

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 .

**SCHEDULE OF RESOURCES PROPERTIES
FOR THE PERIOD ENDED MAR. 31, 2001 AND YEAR ENDED DEC. 31, 2000**

<u>Acquisition Costs</u>	<u>March 31</u> <u>2001</u>	<u>Dec 31</u> <u>2000</u>
Kamloops "Afton" Claims	\$ 301,733	\$ 301,733
Kamloops Python Claims	47,135	47,135
Alberta Mineral Permits	6,000	6,420
Timmins, Ontario Claims	31,500	31,500
Texas Oil/Gas Property	110,867	110,867
Balance at End of Period	\$ 497,235	\$ 497,655

Deferred Exploration Costs

	<u>Afton</u> <u>Claims</u>	<u>Python</u> <u>Claims</u>	<u>Other</u>	<u>March 31</u> <u>2001</u>	<u>Dec 31</u> <u>2000</u>
Balance, Beginning of Period	\$744,762	\$ 59,074	\$ 64,861	\$ 868,697	\$ 166,848
<u>Current period expenses</u>					
Assays and testing	82	-	-	82	42,065
Drilling	8,837	-	-	8,837	464,722
Engineering	64,698	-	-	-	64,698
					27,132
Geological consulting	23,700	-	-	-	23,700
					120,250
Labour	6,860	-	-	6,890	30,342
Supplies and equipment	173	-	-	173	9,603
Travel and accommodation	4,184	-	-	4,184	27,073
Staking and filing fees	11,617	-	-	11,617	2,496
Miscellaneous	-	-	-	-	111
Grant recoveries	-	-	-	-	(4,527)
Option payments	-	-	-	-	-
	120,151	-	-	120,151	719,267
Costs written-off	-	-	-	-	(17,418)
	120,151	-	-	120,151	701,849
Balance, End of Period	\$ 864,913	\$ 59,074	\$ 64,861	\$ 988,848	\$ 868,697

Total Resource Assets \$ 1,486,083 \$1,366,352

General and Administrative Expenses: \$36,222 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 \$10,025 for secretarial and accounting services invoiced by a private company of which a director has a 50% interest therein. Payments totaling \$18,000 for consulting, deferred exploration costs and property investigation services were billed by a private company which a director controls.

Item 2.

During the quarter January 1, 2001 to March 31, 2001

(a) Securities Issued:

Date Issued	Type of Securities	Type of Issue	Number	Price	Total Proceeds	Consideration	Commission Paid
Jan, 2001	common shares	Exercise of Special Warrants	790,000	\$0.00	\$0.00	-	nil

(b) Options Granted:

Name	Date Granted	Number	Price	Expiry Date
-	-	0	-	-

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: 7,470,516 Common shares at March 31, 2001

(b) At March 31, 2001 the following options and warrants were outstanding:

TYPE OF SECURITY	NUMBER ISSUED	EXERCISE PRICE	EXPIRY DATE
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
Special Warrants	547,500	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 "A" 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 places in their respective jurisdictions.

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

(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 MARCH 31, 2001 ATTACHED HERETO AS SCHEDULE "A"

Schedule "C"

BC FORM 51-901F
QUARTERLY AND YEAR END REPORT
FOR THE FIRST QUARTER ENDING MARCH 31, 2001
(Prepared by Management)

MANAGEMENT DISCUSSION

CORPORATE HIGHLIGHTS

- Geological Engineering Report indicates 25 million ton indicated mineral resource.
- Petrographic Study indicates copper sulphide of magmatic origin.
- Scoping Study determines Afton Project has favorable economics.
- Metallurgical Study yields excellent metal recovery.
- C\$2 million diamond drill program

OVERVIEW

In April 2001, encouraged by the favorable results from the geological engineering, scoping, metallurgical and petrographic studies, DRC Resources committed an additional C\$2 million to continue the exploration of the Afton mineral zone.

DRC Resources Corporation has completed 28 NQ diamond drill holes (39,000 ft) 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. Further drilling will explore the possibility of more extensive mineralization along strike and to 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 is in discussions with a number of mining companies with respect to their participation on the Afton Project.

Afton 2000 Exploration

In year 2000, DRC Resources completed 21 NQ Diamond Drill Holes (30,575 feet) outlining a wide "feeder zone" below and to the southwest of the Afton open-pit. The mineral zone, a steeply dipping tabular body 1200 ft (365 m) long, averaging 250 ft (76 m) wide and extending to at least 1000 ft (303 m) below pit bottom, is open in all directions with no indication of narrowing except towards surface. The Company has received technical reports for the 2000 Diamond Drill Program and is presently implementing their recommendations.

In January 2001, DRC Resources' independent geological engineer J.J. McDougall in his report estimated the Afton mineral zone, based on 18 diamond drill holes, has an indicated mineral resource of 25,000,000 tons averaging 2.00% copper, 0.045 oz/t gold, 0.004 oz/t palladium and 0.20 oz/t silver, equivalent to 3% copper. 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.

In February 2001, Behre Dolbear & Company Ltd. completed a Scoping Study and 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. The life-of-mine cash production cost (mining, milling, administration) is estimated at C\$17.29/dst of ore. The total production cost (cash and non-cash) averages C\$22.19/dst over the life of the mine. The life-of-mine Estimated Net Income (undiscounted) before tax is stated at C\$734,685,000 and after-tax is C\$376,417,000. The Internal Rate of Return (IRR) is 32.3% which includes a 30% contingency for possible cost overruns.

In February 2001 Process Research Associates Ltd. of Vancouver completed a preliminary flotation study on the Afton mineralization showing 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.

J. F. Harris Ph.D. petrographic study of the drill core 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.

Ajax-Python Property

The company has compiled a data-base on the Ajax-Python Property in order to better understand the geology of the mineral zone and is studying the exploration potential for this property. No exploration program has been proposed to date.

Objectives for 2001

— Focus on increasing the mineral resource for the Afton Zone.

- _ Continue the exploration to bring the project to prefeasibility.
- _ Enhance shareholder value by building a strong asset base of mineral resource.
- _ Attract an industry partner with underground block cave mining expertise.

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.*

