

Schedule AB@

DRC RESOURCES CORPORATION

BC FORM 51-901F
QUARTERLY AND YEAR END REPORT
FOR THE SECOND QUARTER ENDING JUNE 30, 2001
(Prepared by Management)

Item 1.

Deferred Costs: Deferred costs are included in the total cost of Mining, Oil and Gas Interests and the Schedule of Resource Property included in the Consolidated Financial Statement Balance Sheet attached as Schedule A .

General and Administrative Expenses: \$119,568 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 \$19,613 for secretarial and accounting services invoiced by a private company of which a director has a 50% interest therein. Payments totaling \$58,000 for consulting, deferred exploration costs and property investigation services were billed by a private company which a director controls.

Item 2.

During the quarter April 1, 2001 to June 30, 2001

(a) Securities Issued:

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
April 19, 2001	common shares	Exercise of Options	160,000	\$0.20	\$32,000.	-	Nil

(b) Options Granted:

Name	Date Granted	Number	Price	Expiry Date
C. Robert Edington	May 9, 2001	25,000	\$4.00	May 9, 2003
Norm Maccke	May 9, 2001	65,000	\$4.00	May 9, 2003

(c) Options Repriced:

428,000 Stock Options granted on September 13, 2000 at an exercise price of \$7.00 per share were repriced on May 9, 2001. The new exercise price is \$4.00 per share all other terms and conditions

remained the same. The expire date for these options is September 13, 2002.

(d) Options Cancelled:

On May 9, 2001 one stock option totaling 25,000 shares was cancelled.

Item 3.

(a) Authorized Capital

40,000,000 common shares of no par value

Issued and outstanding: 7,630,516 Common shares at June 30, 2001

(b) At June 30, 2001 the following options and warrants were outstanding:

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE
Options	51,000	\$0.30 per share	September 15, 2001
Options	428,000	\$4.00 per share	September 13, 2002
Options	90,000	\$4.00 per share	May 9, 2003
Warrants	1,404,750	\$5.00 per share	August 3, 2001 (Extended to Oct. 3, 2001 on July 24, 2001)
Special Warrants	602,250	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 placees in their respective jurisdictions.

(c) 393,750 shares are held under Escrow Agreement for property acquisition were released from Escow on June 19, 2001.

(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

ADDITIONAL INFORMATION RELATED TO THIS SCHEDULE AB IS INCLUDED IN THE NOTES TO THE INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING JUNE 30, 2001 ATTACHED HERETO AS SCHEDULE "A"

Schedule AC@

DRC RESOURCES CORPORATION

**BC FORM 51-901F
QUARTERLY AND YEAR END REPORT
FOR THE SECOND QUARTER ENDING JUNE 30, 2001
(Prepared by Management)**

MANAGEMENT DISCUSSION

CORPORATE HIGHLIGHTS

- 2001 Exploration Extends Afton Mineral Zone.
- 25 Million Ton Indicated Mineral Resource.
- Copper Sulphides of Magmatic Origin.
- Afton Project has Favorable Economics.
- Excellent Metal Recovery.
- \$2 Million 2001 Diamond Drill Program Continuing.

OVERVIEW

DRC Resources Corporation has completed 38 NQ diamond drill holes (54,000 ft) on the Afton Mineral Zone. The drill program is continuing to extend the mineral zone into the southwest pit-wall and to depth, with an increase in the gold and palladium grades. The company feels there is potential for finding a large, deep-seated deposits and will be exploring this potential by continuing the diamond drill program.

Afton 2001 Exploration

DRC Resources Corporation's 2001 Afton Exploration Program has revealed the mineral zone is 400 feet (122m) longer in length than previously known and still open in length and depth.

After completing over 24,000 feet of diamond drilling, the Afton 2001 exploration program extends the mineral zone in length from the previously reported 1200 feet (366m) to 1600 feet (488m). There has been an increase in palladium values to the southwest. Also, two parallel mineral zones have been intersected east of the main zone increasing the exploration potential of the property. Encouraged with the favorable exploration results, the Company is continuing with the \$2 million exploration program.

DRC Resources has commenced a series of deep diamond drill holes to explore the mineral zones to depth and will be commissioning an independent engineering report to update the previous resource study.

Previously, the Afton 2000 Exploration Program (30,575 feet of diamond drilling) outlined a wide mineral zone 1200 feet (366 m) long, averaging 250 feet (76 m) wide and extending 1,000 feet (305 m) below pit bottom. An independent resource calculation by J.J. McDougall & Associates, P.Eng., estimated a 25 million ton Indicated Mineral Resource averaging 2.00% copper, 0.045 oz/t gold, 0.004 oz/t palladium and 0.20 oz/t silver for a 3.0% copper equivalent (60 pounds copper/ton). (Metal Prices US\$: Cu \$0.80/lb, Au \$280/oz, Pd \$600/oz, Ag \$5.00/oz). 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.

A Scoping Study by Behre Dolbear & Company Ltd. determined the Afton project has favorable economic possibilities with low production costs, moderate capital requirements, and relatively low environmental concerns. Block caving at a rate of 4,500 tons per day was selected as the method offering the lowest potential operating cost.

Preliminary flotation study by Process Research Associates Ltd. of Vancouver on the Afton mineralization shows 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.

A Petrographic Study of the drill core by J. F. Harris, PhD. 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.

Pothook Mineral Zone

Geological mapping and sampling is being carried out on the Pothook Mineral Zone, located 1000 meters southeast of the Afton Open Pit. Compilation and interpretation of exploration data is being carried out in order to formalize a diamond drill program.

Afton-Python Property

The company has compiled a data-base on the Ajax-Python Property and is studying the exploration potential for this property. A geological mapping and sampling program is being carried out on the property.

Corporate

Subsequent to this period, DRC Resources Corporation has received final receipts of the regulators in each of **British Columbia, Alberta and Ontario** for a **Prospectus** dated August 3, 2001.

The Company received CDN X approval on July 24, 2001 for an extension for 1,404,750 share purchase warrants comprising part of the Private Placement completed on August 3, 2000. The new expiry date will be October 3, 2001, the exercise price will remain unchanged at \$5.00 per share and all other terms and conditions will remain the same.

With working capital of approximately \$4.4 million the company is well funded to proceed with the Afton exploration program. We expect to increase the mineral resources through further exploration of our properties. The company is continuing to discuss the project with mining companies with the intent of moving the project beyond the exploration stage.

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.*