

**FORM 61**

**QUARTERLY REPORT FOR QUARTER ENDED SEPTEMBER 30, 2000**

**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:** September 30, 2000

**Date of Report:** November 14, 2000

**CERTIFICATE:**

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

Date Signed

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

Nov. 14, 2000

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

Nov. 14, 2000

**Schedule "A"**

**DRC RESOURCES CORPORATION  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2000 AND 1999  
(Prepared by Management)**

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and term deposits	\$5,437,891	\$ 572,777
Accounts receivable	69,864	3,904
Marketable Securities	5,750	-
	\$5,513,505	\$576,681
<b>CAPITAL ASSETS, depreciated</b>		
Office equipment and vehicles	21,823	17,936
Mining, Oil and Gas Interest	1,063,118	373,671
	\$6,598,446	\$ 968,288
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Account payable and accruals	\$ 85,653	\$ 2,921
<b>MORTGAGES PAYABLE</b>	-	8,948
	85,653	11,869
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b>	7,784,143	2,150,189
<b>DEFICIT</b>	(1,271,350)	(1,193,770)
	6,512,793	956,416
	\$ 6,598, 446	\$ 968,28 8

**APPROVED BY DIRECTORS**

"John H. Kruzick", Director

"Sharon L. Ross", Director

**DRC RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT**  
**FOR NINE MONTH PERIOD ENDING SEPTEMBER 30, 2000 AND 1999**

(Prepared by Management)

	<u>2000</u>	<u>1999</u>
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**INCOME**

Interest and other	\$ 73,075	\$ 3,106
Oil and gas royalties	3,231	862
Foreign exchange (loss) gain	11,513	-
	87,819	3,968

**EXPENSES**

Amortization	6,298	7,331
Bank Charges	31	92
Consulting	3,750	13,503
Dues and Subscriptions	3,290	3,480
Mortgage Interest	-	1,184
Office, Secretarial services	33,924	22,830
Professional fees	6,447	4,981
Regulatory fee/Sedar fees	9,926	4,543
Rent	12,814	12,684
Telephone	3,555	2,326
Transfer Agent	4,243	3,365
Travel, Auto and Pomotion	7,941	6,495
Write off Mineral Interests	41,718	-
	134,137	2,814

<b>LOSS FOR THE PERIOD</b>	46,318	78,846
<b>Deficit, beginning of year</b>	1,225,032	1,114,924

<b>DEFICIT, END OF PERIOD</b>	\$1,271,350	\$1,193,770
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**DRC RESOURCES CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION**  
**For the Nine Month Period Ending September 30, 2000 and 1999**  
**(Prepared by Management)**

	<u><b>2000</b></u>	<u><b>1999</b></u>
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**OPERATING ACTIVITIES**

Loss for the period	\$(46,318)	\$ (78,846)
Items not involving cash		
Amortization	6,298	7,331
Write-Off Resource Assets	41,718	-
	1,698	( 71,515)
Cash provided (used) by changes in working capital items, net	9,660	(1,341)
<b>FUNDS USED BY OPERATING ACTIVITIES</b>	<b>11,358</b>	<b>(78,856)</b>

**INVESTING ACTIVITIES**

Additions to Fixed Assest (Equipment)	(424,187)	-
Additions to Resource Properties	(12,629)	(8,264)
<b>FUNDS USED BY INVESTING ACTIVITIES</b>	<b>(436,816)</b>	<b>(8,264)</b>

**FINANCING ACTIVITIES**

Special Warrants	4,949,155	-
Issuance of shares	249,800	200,000
Increase (decrease) in mortgage principal	(8,596)	(12,021)

<b>FUNDS PROVIDED(USED) BY FINANCING ACTIVITIES</b>	5,190,359	187,979
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<b>INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	4,764,901	106,859
<b>Cash, beginning of year</b>	672,990	465,918
<b>CASH, AT END OF PERIOD</b>	<b>\$5,437,891</b>	<b>\$572,777</b>


**FORM 61(BC)**

**QUARTERLY REPORT FOR QUARTER ENDED SEPTEMBER 30, 2000**

**ISSUER DETAILS**

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Vancouver, B.C.  
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**Contact Person: John H. Kruzick, President Phone: (604) 687-1629**

**For Quarter Ended: September 30, 2000**

**Date of Report: November 14, 2000**

**CERTIFICATE:**

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

Date Signed

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

Nov. 14, 2000

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

Nov. 14, 2000

**SCHEDULE "B"****DRC RESOURCES CORPORATION**  
**THIRD QUARTERLY REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2000**

Item 1.

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

**Exploration Development costs:** \$1,063,118 in acquisition, exploration and development costs are included in the total Mining, Oil and Gas Interests on the Consolidated Financial Statement Balance Sheet attached as Schedule A. Exploration costs for expenditures on the Kamloops properties for the year period from July 1, 1999 - June 30, 2000 were \$448,098..

**General and Administrative Expenses:** \$82,814 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 \$20,2081 for secretarial and accounting services invoiced by a private company of which a director has a 50% interest therein. Payments totaling \$54,250 for consulting, deferred exploration costs and property investigation services were billed by a private company which a director controls.

On July 19, 2000, 500,000 commons shares were issued to a private company which a director controls. Theses shares were part the first option payment for the acquisition of 100% interest in the Afton Mineral Claims. The terms and condition of this acquisition were approved by the Canadian Venture Exchange on December 13, 1999 and received independent shareholder approval on June 19, 2000.

Item 2.

During the quarter July 1, 2000 to September 30, 2000

(a) Securities Issued:

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

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
July 10/00	shares	Option	50,000	\$0.20	\$10,000	Cash	nil
July 10/00	common shares	Exercise of Option	74,000	\$0.30	\$22,200	Cash	nil
July 19/00	common shares	Property Payment	1,000,000	deemed \$(.30)	nil	nil	nil
Aug. 3/00	Special Warrants	Private Placement	1,350,000	\$4.00	\$5,000,000	Cash	100,000 Special Warrant at a deemed value of \$4.00
Sept. 12/00	common shares	Exercise of Option	25,000	\$.20	\$5,000	Cash	nil

## (b) Options Granted:

Name	Date Granted	Number	Price	Expiry Date
Sharon Ross	September 13/00	25,000	\$7.00	September 13/02
C. Robert Edington	September 13/00	25,000	\$7.00	September 13/02
Mike Muzylowski	September 13/00	150,000	\$7.00	September 13/02
Bruno J. Mosimann	September 13/00	125,000	\$7.00	September 13/02
Randi Winter	September 13/00	25,000	\$7.00	September 13/02
Steven Lightburn	September 13/00	25,000	\$7.00	September 13/02
Jerry Bradley	September 13/00	25,000	\$7.00	September 13/02
Douglas Little	September 13/00	10,000	\$7.00	September 13/02
Douglas Knight	September 13/00	10,000	\$7.00	September 13/02
A.D. McCutcheon	September 13/00	10,000	\$7.00	September 13/02
Norm Maccke	September 13/00	10,000	\$7.00	September 13/02
Leah Kruzick	September 13/00	13,000	\$7.00	September 13/02

## 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: 6,668.016 Common shares at September 30, 2000

(b) At September 30, 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
Agent's Series "A" Special Warrants	125,000	\$4.00 per Unit (Unit = 1 share and 1 warrant exercisable at \$5.00)	August 3, 2001

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

(d) Board of Directors and Officers

John H. Kruzick	President/Director
Sharon L. Ross	Secretary/Director
Bruno J. Mosimann	Vice President Corporate Development and Finance
C. Robert Edington	Director
Mike Muzylowski	Director

**SCHEDULE "C"****DRC RESOURCES CORPORATION**  
**QUARTERLY REPORT FOR PERIOD ENDING SEPTEMBER 30, 2000****MANAGEMENT DISCUSSION****CORPORATE HIGHLIGHTS**

- ◆ Afton 25 Million Tons Estimate
- ◆ Afton 2000 Diamond Drill Program
- ◆ \$5000,000 Financing Completed

**OVERVIEW**

DRC Resources Corporation has completed 18 diamond drill holes on the Afton Mineral Zone. The drill program is continuing to extend the zone into the southwest pit-wall and to depth, with an increase in gold and palladium grades. The initial diamond drill program has explored the mineral zone near surface. Further drilling will explore the possibility of more extensive mineralization at depth. The company feels there is potential for finding large, deep seated deposits and will be exploring this potential with its continuing diamond drill program. The company has had discussions with a number of mining companies with respect to their participation on the Afton Project. Any agreement will be conditional on continuing the exploration program on the Afton Mineral Zone and other DRC properties in the area.

**AFTON 2000 DIAMOND DRILL PROGRAM**

DRC Resources Corporation has received a Diamond Drill Exploration Progress Report on the Afton Mine Property dated October 10, 2000, by J.J. McDougall and Associates Limited. In the conclusions he states:

The 2000 Diamond Drill Program to date has established the presence of a substantial "primary hypogene copper zone" below and beyond the open pit bottom. The mineral zone, still open in all directions including to surface, is a northeast striking tabular body with an average dip -70 degrees southeast. It measures in excess of 700 ft (213 m) in strike length, up to 450 ft (137 m) in width and extending to a depth of at least 1000 ft (303 m) below pit bottom, with no indication of narrowing along strike or down dip. A preliminary tonnage estimate of the mineral zone tested to date indicates at least 25 million tons averaging 2.5% copper or 3.0% copper equivalent. Further exploration of the mineral zone along strike and to depth will be required to develop additional tonnage.

With the disseminated nature of copper sulphide throughout the host rock, and an interpreted 'magmatic' origin, the concentration and volume of sulphide is not dependant on the degree of fracturing, as in the mined-out open pit, but on the size of the mineralized magmatic body.

Mr. McDougall recommends a \$4,200,000 exploration budget for the Afton Project. With the recently completed \$5,000,000 financing DRC Resources has the required working capital to continue with the Diamond Drilling Program.

#### \$5,000,000 FINANCING COMPLETED

DRC Resources Corporation completed the \$5,000,000 Private Placement Financing of Special Warrants. Thomson Kernaghan Co. Limited acted as agent for the Brokered Private Placement. The proceeds of the financing will be used for the exploration and the development of the Afton Mine Property and working capital.

#### IN CONCLUSION

The Afton 2000 Exploration Program has increased the size and the grade of the Afton Mineral Zone beyond the area of the pit bottom.

The October 10, 2000 Diamond Drill Exploration Progress Report on the Afton Mine Property by J.J. McDougall and Associates Limited., states:

Preliminary tonnage estimates from the 2000 diamond drill results to date indicate a continuous mineralized zone in excess of 25,000,000 tons averaging 2.5% copper or 3% copper equivalent with gold, silver and palladium credits. This equates to a Gross Metal Value (GMV) of US\$54 per ton (CDN\$81). The total value for the estimated tonnage exceeds US\$1.3 Billion (CDN\$2 Billion). This tonnage calculation does not include the Afton documented 300 foot extension of the zone to the northeast, or the 10,000,000 ton of open pit (oxide mineralization) resource, grading in excess of 1% copper. A mineral zone with this size and grade illustrates the viability and potential of the project to be considered on a stand-alone basis for mining subject to completion of a feasibility study. Also, the mineral zone is open along strike, depth and width for further exploration and development of additional tonnage.

A petrographic study based on drill core analysis concluded a new interpretation of the mineral system indicating characteristics resembling certain gabbroic or anorthositic rocks where the copper sulphides are of magmatic origin rather than replacement of earlier rock constituents.

With the disseminated nature of copper sulphides throughout the host rock, the concentration of sulphides is not dependant on the degree of fracturing, but on the size of the mineralized magmatic body, increasing the potential for a more extensive mineral zone at depth.

Subsequent to Mr. McDougall's report, four additional diamond drill holes have been drilled along trend to the southwest extending the zone another 150 feet which will increase this tonnage estimate.

#### OUTLOOK

The management of DRC Resources Corporation is committed to the exploration and development of the Afton Property. The current diamond drilling is extending the Afton Mineral Zone along trend prior to testing the zone to depth. Deep drilling of the Afton Zone and other zones on the property will be required to test for deep seated deposits.

The company has commissioned three dimensional (3-D) modelling of the mineral zone with a scoping

study to follow to determine the viability and potential of the Afton Project. With cash resources in excess of \$5,000,000, DRC Resources has the capital to continue with the exploration of the Afton Property and its other properties in the area.

# **DRC RESOURCES CORPORATION**

*595 Howe Street, Suite #601  
Vancouver, British Columbia V6C 2V6  
Tel: (604) 687-1629 - Fax: (604) 687-2845*

November 27, 2000

B.C. Securities Commission  
#1100-865 Hornby Street  
Vancouver, B.C.  
V6Z 2H4

**ATTN: STATUTORY FILINGS**

**RE: CERTIFICATION OF MAILING FOR SEPTEMBER 30, 2000 QUARTERLY REPORT**

Dear Sirs;

The Quarterly Report for the period July 1, 2000 - September 30, 2000 was mailed to the shareholder who requested, in accordance with National Policy 41, that they would like to receive a copy and any party that had previously requested a copy of our quarterly or interim statements. These statements were mailed on November 24, 2000.

A copy if the same has been filed with the Canadian Venture Exchange.

If you have any questions please contact our Vancouver office.

Sincerely

**"SHARON L. ROSS"**

Sharon L. Ross  
Secretary/Director

c.c. CDNX  
Alberta Securities Commission