

Schedule "B"

DRC RESOURCES CORPORATION

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

Item 1.

Deferred Costs: Deferred exploration costs of \$150,085 in the quarter and \$310,422 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: \$99,190 in the quarter and \$282,219 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 third quarter of the year 2002, the Company paid \$10,161 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 \$30,675 for consulting, deferred exploration costs and property investigation during the third quarter.

Item 3.

During the quarter ended September 30, 2002

(a) Securities Issued:

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
07/24/02	Common shares	Private Placement	700,000	\$3.00	2,100,000	\$700,000	\$168,000
07/24/02	Warrants	Broker's Warrants	70,000	Exercise price \$3.00	Nil	N/A	Nil

(b) Options Granted:

Name	Number	Price	Date Granted	Expiry Date
Julia Young	100,000	\$3.05	09/18/02	09/18/04

(c) Options Expired or Cancelled:

Name	Type of Issue	Number	Price	Grant Dated	Cancel and Expire
Norm Maccke	Option	65,000	\$3.00	05/09/01	cancelled
Norm Maccke	Option	10,000	\$3.00	09/13/00	expired
LeahKruzick	Option	13,000	\$3.00	09/13/00	expired
A.D. McCutcheon	Option	10,000	\$3.00	09/13/00	expired

Item 4.

At September 30, 2002

(a) the Authorized Capital of the Company consisted of 40,000,000 common shares without par value, of which

(b) 8,933,766 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

* During the 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.

(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.

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 SEPTEMBER 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 THIRD QUARTER ENDING SEPTEMBER, 2002
(Prepared by Management)**

MANAGEMENT DISCUSSION

Management's Discussion and Analysis ("MD&A") for the quarter ended September 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 8.93 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 \$4.5 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.

DRC Resources’ 2002 exploration program is proceeding with the \$1.1 Million Diamond Drill Program as a part of the \$4.7 million program as recommended by the Company’s independent engineer. During the 9 month period of 2002 the Company has drilled 14 NQ₂ diamond drill holes (21,500 ft [6,553 m]). Significant drill hole intervals with metal values have been published in Press Releases dated June 6, 2002 and September 30, 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. Additional holes are being drilled to extend the zone.

The Company has acquired an option from the optionors 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. 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 September 30, 2002 the Company has purchased for cancellation 250,000 shares for a total expenditure of \$720,167.

Operating Results

During the quarter ended September 30, 2002, DRC incurred a loss after income taxes of \$62,724 (\$0.01 per share) compared to a net loss after taxes of \$19,502 (\$0.01 per share) for the same period in 2001. Income for the quarter ended September 30, 2002 decreased to \$47,217 from \$63,647 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 quarter ended September 30, 2002 increased slightly to \$91,837 compared to \$80,349 for the same period in 2001.

The Company written off financing costs of \$12,000 during the third quarter. Commission 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. The 700,000 common flow through shares have a 4 month hold period from July 24, 2002.

The increase in legal and accounting fee during the quarter reflect the additional legal costs for the Dundee private placement and regulatory fees.

Quarterly Budget – For Period Ending September 30, 2002

<u>Administration</u>	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Office Supplies and expenses	\$ 9,000	\$ 6,937	\$ (2,063)
Salaries of support staff	\$15,750	\$ 10,161	\$ (5,589)
Management salaries & Expenses	\$27,750	\$ 19,789	\$ (7,961)
Regulatory and transfer agent fees	\$ 4,500	\$ 10,815	\$ 6,315
Utilities and telephone	\$ 4,500	\$ 818	\$ (3,682)
Rent	\$ 6,000	\$ 5,086	\$ (914)
Legal and accounting	\$22,500	\$ 38,231	\$ 15,731
Total	\$90,000	\$ 91,837	\$ 1,837

Financial Condition - Liquidity & Capital Resources

At September 30, 2002, DRC had cash and cash equivalents of \$4,621,152 compared to \$4,194,456 as at September 30, 2001. Of the foregoing, at September 30, 2002 approximately \$1,983,282 is committed to exploration expenditures pursuant to agreements under which flow through shares were issued. Working capital at September 30, 2002 was \$4,676,915 compared to working capital of \$4,244,743 at September 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 September 30, 2002, the Company paid \$10,161 compared to \$9,156 in the quarter ending September 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 September 30, 2002 the Company paid \$30,675 compared to \$29,400 in the quarter ended September 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 September 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 September 30, 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 250,000 shares for a total purchase price of \$720,167. The Company purchased during the quarter ending September 30, 2002, 121,800 common shares of its outstanding capital for a total purchase price of \$349,865. At September 30, 2002 190,000 common shares remain eligible for purchase through the Normal Course Issuer Bid which expires on February 18, 2003.

Exploration and Development

During the quarter ending September 30, 2002, DRC incurred exploration and development expenditures of \$336,774 compared to \$296,762 for the same period in 2001. The difference in exploration costs during the respective periods is due to the addition of a second diamond drill on the Afton Copper-Gold Project toward the end of the third quarter of the year 2002.

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 September 30, 2002	Total Expended To September 30, 2002	Budget Remainder (Overage)
Diamond Drilling	\$2,500,000	\$ 204,602	\$ 1,574,636	\$ 925,364
Assaying	200,000	17,848	110,493	89,507
Accommodation and Meals	100,000	7,425	72,801	27,199
Technical personnel salaries*	500,000	75,391	732,514*	(232,514)
Support personnel salaries	100,000	8,394	88,103	11,897
Vehicles and fuel	50,000	2,929	31,905	18,095
Metallurgical testing	50,000	-	12,000	38,000
Pre-feasibility study	700,000	-	-	700,000
Contingencies	500,000	20,145	62,411	437,589
Total	\$4,700,000	\$ 336,774	\$2,684,863	\$2,015,137

*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 slightly higher than the previous year comparative period due to the fact that an additional diamond drill was added near the end of the third quarter which increased the drilling costs and overall project costs.

To September 30, 2002, 99,871 feet of diamond drilling has been completed at a total drilling cost of \$1,574,636. The average drilling cost per foot was \$15.76. The amount remaining in the 2001 property exploration budget for diamond drilling was \$925,364. 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).

During 2002 the Company has 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's objective is to extend the Afton main zone towards the surface and to the southwest beyond the previously outlined copper-gold mineralization. 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 October 28, 2002 the Company appointed Mr. Ian Beardmore, CA, as Chief Financial Officer (CFO) for the Company to replace Mr. C. Robert Edington who resigned from the position of CFO but remained a director of the Company. Mr. Beardmore has an extensive accounting and financial background which will greatly assist the Company with compliance and interpretation of the new and proposed more extensive financial reporting requirements imposed by the regulatory bodies.

Also, on November 21, 2002 the Company appointed Mr. Craig D. Thomas to the Board of Directors. Mr. Thomas is an attorney practicing primarily corporate and securities law. He has served on the board of several companies trading on North American stock exchanges.

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.*

