

**BC Form 51-901**

**QUARTERLY REPORT FOR QUARTER ENDED DECEMBER 31, 2000**

Incorporated as part of

       Schedule A  
  X   Schedule B & C

**ISSUER DETAILS**

**Name of Issuer:** DRC RESOURCES CORPORATION

**Issuers Address:** #601-595 Howe Street  
Vancouver, B.C.  
V6C 2T5

**Phone & Fax:** Phone Number: (604) 687-1629  
Fax Number: (604) 687-2845

**Contact Person:** John H. Kruzick, President

**Phone:** (604) 687-1629

**For Quarter Ended:** December 31, 2000

**Date of Report:** May 08, 2001

**CERTIFICATE:**

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

Date Signed

"John H. Kruzick"  
JOHN H. KRUZICK, President/Director

May 08, 2001

"Sharon L. Ross"  
SHARON L. ROSS, Secretary/Director

May 08, 2001

**Form 51-901 - SCHEDULE B  
FOR THE PERIOD ENDED DECEMBER 31, 2000**

Item 1:

**SCHEDULE OF RESOURCES PROPERTIES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

**Acquisition Costs**

	<u>2000</u>	<u>1999</u>
Kamloops AAfton@ Claims	\$301,733	\$-
Kamloops Python Claims	47,135	24,300
Alberta Mineral Permits	6,420	24,300
Timmins, Ontario Claims	31,500	31,500
Texas Oil/Gas Property	110,867	110,867
<b>Balance at End of Year</b>	<b>\$ 497,655</b>	<b>\$ 213,802</b>

**Deferred Exploration Costs**

	<u>Afton Claims</u>	<u>Python Claims</u>	<u>Other</u>	<u>2000</u>	<u>1999</u>
<b>Balance, Beginning of Year</b>	<b>\$ 25,606</b>	<b>\$ 58,963</b>	<b>\$ 82,279</b>	<b>\$ 166,848</b>	<b>\$ 130,781</b>
Assays and testing	42,065	-	-	42,065	382
Drilling	464,722	-	-	464,722	15,916
Engineering	27,132	-	-	27,132	1,042
Geological consulting	120,250	-	-	120,250	44,608
Labour	30,342	-	-	30,342	-
Supplies and equipment	9,603	-	-	9,603	465
Travel and accommodation	27,073	-	-	27,073	1,898
Staking and filing fees	2,496	-	-	2,496	820
Miscellaneous	-	111	-	111	611
Grant recoveries	(4,527)	-	-	(4,527)	-
Option payments	-	-	-	-	(29,675)
	719,156	111	-	719,267	36,067
Costs written-off	-	-	(17,418)	(17,418)	-
	719,156	111	(17,418)	701,849	36,067
<b>Balance, End of Year</b>	<b>\$ 744,762</b>	<b>\$ 59,074</b>	<b>\$ 64,861</b>	<b>\$ 868,697</b>	<b>\$ 166,848</b>

Total Resource Assets

\$1,366,352    \$ 380,650

**General and Administrative Expenses:** \$186,708 were expended during the fiscal year to date for general expenses pertaining to the day to day administration of a public company as indicated in the Operating Costs on the Statement of Operation attached as Schedule AA@

**Non Arms Length Transactions:** During the fiscal year to date the Company paid \$27,691 for secretarial and accounting services invoiced by a private company of which a director has a 50% interest therein. Payments totaling \$86,300 for consulting, deferred exploration costs and property investigation services were billed by a private company which a director controls and 500,000 shares were issued in payment on "Afton" property option.

Item 2.

During the period Oct. 1- December 31, 2000

(a) Securities Issued:

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
Dec. 12, 2000	common shares	Exercise of Special Warrants	12,500	\$0.00	\$0.00	-	nil

(b) Options Granted:

Name	Date Granted	Number	Price	Expiry Date
-	-	0	-	-

Item 3.

(a) Authorized Capital

20,000,000 common shares of no par value

10,000,000 Class "A" preferred shares ,  
par value \$10.00 each

10,000,000 Class "B" preferred shares,  
par value \$50.00 each

Issued and outstanding: 6,680,516 Common shares at December 31, 2000

(b) At December 31, 2000 the following options and warrants were outstanding:

<b>TYPE OF SECURITY</b>	<b>NUMBER ISSUED</b>	<b>EXERCISE PRICE</b>	<b>EXPIRY DATE</b>
Options	160,000	\$0.20 per share	April 19, 2001
Options	51,000	\$0.30 per share	September 15, 2001
Options	453,000	\$7.00 per share	September 13, 2002
Warrants	1,350,000	\$5.00 per share	August 3, 2001
Special Warrants	1,337,900	Nil	Will Be Deemed Exercised on August 3, 2001
*Agent's Series "A" Special Warrants	125,000	\$4.00 per Unit (Unit = 1 share and 1 warrant exercisable at \$5.00)	cancelled

\* The Ontario Securities Commission has requested that the Company cancel the 125,000 Agent=s Series AA@ Special Warrant which were issued to Thomson Kernaghan & Co. Limited as part of the commission payable for arranging the Brokered \$5,000,000 Special Warrant Financing. The Special Warrants were approved for issuance by the Canadian Venture Exchange on August 3, 2000. The issuance of these Special Warrant is acceptable under the B.C. Securities Commission Rules and Regulation but unacceptable under the Ontario Securities Commission Rules and Regulations. The Special Warrant=s Private Placement was completed with individuals and companies in both B.C, Ontario and also Internationally, requiring the approval of both the British Columbia and Ontario Securities Commissions for places in their respective jurisdictions.

(c) 393,750 shares are held under Escrow Agreement for property acquisition.

(d) Board of Directors and Officers

John H. Kruzick	CEO/President/Director
Sharon L. Ross	Secretary/Director
C. Robert Edington	CFO/Director
Mike Muzylowski	Director

Bruno J. Mosimann	Vice President Corporate Development and Finance
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***ADDITIONAL INFORMATION RELATED TO THIS SCHEDULE AB@ IS INCLUDED IN THE NOTES TO THE INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING DECEMBER 31, 2000 ATTACHED HERETO AS SCHEDULE@A@ AND FILED WITH SEDAR***

**Form 51-901 - SCHEDULE C**

**FOR THE PERIOD ENDED DECEMBER 31, 2000**

**Management Discussion:**

**Corporate Profile**

DRC Resources Corporation is a publicly traded resource company located in Vancouver, British Columbia, Canada. The main focus of the company is the exploration and development of the Afton Mine Property, located 10 kilometers West of Kamloops, British Columbia. The company also owns resource properties in Alberta, Ontario and Texas.

The company has an experienced management team with many years of experience in the mining industry and retains top-level level geological and mining engineers to advise the company on its project.

DRC Resources, incorporated in 1980, has 7.6 million common shares outstanding, an international shareholder base and is listed on the Canadian Venture Exchange (CDNX symbol DRC). The company has working capital of \$5 million .

**Corporate Highlights**

- **\$5,000,000 financing completed.**
- **Geological Engineering Report indicates a 25 million ton indicated mineral resource.**
- **Petrographic Study indicates copper sulphide of magmatic origin.**
- **Scoping Study determines Afton Project has favorable economics.**
- **Metallurgical Study yields excellent metal recovery**

Fiscal year 2000 was a breakthrough for DRC Resources Corporation. A \$5 million financing and favorable exploration results at the Afton Mine Property brought the company closer to its corporate goal to discover a significant mineral resource.

In September 2000, DRC Resources welcomed Mr. Mike Muzylowski of Vancouver, British Columbia to the board of directors and Mr. Bruno J. Mosimann of Zurich Switzerland as Vice-President of Corporate Development and Finance. Mr. Muzylowski with over 45 years of experience in the mining industry has held management positions and directorships with a number of mining companies. Mr. Mosimann has over 35-years experience in corporate finance and business development.

DRC Resources assembled a team of top-level geological and mining engineers to advise the company on the exploration and development of the Afton Mine Project. The Company retained independent consultants James J. McDougall & Associates, P.Eng., James Douglas Little, P.Eng., Douglas A. Knight, B.A.Sc. and A.D. McCutcheon, P.Eng.

### **Afton Mine Project**

In year 2000, DRC Resources completed 21 NQ Diamond Drill Holes (30,575 feet) outlining a wide “feeder zone” below and to the southwest of the Afton open-pit. The mineral zone a steeply dipping tabular body 1200 ft (365 m) long, averaging 250 ft (76 m) wide and extending to at least 1000 ft (303 m) below pit bottom is open in all directions with no indication of narrowing except towards surface. The Company has received technical reports for the 2000 Diamond Drill Program and is presently implementing their recommendations.

In January 2001, DRC Resources' independent geological engineer J.J. McDougall in his report estimated the Afton mineral zone, based on 18 diamond drill holes, has an indicated mineral resource of 25,000,000 tons averaging 2.00% copper, 0.045 oz/t gold, 0.004 oz/t palladium and 0.20 oz/t silver, equivalent to 3% copper. The engineer manually estimated the mineral resource in compliance with National Instrument 43-101 requirements and Form 43-101F1, and according to the CIM Standards on Mineral Resources and Reserves adopted August 20, 2000.

In February 2001, Behre Dolbear & Company Ltd. completed a Scoping Study and determined the Afton project has favorable economic possibilities with low production costs and moderate capital requirements, with good mining infrastructure. Block caving at a rate of 4,500 tons per day was selected as the method offering the lowest potential operating cost. The life-of-mine cash production cost (mining, milling, administration) is estimated at C\$17.29/dst of ore. The total production cost (cash and non-cash) averages C\$22.19/dst over the life of the mine. The life-of-mine Estimated Net Income (undiscounted) before tax is stated at C\$734,685,000 and after-tax is C\$376,417,000. The Internal Rate of Return (IRR) is 32.3% which includes a 30% contingency for possible cost overruns

In February 2001 Process Research Associates Ltd. of Vancouver completed a preliminary flotation study on the Afton mineralizations showing good metal recovery: copper 89%, gold 90%, palladium 76%, platinum 99%, and silver 90%. A locked cycle test produced a final cleaner concentrate containing 41% copper, 0.83 oz/t gold, 0.05 oz/t palladium, 0.006 oz/t Platinum, and 3.73 oz/t silver. Results indicate further improvements to metal recoveries may be achieved with longer flotation retention times.

J. F. Harris Ph.D. petrographic study of selected drill core indicates the finely disseminated copper sulphides appear to be of “magmatic” origin resembling certain types of gabbroic/anorthositic rocks associated with nickel and platinum-group deposits. Since the sulphides are disseminated and not dependent on the degree of fracturing, there is good potential for a more extensive mineral zone.

In April 2001, encouraged by the favorable results of the geological engineering, scoping, metallurgical and petrographic studies, DRC Resources committed an additional \$2 million to continue the diamond drill program to explore the extent of the mineral zone.

Important features of the Afton Property:

- Excellent location along the TransCanada Highway, 10 kilometres. West of the City of Kamloops, British Columbia.
- Well-serviced with good road access, water, power, infrastructure, mine site and a local experienced mine labor force.
- Located in an existing mining district where all levels of government are supportive.
- No outstanding aboriginal land claims.

## **Ajax-Python Property**

The company has compiled a data-base on the Ajax-Python Property in order to better understand the geology of the mineral zone and is studying the exploration potential for this property. No exploration program has been proposed to date.

## **Other Properties**

The Timmins, Ontario and key areas of the Alberta Diamond Property are being maintained for future exploration consideration.

## **Achievement of Objectives**

DRC Resources was successful in completing a \$5 million equity financing, increasing the company's working capital for the exploration and development of the Afton Property.

Afton 2000 Exploration Program was successful in increasing the indicated mineral resource to 25 million tons, 2.00% copper, 0.045 oz/t gold, 0.004 oz/t palladium, 0.2 oz/t silver (3.0% copper equivalent) from the previous quoted 10.5 million 1.52% copper and 0.03 oz/t gold.

The mineral zone has been extended to 1200ft (365 m) in length, to a depth of 1000 ft (303 m) below pit bottom, with a width averaging 250 ft (76 m).

Encouraged by favorable 2000 exploration results the company will invest an additional \$2 million to explore the Afton Mineral Zone. The diamond drilling will concentrate on expanding the mineral resources.

## **Objective for 2001**

- Focus on increasing the mineral resource along trend and to depth.
- Continue to carry out the necessary exploration to bring the project to prefeasibility.
- Enhance shareholder value by building a strong asset base of mineral resource.
- Attract an industry partner with underground block cave mining expertise.

## **Outlook for 2001**

The year 2000 was a very exciting and productive year for DRC Resources. In 2001 the company intends to move forward with the advancement of the Afton Mine Project to the prefeasibility stage.

With working capital of approximately \$5 million the company is well funded to proceed with exploration. We expect to increase the mineral resource through further exploration of our properties and look forward to a successful and rewarding year. The company is continuing to discuss the project with mining companies with the intent of moving the project beyond the exploration stage.

I would like to extend my appreciation to the board of directors, exploration personnel, project advisors, consultants and our investors for their continued support of the company and the Afton Mine Project

**Cautionary Note:** *Statement in this report are a preliminary assessment of potential economics under a certain set of parameters and assumptions. Further studies will be required to determine economic viability. The Company relies on litigation protection for "forward looking" statements.*

ON BEHALF OF THE BOARD OF DIRECTORS  
**"JOHN H. KRUZICK"**  
John H. Kruzick, President

