,918
Supplies and equipment	19,932	-	-	19,932	7,818
Travel and accommodation	24,738	-	-	24,738	52,157
Staking and filing fees	-	-	-	-	11,617
Miscellaneous	6,072	-	-	6,072	3,698
Grant recoveries	(41,738)	-	-	(41,738)	(412,375)
Tax effect of flow through shares	(231,081)	-	-	(231,081)	(396,200)
	310,422	-	-	310,422	543,869
Costs written-off	-	-	-	-	(64,861)
	310,422	-	-	310,422	479,008
Balance, End Of Period	\$ 1,387,886	\$ 59,185	\$ -	1,447,071	1,136,649
Resource Properties				\$ 1,974,405	\$ 1,603,871

See accompanying notes.

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 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
SEPTEMBER 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 15)	
				<u>Marker Value Of Securities Sept. 30, 2002</u>	<u>Market Value Of Securities Dec. 31, 2001</u>
Planet Ventures Inc.	Common shares	25,000	\$ 5,750	\$ 1,500	\$ 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
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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
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(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. The Company can purchase back the 10% net profit royalty interest, on or before December 1, 2010 for \$2,000,000. 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. On July 19, 2000, 1,000,000 common shares of the Company were issued in accordance with the agreement.

During the first 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 9 and 13)

- 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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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>Sept. 30, 2002</u>	<u>Dec. 31, 2001</u>
Transportation vehicles	\$ 29,690	\$ 4,453	\$ 25,237	\$ -
Office equipment	27,406	12,837	14,569	14,367
	<u>\$ 57,096</u>	<u>\$ 17,290</u>	<u>\$ 39,806</u>	<u>\$ 14,367</u>

5. INCOME TAXES

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

	<u>(Note 15)</u>	
	<u>Nine Months Ended Sept. 30, 2002</u>	<u>Year Ended Dec. 31, 2001</u>
Canada	\$ (86,740)	\$ (36,625)
U.S.A.	1,449	1,241
TOTAL	<u>\$ (85,291)</u>	<u>\$ (35,384)</u>

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

5. INCOME TAXES (CONT'D)

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

	(Note 15)	
	Nine Months Ended	Year Ended
	Sept. 30,	Dec. 31,
	2002	2001
Future		
Canada	\$ (112,873)	79,425
U.S.A.	-	-
TOTAL FUTURE INCOME TAX EXPENSE (RECOVERY)	\$ (112,873)	\$ 79,425

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

	(Note 15)	
	Nine Months Ended	Year Ended
	Sept. 30,	Dec. 31,
	2002	2001
Long-term future tax liability		
Resource Properties	\$ (199,363)	\$ (302,166)
Capital Assets	15,826	5,756
TOTAL LONG-TERM FUTURE INCOME TAX LIABILITY	\$ (183,537)	\$ (296,410)

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

	(Note 15)	
	Nine Months Ended	Year Ended
	Sept. 30,	Dec. 31,
	2002	2001
Long-Term Future Income Tax Assets		
Loss carry forwards	\$ 288,348	\$ 165,536
Share issue costs	161,588	132,326
	449,937	297,862
Total Long-Term Future Income Tax Assets		
Less valuation allowance	449,937	297,862
NET LONG-TERM FUTURE INCOME TAX ASSETS	\$ -	\$ -

DRC RESOURCES CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. INCOME TAXES (CONT'D)

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

	Sept. 30, 2002	(Note 15) Dec. 31, 2001
Canadian Exploration Expenses	\$ 888,869	\$ 316,748
Canadian Development Expenses	\$ 471,480	\$ 413,596
Undepreciated Capital Costs	\$ 77,588	\$ 29,165
Share Issue Costs	\$ 407,845	\$ 333,988
Non-Capital Losses, expiring at various date to 2008	\$ 727,785	\$ 417,810

6. SHARE CAPITAL

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

- b) Issued

	Nine Months Ended Sept. 30, 2002		(Note 15) Year Ended Dec. 31, 2001	
	<u>Number Of Shares</u>	<u>Amount</u>	<u>Number Of Shares</u>	<u>Amount</u>
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
Private placement flow- through shares	700,000	1,917,557		
Repurchase for cancellation	(250,000)	(720,167)		
Tax effect of flow-through special warrants		(231,081)		(396,200)
Issued for mineral property	200,000	60,000	-	-
Balance, end of period	8,933,766	\$ 8,159,887	8,283,766	\$ 7,133,578

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6. SHARE CAPITAL (CONT'D)

b) Issued (Cont'd)

- Year 2002

During the year to date the Company has repurchased a total of 250,000 shares for cancellation at a cost of \$720,167. In the quarter ending September 30, 2002 the Company repurchased 121,800 shares at \$349,865. The Company is authorized to repurchase up to a total of 440,000 shares. This right expires on February 19, 2003.

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.

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.

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6. SHARE CAPITAL (CONT'D)

c) Stock Options (Cont'd)

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*
<hr/>		
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*
<hr/>		
Balance, December 31, 2001	518,000	
Granted	100,000	\$3.05
Granted	320,000	\$3.00
Expired	(33,000)	\$3.00
Cancelled	(65,000)	\$3.00
<hr/>		
Balance, September 30, 2002	840,000	

*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, 2004	395,000	options @ \$3.00 (extended from Sept. 13, 2002)
May 9, 2003	25,000	options @ \$3.00
February 1, 2004	320,000	options @ \$3.00
September 18, 2004	100,000	options @ \$3.05

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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8. BROKER WARRANTS

On July 24, 2002 the Company by a private placement, issued 70,000 broker warrants exchangeable on or before July 24, 2003 into common shares at a purchase price of \$3.00 per warrant. No warrants were exercised in the period.

9. RELATED PARTY TRANSACTIONS

	Nine Months Ended	(Note 15)
	Sept. 30,	Year Ended
	<u>2002</u>	<u>Dec. 31,</u>
		<u>2001</u>
For consulting, administration and exploration costs charged by a private company controlled by the President/Director of the Company	\$ 87,675	\$ 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	\$ 33,872	\$ 33,481

10. 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>

11. 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
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(Unaudited - See Notice to Reader)

11. SEGMENTED INFORMATION (CONT'D)

	Sept. 30, <u>2002</u>	(Note 15) Dec. 31, <u>2001</u>
CANADA		
Current Assets	\$ 4,751,100	\$ 4,278,201
Resource Properties	1,863,538	1,493,004
Capital Assets	39,806	14,367
	6,654,444	5,785,572
U.S.A.		
Current Assets	8,677	2,744
Resource Property	110,867	110,867
	119,544	113,611
TOTAL ASSETS	\$ 6,773,988	\$ 5,899,183

12. 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.

13. 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 \$2,684,863 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.

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14. 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.

15. 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.