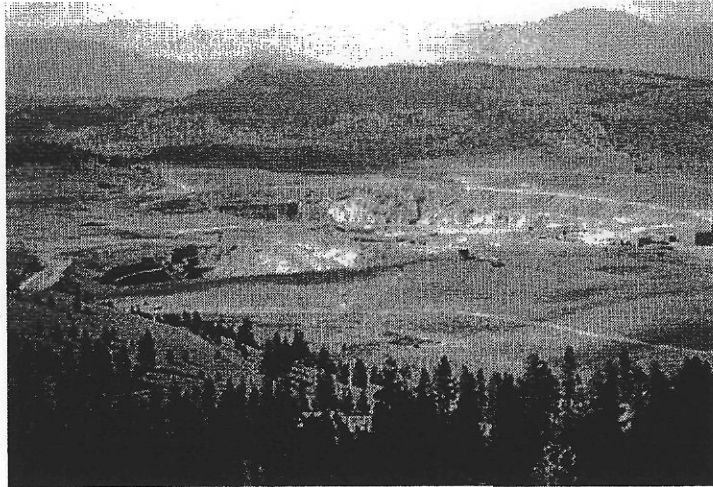


JGS → Afton
DRC Receipt
Aug. 25/84

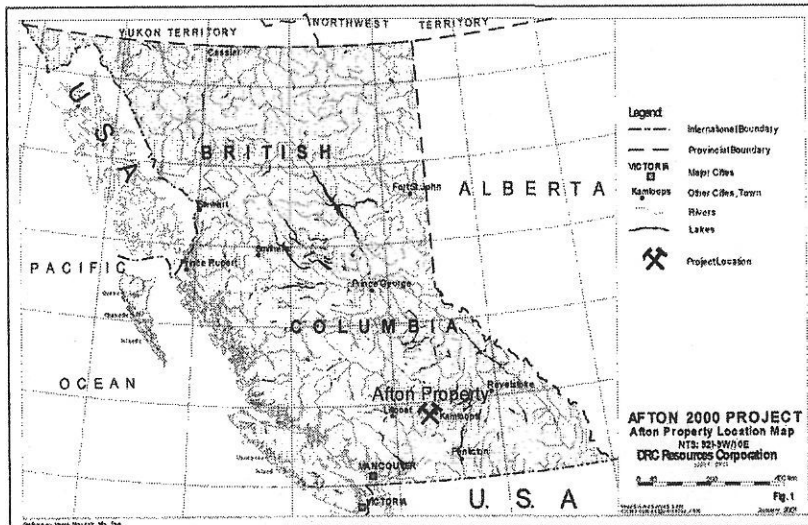
Afton Copper-Gold Project

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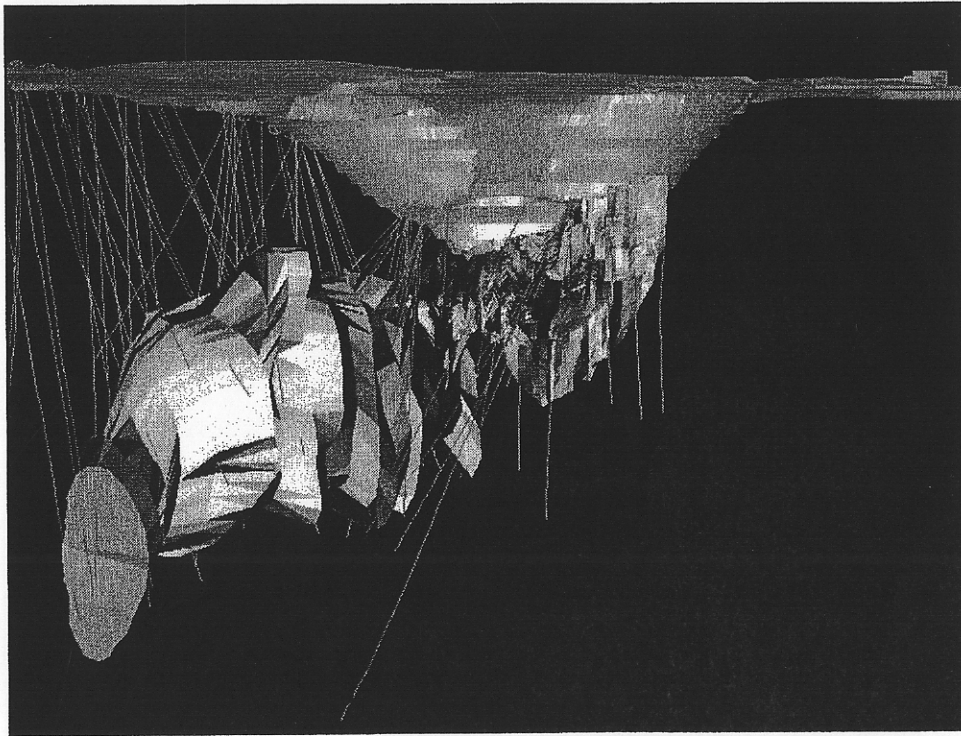
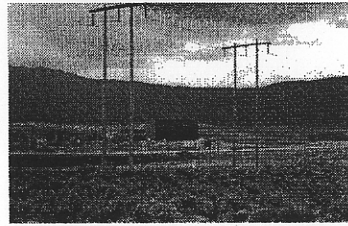
DRC Resources Corporation
TSX:DRC

Afton Location



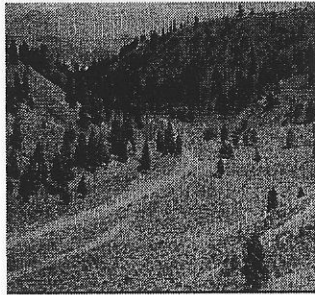
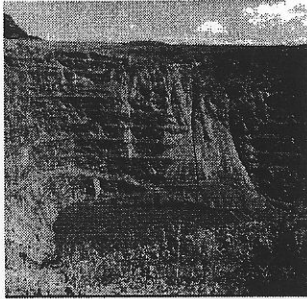
Afton Advantage

- Excellent Infrastructure
 - Trans-Canada Hwy
 - Water, Power
 - Existing Mine Site
- All levels of Government Support
- Available Labor Force
- Historical Mining Area Kamloops, B.C.



*Need
colour*

Afton Highlights



- \$18 Million Feasibility Study Commences
- Underground Development Design Completed & Contract Awarded
- 68.7 Million Tonne Measured and Indicated Mineral Resource
- Updated Scoping Study Indicates Favourable Economics
- Ajax Drilling Indicates Large Copper-Gold System

Afton Mineral Resource Table

Afton Main Zone Mineral Resource Estimate Summary (Behre Dolbear & Company Ltd. - January 2004)									
Category	Tonnes	Grade						Contained Product In-situ	
		Cu (%)	Au (g/t)	Ag (g/t)	Pd (g/t)	Cu _{Eq} (%)	Au _{Eq} (g/t)	Cu (M lbs)	Au (M ozs)
Measured	9,540,000	1.289	0.945	3.438	0.117	1.956	3.039	271	0.29
Indicated	59,160,000	1.049	0.829	2.487	0.119	1.635	2.541	1368.40	1.577
Measured + Indicated	68,700,000	1.082	0.845	2.619	0.119	1.679	2.609	1639.05	1.866
Inferred	7,450,000	0.924	0.784	2.341	0.120	1.480	2.300	151.79	0.188

Assumptions: Cut Off Grade 0.7% Copper Equivalent. Recovery: Copper & Gold 90%, Silver 75% and Palladium 74%
Copper US\$ 0.85/lb, Gold US\$ 375/oz, Silver US\$ 5.25/oz, Palladium US\$ 200/oz.

Afton Proposed Mine Plan

- 51.5 Million Tonnes₁ (1.72% Cu Eq)*
- Mining Method: Underground Panel Caving
- Production Rate: 9,000 tonnes/day
- Average Annual Production: Copper 75 million lbs
(At Full Capacity) Gold 80,000 ozs
- Concentrate Grade: Copper 30%
(Locked Cycle) Gold 20 g/t
- Mine Life: 17.8 years

* Cut-off grade 0.70% Cu Eq

1.) Behre Dolbear & Company Ltd. Updated Advanced Scoping Study mine plan (February 2004) incorporates 4.5MM tonnes of inferred resource – there can be no assurance that inferred resources will ultimately be converted to proven and probable reserves

Afton Economics

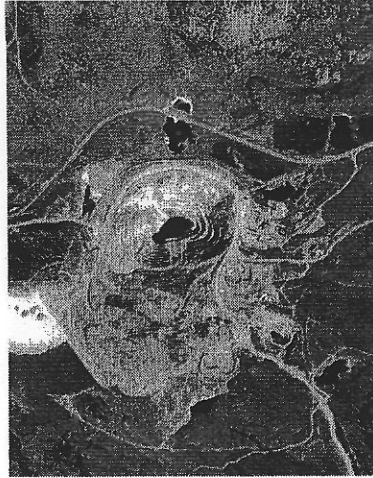
- Metal Produced (Life-of-Mine): 1.15 Billion lbs Copper
1.25 Million ozs Gold
- Initial Capex: C\$150 Million
- LOM Capex: C\$191 Million
- Operating Costs (LOM): Cash Cost US\$0.15/lb
(net of precious metal credits) Total Cost US\$0.40/lb
- IRR (after tax): 20%*
- Payback: 3.7 years

*Metal Prices of US\$0.85 Cu / US\$375 Au

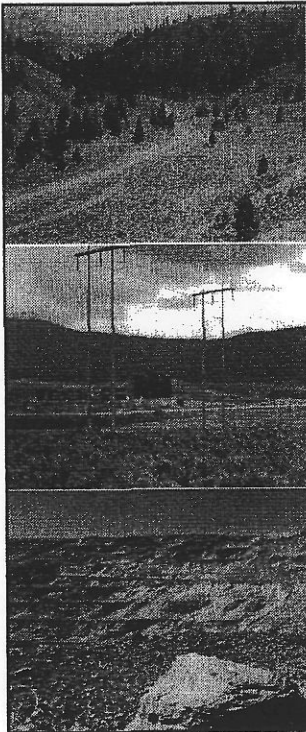
1. Behre Dolbear & Company Ltd. Updated Advanced Scoping study mine plan (February, 2004) incorporates 4.5MM tonnes of inferred resource – there can be no assurance that inferred resources will ultimately be converted to proven and probable reserves

Potential to Improve Economics

- Convert resources to reserves - underground definition drill program
- Increase mining rate beyond 9,000 tpd
- Optimize production profile
- Evaluate capital and operating benefits of other mining methods
- Explore other mineral zones



*Need Colour
X
Fig.*

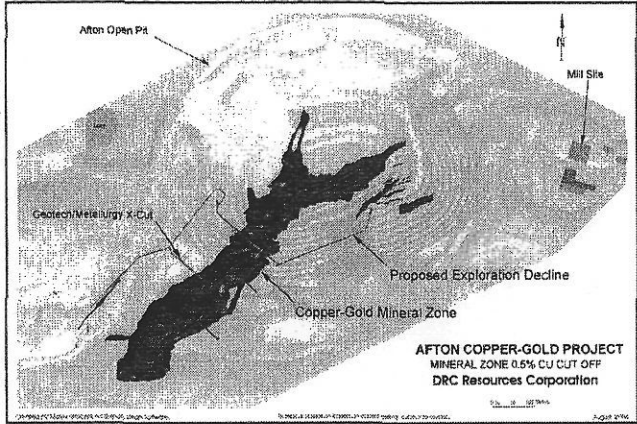


Next Steps

- Complete \$18 Million Feasibility Study
- Enhance Management Team
- Create Strategic Alliances
- Finance Beyond Feasibility
- Enhance Shareholder Value

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Fig.

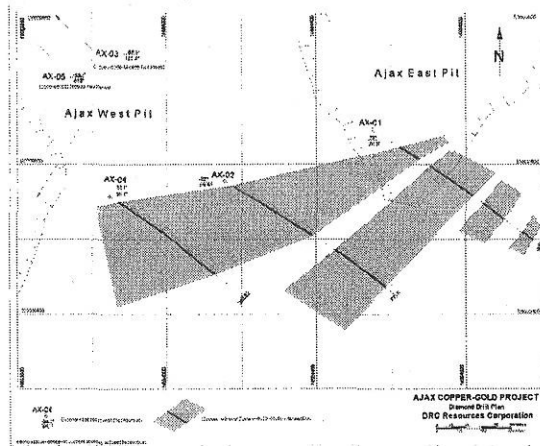
Afton Feasibility Study



- \$18 Million Feasibility Study
- 2000 Metre Underground Decline
- 15000 Metre Definition Drilling
- Metallurgical & Geotechnical Studies
- Feasibility to Production Decision

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Fig.

Ajax Potential



- Drilling indicates large near surface copper-gold system
- 77 mineral claims covering 4500 acres
- 10 km mine haulage road connecting to Afton property

Share Information *

Listed	TSX
Symbol	DRC
Issued	13.3 million shares
Fully Diluted	14.5 million shares
52 Week Range	\$4.60 - \$9.50
Market Capitalization	\$67M
Cash	\$25M
Major Shareholders	Management 20%

*August 2004

Thank You

DRC Resources Corporation

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www.drcresources.com

Safe Harbour Statement

Statements contained in this presentation which are not historical facts are forward-looking statements which involve risk and uncertainties which could cause actual results to differ materially from those expressed in forward-looking statements.

TB-AJ

DRC Resources Corporation

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Website: www.drcresources.com

TSX Symbol: DRC

Ajax Drilling Indicates Large Copper- Gold System

July 15, 2004, Vancouver, BC – DRC Resources has completed 5 diamond drill holes on the Company's 100% owned Ajax Property, located 10 km east of the Afton Property, Kamloops, B.C. The purpose of the diamond drill program was to test for sulphide mineralization between the two Ajax open pits and below the previously mined depths. Drilling successfully indicated a large near surface copper sulphide system with an associated gold credit between and deeper than the previously mined Ajax East and Ajax West pits. The Ajax Property, consisting of 77 mineral claims, covering 4500 acres, is connected by an existing 10 km mine haulage road to the Afton Copper-Gold Property to the west. (For drill holes location, refer to maps on Company's website: www.drcresources.com)

The results of the exploration program represent a significant departure from the shallow surface pits where the copper-gold ore was mined by the previous operator in the early nineteen nineties. The exploration drill program has outlined copper-gold mineralization with an interpreted vertical depth of 300 meters below surface and with an apparent thickness of 400 meters which is consistent with the zone mined in the two open pits. Three of the five drill holes were drilled over a strike length of approximately 400 metres. Two drill holes completed to the northwest of the Ajax East and West pits did not intersect the mineralized zone as the holes were collared too far in the foot wall of the zone.

The Ajax East and West pits have been described as porphyry deposits in geological publications. The Company is encouraged by the size and depth of the system and intends to continue to explore for a higher grade core.

Significant assay results for three drill holes intersecting the mineral zone over a length of 400 metres and to a depth of 300 metres below surface are as follows:

ASSAY INTERSECTIONS FOR AX-01 @ -55°/121°

Core Length (m)	Depth (m)	Copper (%)	Gold (g/t)
51	75-126	0.232	0.145
121	156-277	0.240	0.169
63	307-370	0.362	0.165
31.2	421-452.2	0.249	0.126

Safe Harbor Statement under the United States Private Securities Litigation Act of 1995: This release made may contain forward-looking statements that are affected by known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed, implied or anticipated by such forward-looking statements. **Such forward-looking statements herein represent management's best judgment as of the date hereof based on information currently available.** The Company does not intend to update this information and disclaims any legal liability to the contrary.

WARNING: The Company relies upon litigation protection for "forward-looking" statements.

DRC Resources Corporation's shares trade on the Toronto Stock Exchange (TSX: DRC). The TSX has neither approved nor disapproved the form or content of this release.

→ Afton
Tom Schwets
Aug. 25/04

TSX:DRC

DRC Resources Corporation

Afton Copper-Gold Project, Kamloops, B.C.

Afton Facts:

- Infrastructure Advantages
- High Grade / Low Cost
- Quick Lead time to Production

Investor Relations:

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 Fax: 604-687-2845

Website:

www.drcresources.com

Email:

drcresources@uniserve.com

Head Office:

595 Howe Street
 Suite 601
 Vancouver, BC
 V6C 2T5

DRC Resources Corporation (TSX:DRC), is focused on the exploration and development of the Afton Copper - Gold Project, located 10 km west of Kamloops, British Columbia. The Company received results of an independent advanced scoping study prepared by international mining industry consultant, Behre Dolbear & Company Ltd. The study indicates that bulk mining and conventional flotation technology are viable

methods for application to the Afton Project, and recommended the Company proceed with an underground exploration program and complete a feasibility study. To finance the feasibility study, the Company completed a very successful private placement to raise \$24.15 million in late 2003.



Project Highlights

- Advanced Scoping Study Indicates Favorable Economics
- 68.7 Million Tonne Measured & Indicated Mineral Resource
- 51.5 Million Tonne Resource Incorporated in Mine Plan
- Total Metals to be Produced under Mine Plan:

Copper	1.15 Billion Pounds
Gold	1.25 Million Ounces



Stock Information

Exchange: TSX
 Ticker: DRC

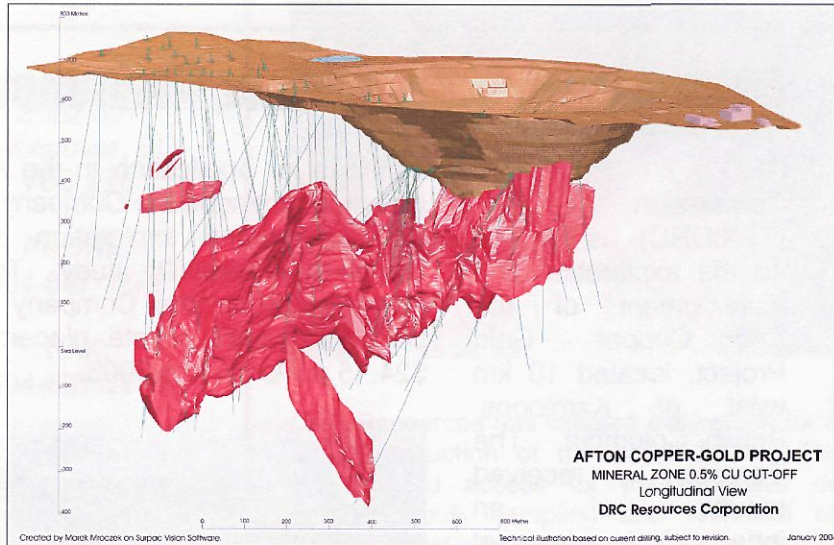
52 Wk High: C\$9.50
 52 Wk Low: C\$5.00

Market Cap: C\$80 Million

Shares O/S: 13.2 Million
 Full Diluted: 14.5 Million

DRC Resources Corporation

Mineral Resource Study



Adjacent to the previously mined Afton open-pit, 53,000 metres of diamond drilling during the 2000 to 2003 period has indicated a significant copper-gold mineral resource.

Highlights of an Updated Mineral Resource Study by Behre Dolbear & Company Ltd. (January 2004) as follows:

Afton Mineral Resource Estimate

Resource Category	Tonnes > Cutoff (tonnes)	Grade > Cutoff		Contained Product In-situ	
		CuEQ%	AuEQ(g/t)	Copper (lb)	Gold (oz)
Measured	9,540,000	1.956	3.039	271,000,000	290,000
Indicated	59,160,000	1.635	2.541	1,368,000,000	1,577,000
Measured and Indicated	68,700,000	1.679	2.609	1,639,000,000	1,866,000
Inferred	7,450,000	1.480	2.300	151,790,000	188,000

"Largest Advanced Exploration in B.C."



British Columbia Ministry of Energy & Mines' Exploration 2003 Review identifies the Afton Project as one of the province's largest advanced exploration projects. To date the Company had expended over \$5 Million on exploration which has increased and confirmed the size of the Afton Mineral Zone. Diamond Drilling has tested the Afton Mineral Zone for 3,300 ft (1,000 m) in length and to 2,550 ft (775 m) in depth, and still open for exploration. Drilling exploration is continuing at the Ajax and Pothook mineral zones which are located within the Afton land holdings.

DRC Resources Corporation

Advanced Scoping Study

Advanced Scoping Study (Feb 2004) by Behre Dolbear & Company Ltd. (filed on SEDAR) indicates that panel block cave mining and conventional flotation technology are viable methods of application for mining and processing of the 51.5 Million Tonne Mineral Resource:

Highlights of Afton Proposed Mine Plan

Total Resource To Be Mined All Categories 51.5 Million tonnes 1.72% Cu Eq.

Mining Method - Underground Panel (Block) Caving

Production Rate (Mine & Mill)		9,000 tonnes per day
Total Metals Produced	Copper	1.15 Billion lbs
	Gold	1.25 Million ozs
Avg. Annual Production	Copper (at full production)	75 Million lbs
	Gold (at full production)	80,000 ounces

Initial Capital Cost	\$150 Million
Unit Operating Cost (at full production)	\$9.77/tonne milled
Life of Mine: Cash Operating Cost*	US\$0.15/lb Cu
Total Operating Cost*	US\$0.40/lb Cu

*net of precious metal credits

Life of Mine	17.5 years
Payback Period	3.7 years
Net Present Value (undiscounted after tax)	\$418 Million
Internal Rate of Return	20%

NOTES

- Metal Prices Used: Copper \$US 0.85/lb, Gold \$US 375/oz, Silver \$US 5.25/oz and Palladium \$US 200/oz.
- Assumed Metal Recovery: Copper 90%, Gold 90%, Palladium 74%, and Silver 75%.
- Cutoff grade of 0.70% copper equivalent for application in the mine plan.
- Blocks greater than cut-off for tonnes and grade are included in the calculation for the specified grade cut-off.
- Not all tonnage will be recovered in mining, nor will all metal be recovered in milling and processing.
- Currency used is Canadian, unless otherwise indicated. Exchange Rate: C\$ = US\$0.72

Afton Advantage

- High Copper-Gold Grade, Low Budget Project, Quick Lead time to Production
 - Measured and Indicated Mineral Resource: 68.7 Million Tonnes
 - Copper Equivalent 1.68%; Gold Equivalent 2.61g/t
 - Advanced Scoping Study indicates favorable economics, moderate capital requirements and low environmental concerns (under certain parameters & assumptions)
 - Metallurgical Study indicates excellent metal recovery: Copper 90%, Gold 90%
 - Existing mining district, Trans-Canada Hwy, infrastructure, water, power, mine-site and local experienced mine labor force
 - Government supportive of mining, Mining Permits and Incentive Grants available
-

Afton Underground Exploration Commences

DRC Resources Corporation

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Website:
www.drcresources.com



DRC Resources has initiated excavation for an underground decline and construction of the portal facility. The decline will provide underground access for the proposed definition diamond drill program, bulk sampling and technical studies related to the completion of a feasibility study on the Afton Copper-Gold Zone.

Commencement of the Afton feasibility study is a significant step for the Company as it moves the Project towards development stage and closer to production phase. A \$12 million underground exploration program is planned for 2004. The economic evaluation in the advanced scoping study indicates that the Project has favorable economics, based on US\$0.85/pound for Copper and US\$375/ounce for Gold. A steadily increasing world demand for the red metal has sharply reduced world inventories of copper, raising the price of that metal dramatically to more than US\$1.20 per pound. A sustained copper price of US\$1.00 would have a very significant positive impact on the economics of the Afton Project.

OFFICERS AND DIRECTORS

John H. Kruzick - President/CEO
Sharon L. Ross - Secretary/Director
C. Robert Edington - Director
Mike Muzylowski - Director
Thomas O. Taylor - Director
Craig D. Thomas - Director
Ian M. Beardmore - CFO
Mike Hibbitts - VP, Exp. & Dev.
Maurice Lee - VP, Bus. Dev.
Bruno J. Mosimann - VP, Corp. Fin.

CONSULTANTS / ADVISORS

Behre Dolbear & Company Ltd.
Process Research Associates Ltd.
SRK Consultants
Dynatec Corporation
Metalica Consultores SA
J.J. McDougall & Associates
James Douglas Little, P.Eng.
Douglas A. Knight, BASc.



TSX = AFLOW
Aug. 25/04

DRC RESOURCES CORPORATION

2004

SECOND QUARTER REPORT

Content

- **Letter to Shareholders**
- **Management Discussion and Analysis**
- **Financial Statements (Unaudited) June 30, 2004**

#601 - 595 Howe Street, Vancouver, B. C. V6C 2T5
Telephone: (604) 687-1629 ~ Fax: (604) 687-2845
E-mail address: drcresources@uniserve.com
Website: drcresources.com
TSX Symbol - DRC

Letter to Shareholders

Highlights:

- \$18 Million Feasibility Study
- Underground Development Design Completed
- Underground Development Contract Awarded
- Ajax Drilling Indicates Large Copper-Gold System

During this period, DRC Resources Corporation continued to advance the Afton Copper-Gold Project to final feasibility. The Company assembled an engineering team to complete the final design of the Afton underground exploration decline. Five mining contractors with extensive hardrock mine development experience were invited to bid on this underground contract. Subsequent to this period, on August 4, 2004, Ross-Finlay 2000 Inc., a Canadian contractor with over 50 years of underground mine development experience, was awarded the decline excavation contract. This contract represents a major portion of the budgeted \$18 Million final feasibility program, which will include extensive definition diamond drilling.

DRC Resources Corporation will focus on completing the Afton feasibility study in pursuit of a strategy to strengthen the Company's asset base by upgrading the Afton mineral resource to reserve category. With an increasingly stable rise in metal prices, the Afton Copper-Gold Project continues to attract the interest of financial institutions and the mining industry.

According to the British Columbia Ministry of Energy & Mines, the Afton Project is the largest advanced exploration project in South Central B.C. To date, the Company has expended over \$5 Million on exploration on the Afton Mineral Zone, outlining a 68.7 Million Tonne Measured and Indicated Mineral Resource of 1.68% Copper Equivalent or 2.61 g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag, 0.12 g/t Pd).

Drilling on the Ajax Property has indicated a large near surface copper sulphide system with an associated gold credit between and deeper than the previously mined Ajax East and Ajax West pits. The Company is encouraged by the size and depth of the system and is continuing to explore this mineral zone. The Ajax Property, consisting of 77 mineral claims (4500 acres), is connected by an existing 10 km mine haulage road to the Afton Copper-Gold Property to the west. (Refer to drcresources.com for press release and maps.)

On behalf of the Board of Directors, I would like to welcome our new shareholders and thank our long-term investors for their continued interest and support. Management will continue its best efforts to ensure that investor confidence in the Afton Project is rewarded with improving shareholder value.

John H. Kruzick
President & CEO
August 12, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION AT June 30, 2004

DATED August 12, 2004

Management's Discussion and Analysis ("MD&A") of financial condition and results of operation of DRC Resources Corporation ("the Company" or "DRC") for the second quarter ended June 30, 2004 should be read in conjunction with the Company's consolidated financial statements and corresponding notes for the period ending June 30, 2004. The focus of this discussion is on material changes and information relating to the current period and may exclude certain information disclosed in the previous period's discussion.

DRC prepares and files its consolidated financial statements and MD&A in Canadian ("CDN") dollars and in accordance with Canadian generally accepted accounting principles ("GAAP").

Overview

DRC Resources Corporation with head office located in Vancouver, British Columbia, was incorporated in 1980. The Company is a development stage, resource company engaged in the acquisition, evaluation, exploration and development of mineral interests. The Company's presently issued 13,296,766 million issued shares are listed on the Toronto Stock Exchange (TSX symbol DRC). The Company's main project is the Afton Copper-Gold Project, located 10 kilometers west of Kamloops, British Columbia. The Company also owns a mineral interest in Ontario which is being maintained with no further work program presently planned.

The Company's business is managed by directors and executives with professional backgrounds and many years experience in the mining industry, augmented by independent geological and mining professionals (qualified persons) retained to advise the Company on its main project.

In evaluating the Company's financial condition and performance, management looks at DRC's relative position in the context of reporting mineral exploration companies in Canada. In that context, management sees the Company as emerging from junior to advanced exploration stage, in which its decision making capabilities will undergo more rigorous testing as DRC moves toward the development and production stages on its advanced Afton Copper-Gold Project. How effectively the Company meets the new issues and challenges will depend upon some planned staff additions and the management of priorities in conduct of the Afton Copper-Gold Project. Management perceives the advancement of DRC's status as due to selection of highly qualified technical advisors, on-site attention of management to conduct exploration work, understanding of what constitutes a successful exploration attempt and careful cash management. All of those qualities must continue and be improved to meet the challenges of higher cost activities (underground vs surface exploration). While a generally improved economic climate in the mining industry has greatly assisted in the money raising area, the main risks to achievement of objectives will be increased competition for both expert personnel and

BS → Afton

contract labour which is expected to result in a general increase in costs and, possibly, delay in getting jobs done. Hence, staffing and cost management are expected to be the main challenges to company stewardship in the near term.

Progress and Outlook

During the second quarter 2004 the Company focused on the design, budget requirements and personnel to implement a plan to excavate an underground exploration decline for the Afton Copper-Gold Project (“Afton Project”), located near Kamloops, British Columbia. As a mineral exploration company, the future liquidity of DRC will be affected principally by the level of exploration expenditures and by its ability to raise capital through the equity markets. Completion of a \$24.15 million financing at the beginning of November, 2003 put the Company in a cash position more than sufficient to fund planned exploration expenditures and meet ongoing obligations as they become due.

The Company is moving forward with its plan to advance the Afton Project through the feasibility stage by carrying out an underground exploration and development program as recommended in the February 2004 update of Behre Dolbear & Company’s advanced Scoping Study that included an economic evaluation of the Afton Project, Kamloops, B.C in compliance with National Policy 43-101 (filed on SEDAR).

The Advanced Scoping Study confirmed that one of several possible mining methods had the potential for development of an underground bulk tonnage mining operation at Afton. The relevant project statistics are outlined below:

Afton Project Statistics			
Mineral Resource	Measured and Indicated ¹	68,700,000 tonnes	1.68% Cu _{Eq}
	Inferred Resource	7,450,000 tonnes	1.61% Cu _{Eq}
Mineral Resource Within the Proposed Mine Plan	Measured and Indicated	46,983,000 tonnes	1.72% Cu _{Eq}
	Inferred Resource	4,543,000 tonnes	1.72% Cu _{Eq}
Total Resource Material to be Recovered by the Mine Plan			
	All Categories ²	51,526,000 tonnes	1.72% Cu _{Eq}
Metallurgical Recovery	Copper		90%
	Gold		90%
	Silver		75%
	Palladium		74%
Mining Method		Underground Panel (Block) Caving	
Production Rate (Mine & Mill)		9,000 tonnes per day	
Mine Life		17.8 years	
Average Annual Production	Copper	29,350 tonnes	
	Gold	71,000 ounces	
	Silver	178,100 ounces	
	Palladium	7,700 ounces	
Initial Capital Cost ³		\$140,034,000	
Working Capital and Initial Inventory		\$9,700,000	
On-going Capital		\$191,351,000	
Unit Operating Cost	(at full production)	\$9.77/tonne milled	
Net Present Value	0%	\$418,206,437	
	5%	\$203,578,770	
	7.5%	\$140,373,936	
	10%	\$94,306,153	

DRC 2004 2nd Qtr. Rpt.

Internal Rate of Return	(pre-tax)	26.68%
	(after tax)	19.94%
Payback Period		3.7 years
Notes:	1 Afton Main Zone Only (@ 0.7% Cu _{Eq} cut-off grade)	
	2 See Note on Page 17, Section 3.0	
	3 Currency used throughout is \$Canadian	
Metal	Price Used	Recovery
	US\$)	
Copper	\$0.85/lb.	90%
Gold	\$375/oz.	90%
Silver	\$5.25/oz.	75%
Palladium	\$200/oz.	74%

Significant additional expenditure will be required to establish that development of the Afton Project is feasible as a large high-grade copper-gold mine. Rising copper demand and prices have increased interest in advanced projects such as the Afton and are expected to make production financing obtainable.

DRC employs a comprehensive QA/QC program including the use of standards and internal and external check samples. Behre Dolbear has reviewed the QA/QC program and is of the opinion that it meets or exceeds industry standards. Industry-accepted methods were used for grade estimation using ordinary kriging (a method of determining a weighted average in such a way that the geostatistical estimation variance of the weighted average is minimized). The assays were composited into 10 metre down-hole composites. Reasonableness of grade interpolation was reviewed by visual inspection of sections displaying block model grades, drill-hole composites and geology with good agreement being observed. In accordance with National Instrument 43-101, both the updated Mineral Resource Study and the updated advanced Scoping Study were filed on SEDAR.

The resources developed by DRC Resources are not reserves and, until such time as resources are proven to be reserves, there is a risk that the Company may not achieve ongoing operations from which it may derive significant income.

The Company has held and is continuing discussions with senior members of the mining and minerals processing industries with the objective of moving the Afton Project through the feasibility stage to production. The Company is in process of confidential discussions concerning production financing with a number of mining companies, smelters and financial institutions.

Michael W.P. Hibbits, Vice President of Exploration & Development, a qualified person, has been charged with responsibility for managing the design, implementation and supervision of the underground exploration program to advance the Afton Project through the feasibility stage. In June, 2004 the Company invited 5 major Canadian mining contract companies to tender for excavation of a 2000 metre decline (tunnel) and Ancillary Underground Development for the Afton Copper-Gold Project. The main purpose of the decline is to provide underground access for the definition diamond drill program, bulk sampling and technical studies, which will be carried on concurrently with development of the decline, in order to complete the Afton Feasibility Study.

Subsequent to the end of the second quarter the Company awarded the contract for the Exploration Decline and Ancillary Underground Development for the Afton Copper-Gold Project to Ross Finlay 2000 Inc., a Canadian mining contractor with over 50 years of experience in underground mine development. From offices in Val d'Or and Sudbury, Ross Finlay has extended its services to the mining sector overseas as well as throughout North America. Its corporate clients include major Canadian and international mining companies.

Mobilization for the excavation of the Afton Exploration Decline is scheduled to begin in September, 2004. All development work is scheduled to be completed by July, 2005.

Selected Annual Information

The selected financial data appearing below for the second quarter ending June 30, 2004, 2003, and 2002 are set forth in Canadian dollars and extracted from the audited Consolidated Financial Statements (filed on SEDAR).

DRC's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) that apply in Canada. The selected financial data appearing in the first table below is presented in accordance with Canadian GAAP and should be read in conjunction with, and is qualified in its entirety by reference to DRC Resources' audited Consolidated Financial Statements.

	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003	Quarter Ended June 30, 2002
Operating Revenue	199,304	23,256	57,869
Net Income (Loss)	(20,422)	(182,930)	25,623
Income (Loss) per Share	(0.01)	(0.02)	0.01
Total Assets	29,456,408	6,279,451	5,338,499
Net Assets	28,476,049	6,091,506	5,135,626
Deferred Income Taxes	(2,112)	(41,023)	110,906
Cash Dividends per share	Nil	Nil	Nil
Deficit	(2,929,312)	(2,055,645)	(1,589,564)
Capital Stock	31,405,361	8,147,151	6,725,190
Weighted Average Number of Shares	13,209,457	9,190,782	9,131,766

During the second quarter of 2004, \$91,500 were received by the Company for the exercise of stock options. With approximately \$25 million in cash assets, DRC currently has sufficient funds to meet its obligations and to carry out its exploration plans for at least the next 24 months. There is no assurance that DRC will in the future be able to obtain all the financing it requires on acceptable terms and conditions, or at all. The only sources of future funds presently available to DRC are the sale of equity capital or the offering of an interest in its properties to be earned by another person or firm carrying out further exploration or development of the properties.

Operating Results

During the second quarter 2004 the main focus of the Company has been the final engineering design for the underground workings and tendering the underground exploration decline for the Afton Project in Kamloops, B.C. as described in the Progress and Outlook section above.

The Company has expended over \$5 million on the Afton Project exploration program to date which includes, but is not limited to, the cost of an economic evaluation by the Company's mine engineering consultants, Behre Dolbear & Company Ltd., metallurgical test work, geophysical surveys, and the surface diamond drill exploration program consisting of 109 diamond drill holes for a total of 53,000 metres (175,000 ft)

The advanced Scoping Study on the Afton Main Mineral Zone prepared by Behre Dolbear and Company Ltd., is based on a Mineral Resource (all categories) of 76 million tonnes and indicates that panel cave mining and conventional flotation technology are viable methods of application for mining and processing of 51.5 Million Tonnes of the Mineral Resource. The Study indicates an estimated life of mine cash operating cost of US\$0.15 per pound of copper and a total operating cost of less than US\$0.40 per pound of copper, both costs being net of precious metal credits. A copper price of US\$0.85/lb was used in the economic calculation for this study. Persistence of the current robust metals market, in which copper prices have exceeded US\$1.20 per pound, would enhance the economic potential of the Afton Project. The Company is proceeding directly to the feasibility stage and implementing the final design of the underground workings.

The present estimate of \$17,952 000 (including a 30% contingency) for exploration and development costs over the next 18 months through feasibility compares closely with the scoping study by the Company's principal project consultant, Behre Dolbear & Company Ltd. (\$17,748,000 without contingencies), to cover all required underground development, diamond drilling, standby consulting professionals and the internal administrative, planning and supervisory group costs. Recent reviews and engineering recommendations for changes to the underground exploration program indicate a potential for reducing overall costs by some 20%. The change involves reducing the length of the decline and placement in a more advantageous location for the underground exploration program. A \$12 million exploration expenditures program is budgeted for the next 12 months.

The Company invited tenders for the decline construction contract in early second quarter and, subsequent to the end of the second quarter, awarded the contract to Ross Finlay 2000 Inc. (as described in the Progress and Outlook section above).

This program will be funded out of available working capital. It is expected that budgeted costs may be modified and adjusted downward to reflect the exact method of underground development implemented.

DRC's exploration program in 2004 is also designed to test several other areas of the

Net Income(Loss)	(20,442)	62,395	(1,218,371)	(105,943)	(182,930)	(119,800)	(185,907)	(62,734)
(Loss) per Share	(0.01)	(0.01)	(0.13)	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)

Liquidity & Capital Resources

Working Capital at Quarter-end DRC Resources had working capital of \$25,346,309 \$3,480,065 and \$3,467,864 and no debt at June 30th in, respectively, the years 2004, 2003 and 2002. Net equity financings of \$4,904,120 in 2000, \$1,935,515 in 2002 and \$22,500,250 in 2003 were the principal sources of working capital.

During the second quarter 2004 interest income, a small oil and gas royalty and foreign exchange gains provided for approximately 91.59% of the Company's administrative costs. In the same period in 2003 and 2002 interest and royalty income provided for, respectively, approximately 14.09% and 22.54% of the Company's administrative costs.

In 2000 DRC Resources' working capital increased significantly due to funding provided by a \$5 million Special Warrants Private Placement Offering, which put the Company in a position to make a commitment to a large exploration program on its Afton Copper-Gold Project. In 2002 a \$2.1 million private placement of flow-through shares was added to exploration funding and in 2003 a \$24.15 million private place of common shares significantly increased the working capital.

Interest income on its working capital combined with a favourable exploration cost experience on the Afton Copper-Gold Project leave DRC with working capital adequate to meet its administrative costs and property maintenance programs through the year 2005. DRC's working capital is sufficient to meet all its present requirements as an exploration company. In order to be in a position to move to the development stage of its Afton Copper-Gold Project, DRC realized that it would be expected to raise as much as 10% of the expected capital requirement of about \$140 million, in order to attract an institutional lender or mine financing partner, such as a smelter, to the project. The \$24.15 million financing in November 2003 achieved this objective, with the result that the Company is now engaged in discussions concerning project financing, project participation and concentrate sales arrangements with a number of mining companies, international smelters and financial institutions that have expressed an interest in the Afton Copper-Gold Project.

Contractual Obligation for Acquisition of the Afton Copper-Gold Property

By Option to Purchase Agreement ("the Option") dated September 22, 1999 DRC Resources acquired the exclusive right for 90 days to purchase a 100% undivided working interest in the Afton 1 - 11, incl. mineral claims, Record Nos. 372023 - 372026 incl. and 372641 - 372647 incl. (the "Original Claims") as to 50% from Westridge Enterprises Ltd., a non-reporting British Columbia company wholly owned by John H. Kruzick, a director, the President and CEO of the Company, and as to 50% from Indo-Gold Development Ltd., a non-reporting British Columbia company owned by John Ball,

a geologist. The Option provided for consideration to be a 10% Net Profit Royalty to and a property management agreement with the optionors, with exercise to be by carrying out exploration work and paying Common Shares of DRC Resources as follows:

Due Date ⁽¹⁾	Option Payment	Status	Exploration (\$)	Status
On regulatory approval	1,000,000 Shares	Paid		
Year 1 (2000)	-		400,000	Performed
Year 2 (2001)	200,000 Shares	Paid	600,000	Performed
Year 3 (2002)	200,000 Shares	Paid	1,000,000	Performed
Year 4 (2003)	200,000 Shares	Paid	1,000,000	Performed
Year 5 (2004)	200,000 Shares		1,000,000	Performed
Year 6 (2005)	200,000 Shares		1,000,000	Performed
Year 7 (2006)			500,000	
Year 8 (2007)			500,000	
Year 9 (2008)			500,000	
TOTALS	2,000,000 Shares		6,500,000	

Note: (1) The initial option payment was due and paid following acceptance of the filing of the Formal Option by the then governing regulatory body, the Canadian Venture Exchange. Subsequent option payments are due to be paid in full on or before the anniversary of the Due Date on November 10th in all future years unless otherwise agreed upon by both parties.

Contractual Obligation for the Development of the Afton Copper-Gold Project

The Company entered into a consulting services agreement with Mr. Michael W.P. Hibbits, Vice President of Exploration and Development on March 22, 2004. The terms of the contract are as follows:

- Term: Month to Month.
- Cash compensation: a base retainer fee \$11,000 per month served.
- Stock Options: He was granted options to purchase 100,000 common share at an exercise price of \$6.50 in accordance with DRC Resources' Stock Option Plan.
- Expenses: He will be reimbursed all reasonable out-of-pocket expenses incurred by him in carrying out his duties
- Bonus: He will be paid a cash payment of \$18,000 upon performing the services and completing the feasibility study on the Afton Project according to the agreed timeline.
- Transportation: He will be provided with a truck for use on and in connection with the Afton Project

Other than relatively nominal property maintenance costs on projects does not have any other commitments for material expenditures in either the near or long term.

The Company's source of liquidity is its cash and cash equivalents. However, this is supplemented by interest earned and these sources of cash are considered sufficient to meet near-term financial requirements.

Off-Balance Sheet Arrangements

The Company has service contracts with two persons who are directors and/or members of administrative, supervisory or management bodies.

Since founding DRC Resources, John H. Kruzick has provided the Company's direction and management as a consultant through a private company, Westridge Enterprises Ltd., controlled by him and paid on a per diem services basis with reimbursed for out-of-pocket expenses. By Services Agreement made and approved April 23, 2003 by the Board of Directors, John H. Kruzick's engagement as President and Chief Executive Officer was formalized on a retainer basis on the following terms and conditions:

- Term: Five years commencing April 2003 through March 2007.
- Cash compensation: He was paid a base retainer fee \$500 per day served during year 2003 (beginning in April, 2003). The base retainer fee is to be increased annually as deemed appropriate for services performed subject to approval by a majority of the board of directors.
- Director's Fees: As member of the Board of Directors he is to be entitled to any approved directors' fees.
- Retainer during Illness: He will be paid the per diem fee on the basis of 20 days per month for up to six months from the date when any illness renders him unable to fulfill his duties.
- Benefits During Illness: he will receive benefits other than contract fees for up to 2 years after any illness renders him unable to fulfill his duties.
- Stock Options: He may be granted options to purchase its stock in accordance with DRC Resources' Stock Option Plan.
- Expenses: He will be reimbursed all reasonable out-of-pocket expenses incurred by him in carrying out his duties.
- Termination: The Board of Directors may terminate Kruzick's employment at any time, with or without cause.
- Termination by Company Without Cause: If his services are terminated without cause, Mr. Kruzick will receive accrued service fees and a lump sum payment equal to the average monthly fee paid for the previous year times the number years he has been with the Company.
- Termination Without Cause by Kruzick: If Mr. Kruzick terminates his employment without cause prior to the expiration of the Agreement, he will be paid all accrued, but unpaid fees and expenses.
- Termination With Cause by DRC Resources: If Mr. Kruzick's employment is terminated by DRC Resources for cause, other than moral turpitude or dishonesty on Kruzick's part, prior to the expiration of this Agreement, he will be paid a lump sum severance payment equal to the compensation of one month of service fees for each year of past contract services rendered (based on the average monthly fee paid for the previous year), together with any accrued, but unpaid expenses
- Reporting: Mr. Kruzick is to be a permanent member and chairman of the Executive Committee, report to the Board of Directors at regular quarterly Board meetings and

at the annual general meeting of DRC Resources and otherwise be accountable to the Board of Directors.

Since May 12, 1981, Sharon L. Ross has provided the Company with secretarial and office administrative services as a consultant through a private company, Allshare Holdings Ltd., controlled by her and paid on a per diem services basis with reimbursed for out-of-pocket expenses. By Services Agreement made and approved April 23, 2003 by the Board of Directors, Sharon L. Ross' engagement as Corporate Secretary to perform the duties customary to that position was formalized on the following terms and conditions:

- Term: Five years commencing April 2003 through March 2007.
- Cash compensation: She was paid a base fee of \$35 per hour served during year 2003 (beginning in April, 2003). The base fee is to be increased annually as deemed appropriate for services performed subject to approval by a majority of the board of directors.
- Director's Fees: As member of the Board of Directors she is to be entitled to any approved directors' fees.
- Retainer during Illness: Mrs. Ross will be paid the per diem fee on the basis of 128 hours per month for up to six months from the date when any illness renders her unable to fulfill her duties.
- Benefits During Illness: She will receive benefits other than contract fees for up to 2 years after any illness renders her unable to fulfill her duties.
- Stock Options: She may be granted options to purchase its stock in accordance with DRC's Stock Option Plan.
- Expenses: She will be reimbursed all reasonable out-of-pocket expenses incurred by her in carrying out her duties.
- Termination: the Board of Directors may terminate Mrs. Ross' engagement at any time, with or without cause.
- Termination by Company Without Cause: If her services are terminated without cause, Mrs. Ross will receive accrued service fees and a lump sum payment equal to the average monthly fee paid for the previous year times the number years she has been with the Company.
- Termination Without Cause by Ross: If Mrs. Ross terminates her engagement without cause prior to the expiration of the Agreement, she will be paid all accrued, but unpaid fees and expenses.
- Termination With Cause by DRC Resources: If Mrs. Ross' engagement is terminated by DRC Resources for cause, other than moral turpitude or dishonesty on her part, prior to the expiration of the Agreement, she will be paid a lump sum severance payment equal to the compensation of one month of service fees for each year of past contract services rendered (based on the average monthly fee paid for the previous year), together with any accrued, but unpaid expenses
- Function and Reporting: Mrs. Ross reports to the President, is to be a member and act as secretary of the Executive Committee of the Board of Directors, is to consult

with the Executive Committee, as required, in respect of extraordinary matters arising in the course of day-to-day business and be accountable to the Board of Directors.

Related Party Transactions

During the quarter ending June 30, 2004, the Company paid \$18,345 compared to \$15,886 in the same period of 2003, for secretarial and accounting services invoiced by Allshare Holdings Ltd., a private company in which a director has a 50% interest. During the quarter ending June 30, 2004 the Company paid \$38,500 compared to \$36,000 in the same period of 2003 for consulting and deferred exploration costs invoiced by Westridge Enterprises Ltd., a private company owned by a director of the Company. A related person of the President was paid \$18,345 for consulting services during the quarter ending June 30, 2004 compared to \$15,875 for the same period in 2003. An officer of the Company was paid \$ 33,000 for the quarter ended June 30, 2004 for consulting services for exploration and development of the Company's mineral projects.

Risks

Mineral exploration is a high risk business and there is no assurance that economic mineral deposits will be found on any of DRC's mineral interests. Positive surface indications and drill results are no guarantee that an economic mineral deposit exists at depth. Fluctuating mineral commodity prices and exchange rates may adversely affect the economics of a mineral deposit. Financial markets can sometimes be negative toward junior exploration companies.

Capital

The information below relating the capital structure of the Company is at Aug. 12, 2004.

Authorized share capital: 40,000,000 common shares without par value

Issued and outstanding: 13,296,766 common shares without par value

Incentive Stock Options Outstanding

Number of Options	Exercise Price	Expiry Date
395,000	\$3.00	September 13, 2004
50,000	\$3.50	December 5, 2004
100,000	\$6.50	April 13, 2006
345,000 (Broker's Compensation Options)	\$7.50	November 6, 2005

Additional Information

Additional information on the Company may be found on SEDAR at www.sedar.com or the Company's website at www.drcresources.com.

Disclaimer

The information contained herein is prepared by the company and believed to be accurate but has not been independently audited or verified and is provided for informational purposes. This information is not to be construed as an offer nor as a recommendation to buy or sell securities. DRC Resources Corporation, its officers and directors assume no responsibility for use of this information in any way whatsoever and do not guarantee its accuracy.

Cautionary Note

It should be noted that some of the statements contained in this presentation are not historical facts but may be forward-looking statements. Estimates and statements that describe the Company's future plans, objectives or goals are examples of forward-looking statements and such statements may include words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements by reason of factors such as the productivity of the Company's mining properties, changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals, legislative, environmental and other regulatory, political and competitive developments in areas in which the Company operates.

US Investors Should Note: *The United States Securities and Exchange Commission permits mining companies, in their filings with the SEC to disclose only those mineral deposits that a company can economically and legally extract or produce. We may use certain terms in our publications such as "resources", that are prescribed by Canadian regulatory policy and guidelines but are not provided for in the SEC guidelines on publications and filings.*