

Schedule "B"

DRC RESOURCES CORPORATION

**BC FORM 51-901F
 QUARTERLY AND YEAR END REPORT
 FOR THE THIRD QUARTER ENDING SEPTEMBER 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: \$202,717 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 "A".

Non Arms Length Transactions: During the fiscal year to date the Company paid \$28,769 for secretarial and accounting services invoiced by a private company of which a director has a 50% interest therein. Payments totaling \$87,400 for consulting, deferred exploration costs and property investigation services were billed by a private company which a director controls.

Item 2.

During the quarter July 1, 2001 to September 30, 2001

(a) Securities Issued:

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
August 3, 2001	Common Shares	Exercise of Special Warrants	602,500	\$0.00	Nil	Nil	Nil
August 3, 2001	Share Purchase Warrants	Exercise of Special Warrants	602,500	\$0.00	Nil	Nil	Nil

(b) Options Granted: NIL

Name	Date Granted	Number	Price	Expiry Date
NIL				

(c) Options Repriced: NIL

(d) Options Cancelled: NIL

Item 3.

(a) Authorized Capital
40,000,000 common shares of no par value

Issued and outstanding: 8,283,766 Common shares at September 30, 2001

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

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE
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	December 15, 2001 (Extended to from Aug. 3, 2001 to Oct. 3, 2001 on July 24, 2001 and further extended to December 15, 2001 on September 26, 2001)

(c) No shares are held under Escrow Agreement.

(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 "B" IS INCLUDED IN THE NOTES TO THE INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDING SEPTEMBER 30, 2001 ATTACHED HERETO AS SCHEDULE "A"

Schedule "C"

DRC RESOURCES CORPORATION

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

MANAGEMENT DISCUSSION

CORPORATE HIGHLIGHTS

- 2001 Exploration Extends Afton Mineral Zone.
- 25 Million Ton Indicated Mineral Resource.
- Mineral Zones Size Increases
- Afton Project Favorable Economics Confirmed.
- Excellent Metal Recovery.
- \$2 Million 2001 Diamond Drill Program Continuing.

OVERVIEW

DRC Resources Corporation has completed 48 NQ diamond drill holes 23,000 metres (76,000 ft) on the Afton Mineral Zone. The drill program is continuing to extend the mineral zone to the southwest beyond the open pit with the mineral zone increasing in size. The 2001 diamond drill program has extended the Afton mineral zone from 360 metres (1200 ft) (as stated in the 2000 Diamond Drill Report by J.J. McDougall and Associates, dated January 24, 2001) to 850 metres (2800 ft) as of November, 2001. The zone has been intersected 910 metres (3000 ft) below the surface. The company feels there is potential for finding a large, deep-seated mineral resource.

Afton 2001 Exploration

The Afton 2001 diamond drill exploration program has extended the mineral zone length to 850 metres (2800 ft) with a pronounced increase in width for the zone to 130 metres in the southwest extension. There has been an increase in palladium values to the southwest. Also, two parallel mineral zones have been intersected east of the main zone to the northeast. Encouraged with the favorable exploration results, the Company is continuing with the \$2 million exploration program. An independent engineering report is being prepared to update the previous resource study.

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. An independent mining engineering company from Santiago, Chile specializing in underground block cave mining has confirmed the Behre Dolbear Scoping Study.

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 has been carried out on the Pothook Mineral Zone, located 1000 meters southeast of the Afton Open Pit. Compilation and interpretation of exploration data indicates a series of drill holes are warranted to test mineral zone .

Afton-Python Property

The company has compiled a data-base on the Ajax-Python Property and continues to study the exploration potential for this property. A geological mapping, geophysical survey and sampling program has been completed and areas of interest have been identified for further exploration.

Corporate

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

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

terms and conditions will remain the same. Subsequent to the end of the quarter, the Company received CDNX approval to further extend the expiry date for the warrant to December 15, 2001 with all other terms and conditions remaining unchanged.

With working capital of approximately \$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.*