

**DRC RESOURCES CORPORATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 1999 AND 1998**

(Prepared by Management)

	1999	1998
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ASSETS

CURRENT ASSETS

Cash and term deposits	\$ 572,777	\$ 488,277
Accounts receivable	3,904	2,225
Prepaid expenses	-	-
	576,681	490,502

CAPITAL ASSETS, depreciated

Office equipment and vehicles	25,267	32,895
Mining, Oil and Gas Interest	373,671	373,738
	\$ 975,619	\$ 897,135

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LIABILITIES

CURRENT LIABILITIES

Account payable and accruals	\$ 2,921	\$ 3,959
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MORTGAGES PAYABLE	8,948	25,114
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	11,869	29,703
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SHAREHOLDERS' EQUITY

SHARE CAPITAL	2,150,189	1,950,189
DEFICIT	(1,186,439)	(1,082,126)
	963,750	868,062
	\$ 975,619	\$ 897,135

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, 1999 AND 1998

(Prepared by Management)

	<u>1999</u>	<u>1998</u>
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INCOME

Interest and Foreign exchange (loss) gain	\$ 1,663	\$ 46,583
Oil and gas royalties	862	860
Agricultural lease payments	1,443	1,505
	3,968	48,948

EXPENSES

Bank Charges	92	45
Consulting	6,925	11,700
Dues and subscriptions	3,480	3,428
Mortgage Interest	1,184	2,215
Office, Secretarial services	22,553	23,919
Printing and Stationery	277	595
Professional fees	4,981	4,976
Regulatory fee/Sedar fees	4,543	5,452
Rent	12,684	12,564
Telephone	2,326	2,937
Transfer agent	3,365	3,669
Travel, Auto and promotion	6,495	5,556
eBid, Internet Development	6,578	-
	75,483	77,056

LOSS FOR THE PERIOD	71,515	28,108
Deficit, beginning of year	1,114,924	1,054,018
DEFICIT, END OF PERIOD	\$1,186,439	\$1,082,126

DRC RESOURCES CORPORATION
CONSOLIDATED STATEMENT OF CHANGE IN FINANCIAL POSITION
For the Nine Month Period Ending September 30, 1999 and 1998

(Prepared by Management)

	<u>1999</u>	<u>1998</u>
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OPERATING ACTIVITIES

Loss for the period	\$(71,515)	\$ (28,108)
Items not involving cash	-	
Loan Payment	-	15,000
Share Deposit	-	(25,000)
	(71,515)	(38,108)
Cash provided (used) by changes in working capital items, net	(1,341)	(13,799)
FUNDS USED BY OPERATING ACTIVITIES	(78,856)	(51,907)

INVESTING ACTIVITIES

Capital assets	(8,264)	(54,830)
FUNDS USED BY INVESTING ACTIVITIES	(8,264)	(54,830)

FINANCING ACTIVITIES

Issuance of shares	200,000	112,500
Increase (decrease) in mortgage principal	(12,021)	(4,180)
FUNDS PROVIDED(USED) BY FINANCING ACTIVITIES	187,979	108,320

INCREASE (DECREASE) IN CASH DURING THE PERIOD	106,859	1,583
Cash, beginning of year	465,918	486,694
CASH, AT END OF PERIOD	\$572,777	\$488,277

SCHEDULE "B"

DRC RESOURCES CORPORATION
THIRD QUARTERLY REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 1999

Item 1.

Deferred Costs: No deferred costs are included in the total Mining, Oil and Gas Interests on the Financial Statement Balance Sheet attached as Schedule A.

Exploration Development costs: \$373,670 in acquisition, exploration and development costs are included in the total Mining, Oil and Gas Interests on the Financial Statement Balance Sheet attached as Schedule A.

General and Administrative Expenses: \$75,488 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 \$18,893. for secretarial and accounting services invoiced by a private company of which a director has ;a 50% interest therein. Payments totaling \$30,450. for consulting and property investigation services were billed by a private company which a director controls.

Item 2.

During the quarter July 1, 1999 to September 30, 1999

- (a) No securities were issued.
- (b) 125,000 common share Stock Options were granted to directors of the Company at an exercise price of \$0.30 per share exercisable on or before September 15, 2001.
- (c) No Options or warrants were exercised during the period. Subsequent to the end of the quarter 225,000 warrants were exercised at an exercise price of \$0.60 per share for total proceeds o f \$135,000.

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
4,231,016 common shares

(b) At September 30, 1999 the following options and warrants were outstanding:

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE
Options	63,000	\$0.20 per share	April 19, 2000
Options	235,000	\$0.20 per share	April 19, 2001
Options	125,000	\$0.30 per share	September 15, 2001
Warrants	225,000	\$0.60 per share	November 21, 1999 *
Warrants	1,000,000	\$0.20 per share \$0.25 per share	May 12, 2000 May 12, 2001

* Warrants Exercised after the end of the quarter.

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

(d) Board of Directors

John H. Kruzick	President/Director
Sharon L. Ross	Secretary/Director
C. Robert Edington	Director
Robert Young	Director

SCHEDULE "C"

DRC RESOURCES CORPORATION QUARTERLY REPORT FOR PERIOD ENDING SEPTEMBER 30, 1999

MANAGEMENT DISCUSSION

HIGHLIGHTS

- C Option-to-Purchase 100% Interest in Afton Mines Property
- C Ajax-Python Copper-Gold Property - Diamond Drill Program completed June, 1999
- C Exploration Projects on Maintenance: Timmins Ontario Project and Three Alberta Diamond Permits
- C Non-Resource Project Development
- C Working Capital approximately \$576,500.

AFTON MINES PROJECT

DRC Resources has entered into an Option-to-Purchase Agreement to acquire a 100% interest in the Afton Mines Property, located in the Kamloops Mining Division of British Columbia. The property includes two open pit mines where Afton Mines Ltd. mined and milled 24 million tons of ore producing in excess of 450,000 ounces of Gold and 45 million pounds of Copper from 1977 to 1988. Information obtained from published reports indicate considerable ore-grade material is available from both mineralized zones.. The Company has compiled a data base from available exploration and mining reports to assist in determining the property's potential and has developed an exploration program to expand the mineral resources. A Geological and Proposed Diamond Drill Program Report on the Afton and Pothook Mineral Zones dated November 10, 1999 prepared for the Company by J.J. MacDougall, P.Eng. recommends a two Phase Diamond Drill Program of \$873,000 to further explore the two copper-gold mineralized zones.

AJAX-PYTHON PROPERTY

Further exploration work on the Ajax-Python Property will be necessary to test the continuity of the Copper-Gold mineralized zones between the two Ajax Pits. From our discussions with Afton Mines the mineralize zone between the two mined are continuous.

The Python Property is still held under option by a Vancouver Resource Company which has an exploration committment to expend an additional \$20,000 on the property.

NON-RESOURCE PROJECTS

DRC Resources incorporated a subsidiary "eBid Online Inc." and developed an E-Commerce Website utilizing the Company's own in-house expertise and contract computer programmers. The design and implementation of the website was completed during this period. The website has not been commercialized.

YEAR 2000

Like any other company, advances and changes in available technology can significantly impact the business and operations of the Company. For example, a challenging problem exists as many computer systems worldwide do not have the capability of recognizing year 2000 or years thereafter. The Company is committed to assuring that its computer systems are reprogrammed in time to effectively deal with transactions in the year 2000 and beyond. This "Year 2000" problem creates risks for the Company from unforeseen problems in its own computer systems and from third parties with whom the Company deals on financial transactions worldwide. Such failures of the Company and/or third party's computer systems could have a material impact on the Company's ability to conduct its business.