

REPORT TO SHAREHOLDERS

To Our Shareholders:

Over the past year, DRC Resources continued to deliver on its successful strategy of strengthening and expanding the mineral resource base of the Afton Copper-Gold Project. The Company is advancing Afton to the pre-feasibility stage with the intention of bringing the project on-stream with strengthening commodity prices.

Our main area of focus in 2003 will be the completion of the pre-feasibility study, defining and increasing the mineral resource and commissioning a bankable feasibility study. The Company intends to maintain its strategic focus on strengthening and expanding the mineral resource base with the interest of enhancing shareholder value.

Corporate Highlights

- \$2.1 Million Financing Completed
- Toronto Stock Exchange Listing
- Afton Mineral Zone Extended to 3300 feet
- Afton Zone open beyond 2002 Mineral Boundary
- 84 Diamond Drill Holes - 127,450 ft completed
- Pre-Feasibility Study In Progress

Corporate Profile

DRC Resources Corporation is a publicly traded resource company located in Vancouver, British Columbia, Canada. The main focus of the Company is the exploration and development of the Afton Copper-Gold Project, an advanced exploration project located in Kamloops, B.C.

DRC Resources, incorporated in 1980, has 9.13 million common shares outstanding, which are listed on the Toronto Stock Exchange (symbol DRC). The Company's information filings include a US Rule 12g3-2(b) and Standard & Poor's Manual.

British Columbia Ministry of Energy & Mines' Exploration Review 2002 identifies DRC Resources' Afton Project as the provinces largest advanced exploration project. To the end of 2002, the Company has expended \$3.2 Million on exploration, drilling 84 Diamond Drill Holes for a total of 127,450 ft and has significantly increased the mineral resource for the property.

2002 was a very successful year of exploration on the Company's Afton Copper-Gold Property. The Company continued with the overall \$4.7 Million Diamond Drill Exploration Program as recommended by its independent engineers. The exploration increased the size for the mineral zone beyond the 2002 Indicated Mineral Resource boundary of 38.9 Million Tons with over 2% Copper Equivalent.

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An independent mineral resource study on the Afton Project, based on 2000-2001 diamond drilling, was completed in early 2002 and recommended continuation of a surface diamond drill program to explore the mineral zone along strike, to surface and to depth. An excerpt from the 2002 mineral resource study “**Diamond Drill Exploration Report and Mineral Resource Study 2000-2001, Afton Copper-Gold Project, by J.J. McDougall, P.Eng., April 17, 2002**” is as follows:

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
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Inferred Mineral Resource	4.8 Million Tons (4.4 Million Tonnes) 2.32% Copper Equivalent (assumed grade)
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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
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Assumed Metal Prices (US\$): Copper \$0.70/pound, Gold \$300/oz, Palladium \$400/oz, Silver \$4.50/oz.

In year 2002, the Company completed a \$1.2 million diamond drill program on the Afton Mineral Zone. With further encouraging results, subsequent to yearend, the Company engaged mining consultant, Behr Dolbear & Company of Vancouver, British Columbia to undertake a Pre-Feasibility Study for the Afton Copper-Gold Project. The study will address the mineral resource, a number of possible mining methods, mineral processing, and permitting for the Afton Project. The study will also provide an estimate of capital and operating costs related to the potential development of an underground bulk tonnage mining operation.

Important Features of the Afton Project:

- High copper-gold grades, low budget project
- 2002 Mineral Resource Study indicates significant increase in mineral resource
- Behr Dolbear Scoping Study indicates favorable economics, low production costs, moderate capital requirements and low environmental concerns
- Metallurgical Study indicates excellent metal recovery

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- Excellent location near the Trans-Canada Highway, 10 Km west of the Kamloops, B.C.
- Well serviced with good road access, water, power, infrastructure, and a local experienced mine labor force with one of the lowest mining costs in North America
- Located in an existing mining district where all levels of government are supportive
- Government Mining Permits, Incentive Grants and Mine-Site facility are available, which further reduces capital cost and lead time to reach production

Pothook Mineral Zone

Geological mapping, sampling and diamond drilling carried out on the Pothook Mineral Zone, located 1000 metres southeast of the Afton Open Pit, indicates good exploration potential to expand this zone. Further exploration work will be considered to advance the Pothook Zone.

Ajax-Python Property

The exploration on the Ajax-Python Property indicates anomalous areas between the two Ajax Open Pits. Further exploration work will be required to outline mineralized areas.

Other Properties

The Timmins, Ontario Property is being maintained for future exploration consideration. Subsequent to yearend, the Alberta Diamond Property was allowed to lapse.

Achievement of Objectives

The year 2002 was a very exciting and productive year for the Company. Encouraged by favorable exploration results, the Company expended an additional \$1.2 Million to expand the Afton mineral resource. To date a total of 127,450 ft of diamond drilling has tested the Afton Mineral Zone for 3300 ft in length and to 2500 ft in depth. The Afton exploration program has been successful in increasing the size of the mineral zone beyond the Indicated Mineral Resource boundary of 38.9 million tons. The Company is advancing the project to the pre-feasibility stage

The Company is pleased with the success of the Afton exploration program and the interest the project has generated from the mining industry and financial community. Confidentiality agreements have been signed with a number of mining companies and financial institutions. Discussions on the Afton Project are continuing with a number of qualified mining companies and financial institutions with plans to advance the project to feasibility.

During 2002, the Company completed a \$2.1 Million equity financing. On December 31, 2002, DRC's shares commenced trading on the Toronto Stock Exchange. Subsequent to yearend, the Company contracted to participate in the Investor Relations Program of Standard & Poor's.

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Strategic Focus for 2003

- Completion of the pre-feasibility study
- Advance project to feasibility stage
- Confirm and increase the mineral resource
- Enhance shareholder value
- Attract an industry partner with mining expertise
- Finance project beyond feasibility stage

Outlook for 2003

The Company intends to move forward with the advancement of the Afton Project. The improvement in metal prices is enhancing the projects value. DRC's working capital of \$3.8 million is sufficient to proceed with the completion of the pre-feasibility study and the surface diamond drill exploration program. The Company will be raising additional funds to carry the project through the feasibility stage.

Management is committed to delivering the Afton Copper-Gold Project to the feasibility stage and expects to confirm and increase the mineral resource through further exploration.

On behalf of the board of directors, I would like to extend my appreciation to the shareholders, exploration personnel, project advisors and consultants for their continued support of the Company and the Afton Project. In 2003 we are looking forward to an even more rewarding and productive year.

On behalf of the board of directors

“JOHN H. KRUZICK”

John H. Kruzick, President/CEO

April 28, 2003

CORPORATE INFORMATION

CORPORATE OFFICE

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OFFICERS AND DIRECTORS

John H. Kruzick - President/CEO/Director
Sharon L. Ross - Secretary/ Director
C. Robert Edington - Director
Mike Muzyłowski - Director
Thomas O'Toole Taylor - Director
Craig Thomas – Director
Ian Beardmore - CFO
Bruno Mosimann -VP Corporate Development & Finance
Maurice Lee - VP Business Development

STOCK INFORMATION

Toronto Stock Exchange (TSX) - DRC
CUSIP No. 233296 10 2
U.S. Rule 12g3-2(b) Exemption #82-713
Standard & Poor's Manual Exemption
SEDAR Profile Number 00004818

SHARE CAPITALIZATION

Authorized : 40,000,000 common
Issued: 9,136,766 common

PROPERTIES

British Columbia(Afton & Ajax-Python) Copper-Gold Properties
Ontario (Timmins) - Polymetallic Property
Texas - Oil Production

AUDITORS

Beauchamp & Company, Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company, Vancouver, B.C & Toronto, Ontario.

BANK

HSBC Bank Canada, Main Branch, Vancouver
RBC Dominion Securities Inc., Main Branch, Vancouver

SUBSIDIARY COMPANY (U.S.A.)

Dynamic Resources Corporation, Inc.
#601-595 Howe Street
Vancouver, B.C.

ADVISORY BOARD

James Douglas Little, P.Eng.
Douglas A. Knight, B.A.Sc.
A.D. McCutcheon, P.Eng.

CONSULTING ENGINEERS

James J. McDougall & Associates, P.Eng.
Behre Dolbear & Company Ltd.
Process Research Associates Ltd.

