

Schedule "B"

DRC RESOURCES CORPORATION

**BC FORM 51-901F QUARTERLY AND YEAR END REPORT
FOR THE FOURTH QUARTER ENDING DECEMBER 31, 2002
(Prepared by Management)**

Item 1.

Deferred Exploration Costs: Deferred exploration costs, after the grant recoveries and tax effect of flow through shares, of \$375,788 in the quarter and \$686,210 during the fiscal year 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: \$200,592 in the quarter and \$282,811 during the fiscal year 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 fourth quarter of the year 2002, the Company paid \$ 7,533 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 during the fourth quarter a total of \$ 25,170 for consulting and deferred exploration costs investigation and shares issued in payment on "Afton" property option agreement which have a deemed value of \$30,000. A related person of a director was paid \$ 11,250 for consulting services.

Item 3.

During the quarter ended December 31, 2002

(a) Securities Issued:

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

(b) Options Granted:

Name	Number	Price	Date Granted	Expiry Date
Ian Beardmore	25,000	\$3.50	12/05/02	12/05/04
Craig Thomas	25,000	\$3.50	12/05/02	12/05/04

(c) Options Expired or Cancelled:

Name	Type of Issue	Number	Price	Grant Dated	Cancel and Expire
NIL					

Item 4.

At December 31, 2002

- (a) the Authorized Capital of the Company consisted of 40,000,000 common shares without par value, of which
- (b) 9,131,766 common shares were issued and outstanding
- (c) the following options were outstanding:

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE	RECORDED VALUE
Options	395,000	*\$3.00 per share	Sept. 13, 2004	Nil
Options	25,000	\$3.00 per share	May 9, 2003	Nil
Options	320,000	\$3.00 per share	Feb 1, 2004	Nil
Options	100,000	\$3.05 per share	Sept 18, 2004	Nil
Options	50,000	\$3.50 per share	Dec. 5, 2004	Nil

* During the third quarter the Company received the consent of the TSX Venture Exchange to amended the expiry date of 395,000 of the above stock options from Sept. 13, 2002 to Sept. 13, 2004. Independent shareholder approval for options issued to directors and insiders of the Company will be sought at the 2003 Annual General Meeting to be held on June 16, 2003.

- (d) no common shares were subject to escrow or pooling agreements
- (e) On February 20, 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 us to 250,000 common shares of its outstanding capital. On August 23, 2002 the Company received TSXV approval to purchase through normal course issuer bid an additional 190,000 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 cost of \$370,302. During the third quarter ending September 30, 2002 the Company purchased, for cancellation 121,800 common shares of its own capital at a cost of \$349,865 bringing the total cost to \$720,167 for the 250,000 common shares purchased. At September 30, 2002 250,000 common shares had been cancelled. During the fourth quarter the Company purchased 2,000 common shares

of its own capital at cost of \$5,918. At December 31, 2002 the shares were held for cancellation, which was effected in February, 2003.

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	Director
Mike Muzylowski	Director
Thomas O'Toole Taylor	Director
Craig D. Thomas	Director
Ian Beardmore, CA	CFO
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 DECEMBER 31, 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 FOURTH QUARTER ENDING DECEMBER 31, 2002
(Prepared by Management)**

MANAGEMENT DISCUSSION

Management's Discussion and Analysis ("MD&A") for the quarter ended December 31, 2002 should be read in conjunction with DRC Resources Corporation's (DRC) audited 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 9.13 million issued shares and graduated from a TSX Venture Exchange listing to a listing on the Toronto Stock Exchange listing on December 31, 2002 (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 Ontario and Texas which are being maintained with no further work programs presently planned.

The Company's business is managed by directors and executives 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 recommended 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).

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 Laboratory 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 continued to advance the Afton Copper Gold Project and to increase the mineral resource through further exploration.

DRC Resources’ 2002 exploration program completed the \$1.1 Million Diamond Drill Program for a total of \$3.2 million expended to December 31, 2002, which is part of the \$4.7 million program as recommended by the Company’s independent engineer. During 2002 the Company has drilled 24 NQ₂ diamond drill holes (49,412 ft [15,065 m]). Significant drill hole intervals with metal values have been published in Press Releases dated June 6, September 30, Oct. 23, Nov 6 & 20, and Dec 3 & 16, 2002. The 2002 diamond drilling indicates the mineral zone is still open beyond the indicated mineral resource boundary of 37.7 million tons of 2.32% Copper Equivalent estimated in the 2001 Mineral Resource Study as mentioned above.

To year end December 31, 2002 a total of 84 NQ Diamond Drill Holes totaling 127,450 ft (38,845 metres) has outlined a steeply dipping, southwesterly plunging tabular-shaped copper-rich primary deposit extending southwest from the abandoned Afton open-pit. The Afton Main Zone to date is 2620 ft (800 metres) long, averages 295 ft (90 metres) wide, and has been traced at least 980 ft (300 metres) down-dip. In addition, a 100 ft (30 metre) wide northeast extension zone occurs en-echelon to the Main Zone increasing the total mineralized length outlined to date to 3300 ft (1000 metres). The mineral zones remain open along strike to the northeast and southwest.

Subsequent to year end the Company engaged mining consultants, Behre Dolbear & Company Ltd. of Vancouver, British Columbia to undertake a Pre-Feasibility Study for the Afton Copper-Gold Property, Kamloops, B.C. The study will address the mineral resource, a number of mining methods, mineral processing, and permitting for the Afton Project. The study will provide an estimate of capital and operating costs related to the potential development of an underground bulk tonnage mining operation at Afton. Professional Mining Engineer – James A. Currie, Vice President and Senior Associate of Behre Dolbear, will act as the Project Manager for the Pre-Feasibility Study. Mr. Currie has 25 years experience in the mining industry including exploration, construction and operations management. Behre Dolbear, in their qualifications state: Behre Dolbear & Company, Inc. (Behre Dolbear), founded in 1911 is the oldest continually operating mining consulting firm in North America.

DRC Resources’ 2003 Afton Copper-Gold Exploration Program has commenced. The Company is using two diamond drills to initially focus on a surface infill diamond drill program to upgrade the

mineral resource. Additional drilling will continue to explore the Afton Mineral Zone along strike and to depth.

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.

During the 2002 fiscal year, the Company has acquired an option to purchase the 10% Net Profit Royalty Interest in the Afton Claim Group, exercisable on or before 5:00 PM, December 1, 2010 for a total purchase price of \$2,000,000. Also, the Option to Purchase Agreement for the acquisition of the Afton Claim Group has been amended to reflect the removal of the condition to have production commence on the Afton Claim Group within 10 years (December 2009) or the property would revert back to the optionors.

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 and on August 23, 2002 the Company received approval to purchase and additional 190,000 common shares, for a total of 4.93% of the outstanding issued capital. 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. In the fiscal year 2002 the Company has purchased for cancellation 252,000 shares for a total expenditure of \$726,083. 250,000 shares were cancelled during the third quarter of 2002, 2,000 shares were not cancelled at year end (subsequently cancelled in February, 2003).

Operating Results

During the year ended December 31, 2002, DRC incurred a loss after income taxes of \$185,907 (\$0.02 per share) compared to a net loss after taxes of \$114,809 (\$0.02 per share) for the same period in 2001. Income for the year ended December 31, 2002 decreased to \$114,260 from \$255,155 in the corresponding period in 2001 due to the reduced interest rate on working capital invested for future exploration and administration expenditures. Administration costs for the year ended December 31, 2002 increased to \$474,562 compared to \$192,179 for the same period in 2001 due to the increased travel, promotion, secretarial, professional, consulting, regulatory and financing fees related to the Toronto Stock Exchange listing and increase activity due to the advancement of the Afton Copper-Gold Project.

The Company wrote off the Alberta Property interest of \$5,999 and marketable securities values were written down by \$2,250 during the year. Commissions paid to Dundee Securities for acting as agent for the \$2,100,000 flow through common share financing was 8% of the gross proceeds (\$168,000) and 70,000 Brokers Warrants exercisable at \$3.00 per share on or before July 24, 2003 and a fee of \$40,000 for acting as the broker sponsor for the Toronto Stock Exchange listing.

Quarterly Budget – For Period Ending December 31, 2002

<u>Administration</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Office Supplies and expenses	\$ 9,000	\$ 6,845	\$ (2,155)

Salaries of support staff	15,750	7,533	(8,217)
Management salaries & Expenses	27,750	22,285	(5,465)
Regulatory and transfer agent fees	4,500	1,870	(2,630)
Utilities and telephone	4,500	1,633	(2,867)
Rent	6,000	5,302	(698)
Legal and accounting	22,500	27,159	4,659
Total	\$90,000	\$72,627	\$(17,373)

Extraordinary items not included in Quarterly Administration Budget or Expenditures

1: Sponsorship (TSX Listing)	\$ 40,000
2: TSX (Toronto Stock Exchange) Listing Application Fees.....	\$ 37,428
3: Travel, Promotion, Printing and Advertising	\$ 40,820

Financial Condition - Liquidity & Capital Resources

At December 31, 2002, DRC had cash and cash equivalents of \$3,872,144 compared to \$3,816,120 as at December 31, 2001. Of the foregoing, at December 31, 2002 approximately \$1,617,762 is committed to exploration expenditures pursuant to agreements under which flow through shares were issued. Working capital at December 31, 2002 was \$4,001,927 compared to working capital of \$4,244,743 at December 31, 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, international smelters and financial institutions that have expressed an interest in project participation.

Related Party Transactions

During the year ending December 31, 2002, the Company paid \$41,405 compared to \$33,841 in the year ended December 31, 2001, for secretarial and accounting services invoiced by Allshare Holdings Ltd., a private company in which a director has a 50% interest. During the year ended December 31, 2002 the Company paid \$112,845 compared to \$113,440 in the year ended December 31, 2001 for consulting and deferred exploration costs invoiced by Westridge Enterprises Ltd., a private company owned by a director of the Company. Westridge Enterprises Ltd. was also issued 200,000 shares during the year for two years of payments on "Afton" property option agreement, deemed value of the shares if \$60,000. A related person of the President was paid \$11,250 for consulting services.

Marketable Securities

As at December 31, 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 December 31, 2002 was \$1,500.

Pursuant to a Normal Course Issuer Bid, approved by the CDN (predecessor to the TSX Venture Exchange) on February 18, 2002, and extended on August 23, 2002 to include the purchase of an additional 190,000 common shares for the total purchase through Normal Course Issuer Bid of 440,000 common share, the Company has purchased and cancelled 252,000 shares for a total purchase price of \$726,083. The Company purchased during the fourth December 31, 2002, 2,000 common shares of its outstanding capital for a total purchase price of \$5,916. At December 31, 2002 188,000 common shares remain eligible for purchase through the Normal Course Issuer Bid which expired on February 18, 2003.

Exploration and Development

During the year ending December 31, 2002, DRC incurred exploration and development expenditures of \$1,158,752 compared to \$1,352,444 for the same period in 2001.

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 December 31, 2002	Total Expended To December 31, 2002	Budget Remainder (Overage)
Diamond Drilling	\$2,500,000	\$438,516	\$ 2,023,152	\$ 486,848
Assaying	200,000	23,115	133,608	66,932
Accommodation and Meals	100,000	8,519	81,320	18,680
Technical personnel salaries*	500,000	73,401	805,915	(305,915)
Support personnel salaries	100,000	18,669	106,772	(6,772)
Vehicles and fuel	50,000	5,191	37,096	12,904
Metallurgical testing	50,000	-	12,000	38,000
Pre-feasibility study	700,000	-	-	700,000
Contingencies	500,000	8,071	70,482	429,518
Total	\$4,700,000	\$ 575,482	\$3,260,345	\$1,439,655

*included in the total expenditure for technical personnel salaries are contract work done by Behre, Dolbear & Company Ltd. for preparation of the Scoping Study, by J.J. McDougall for preparation of the 2000 & 2001 Mineral Resource Studies and \$12,000 of metallurgical testing by Process Research Associates 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 slightly higher than the previous quarterly periods due to the fact that an additional diamond drill was added which increased the footage drilled with overall project costs.

To December 31, 2002, 127,450 feet (38,850 metres) of diamond drilling has been completed at a total drilling cost of \$1,920,284. The average drilling cost per foot was \$15.07. The amount remaining in the property exploration budget for diamond drilling was \$486,848. 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.

For the years 2000, 2001 & 2002 the company drilled 84 NQ Diamond Drill Holes totaling 127,450 ft (38,850 metres).

During 2002 the Company continued the \$4.7 million Diamond Drill Exploration Program recommended by the Company's independent engineer in the January 24, 2001 technical report. The Company extended the Afton mineral zone beyond the previously outlined copper-gold mineralization indicated in the 2002 Mineral Resource Study. The Company's exploration team is of the opinion that sufficient exploration has been performed for a Pre-feasibility study to 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. Excellent surface indications and drill results are no guarantee of finding an economical mineral deposit 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 December 31, 2002 the Company graduated to the Toronto Stock Exchange.

On February 19, 2003 the Company announce the engagement of Behre, Dolbear & Company to undertake a Pre-Feasibility Study for the Afton Copper-Gold Property.

In early 2003 the Company contracted to participate in the Standard and Poor's Investor Relation Program which includes profiling DRC Resources in Standard & Poor's Corporation Records, S & P Daily News, S&P MarketScope, and S&P Market Access Website, plus entry into the S&P Stock

Guide Database.

In late March the 2003 Afton Copper-Gold Exploration Program commenced utilizing two diamond drills to initially focus on a surface infill diamond drill program to upgrade the mineral resource. Additional drilling will continue to explore the Afton mineral Zone along strike and to depth.

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 statement 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.*