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Roundup 'Room Jan. 22-31/02

MARKET INSIGHT

A report from the research department of Georgia Pacific Securities Corporation

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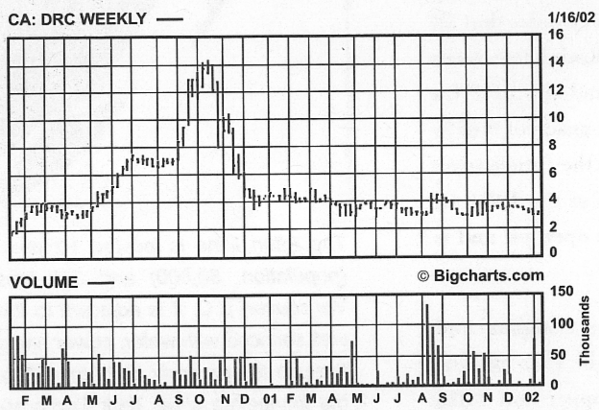
WINTER 2002

DRC RESOURCES CORPORATION

Rediscovering the Afton Mine, a Copper-Gold Deposit

Kamloops, British Columbia



Listed	CDNX, Symbol DRC
Recent Price	$3.00
18-Month High-Low	$14.40 - $2.90
Cash on Hand	$4.0 Million
Debt	Nil
Major Shareholders	Management - 35%
Shares Outstanding	8,283,766
Fully Diluted	8,852,766
SEC Exemption	12g3-2b #82-713
Listed	Moody's Investment Services Manual

*** RECOMMENDATION . . . . . .SPECULATIVE BUY**
12 Month Price Target $7.85

*** The recommendation should be considered in conjunction with the Investment Opinion. At the current time directors, officers, employees and client accounts at GPSC own approximately 22% of the outstanding shares of DRC Resources Corporation and this figure may increase or decrease without further notice or disclosure.**

Investment Opinion

In DRC Resources Corporation's brief two year drilling program on its *100% optioned Afton copper-gold project, the mineral resource has grown from **10 million to 44 million tons of 2.60% Copper equivalent (1.75% copper, 0.040 opt gold, 0.15 opt silver & 0.003 opt palladium). Presently we can visualize about 1.5 billion lbs. of Copper and 1.5 million ozs of gold, with an excellent chance of substantially increasing the resource. In terms of payable metal about 65% of the revenue would be from the sale of copper with the balance being derived from the sale of gold, silver and palladium. Within this report we have calculated a 12 month price target of $7.85 per share; thus offering good upside potential.

* Subject to a 10% Net Profits Interest. ** Equivalent to 9.1 million tonnes to 40 million tonnes.

Please note that while we believe that DRC Resources' shares offer the possibility of an excellent return on investment, the company's main asset (the Afton Mine Project) is still at an exploration and development stage and has not advanced to commercial production. Further studies are required to determine economic viability. Commodity prices and the economic cycle are also an influence on the value of a mining stock. Additionally, there is risk in purchasing any type of common stock; shares are only suitable for risk oriented/aggressive accounts able to sustain a total loss.

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Background

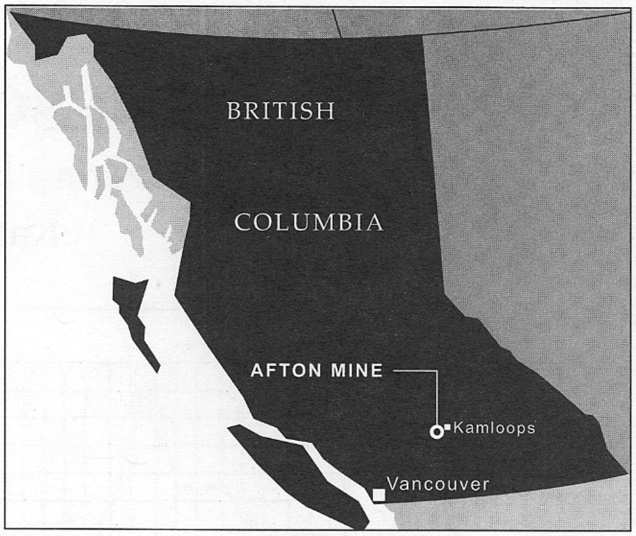
Mineralization was first discovered in the Afton Mining area in 1898 when the 330 ft. Pothook shaft was sunk at the site of the later developed Pothook open pit situated about (600m) 2,000 ft. south of the Afton Mine which forms part of DRC's property.

From initial staking in 1949 until the early 1970's a number of mining companies drilled the property without much success. In 1971 Mr. Chester Millar optioned the property through his company, Afton Mines Ltd. and drilled 17 exploratory holes that all bottomed in copper (Cu) mineralization. In the following two years drilling intensified. A couple of the better holes graded 0.61% Cu over 398 ft. and 1.61% Cu over 450 ft. The weaker grade of 0.61% Cu was secondary mineralization located higher in the future open pit. The higher grade 1.61% Cu was a deeper hole at the 1,000 ft. level which would be near the bottom of the future open pit and is now known to consist of primary mineralization.

Teck Corporation purchased the original Afton Mines Company and made a production decision in 1975. At start-up in 1978 proven reserves were estimated at 34 million tons of 1% copper and 0.016 oz/t gold. They mined 24 million tons from the open pit until 1987 producing 450 million pounds of copper and 400,000 ounces of gold (Au) equivalent to a grade of 1% Cu and 0.017 oz/t of Au. The remaining 10.5 million tons drilled by Teck below the pit assayed 1.52% Cu and 0.03 oz/t Au or *2.15% Cu equivalent.

We may never know all the reasons why Teck Corporation abandoned the property in 1998 but copper prices were low and of the 10.5 million tons remaining, Teck had estimated that only about 6.5 mil.tons were deemed mineable - a small underground reserve that Teck believed was not economic. **But probably of greater importance, we clearly sense they didn't think there would be as much potential for discovering an additional primary mineral resource as DRC has outlined.** One theory is that the mineral zone was mistaken as a "normal" porphyry copper deposit where the grade usually tends to decrease at depth. A porphyry deposit is typically: "a large low grade copper deposit, usually grading 1% or less, that can be economically mined by a conventional shovel and truck operation". Recent work on the Afton Project seems to indicate that the porphyry model may be flawed and the deposit may indeed be a primary magmatic segregation deposit which will be explained in greater detail further in this report.

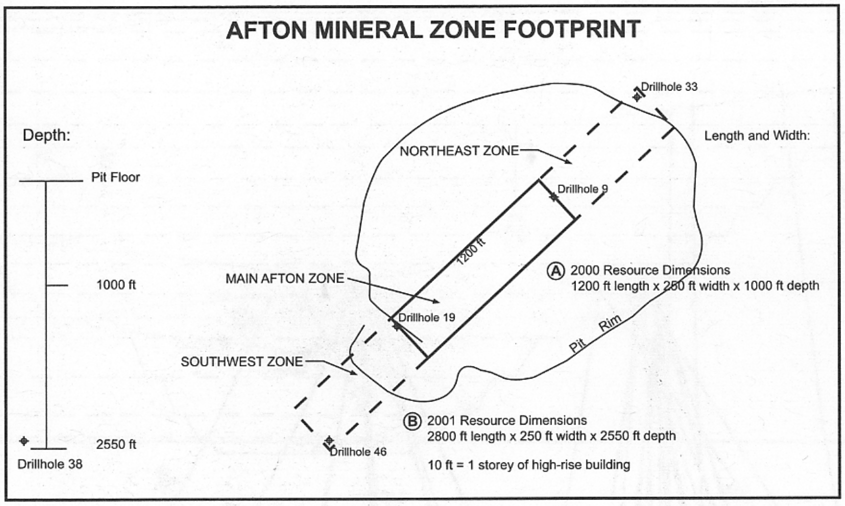
* Throughout this report the Metal Values used for calculating Cu equivalent grade are: copper $0.80/lb, gold $280/oz, palladium $600/oz and silver $5/oz - U.S.$.

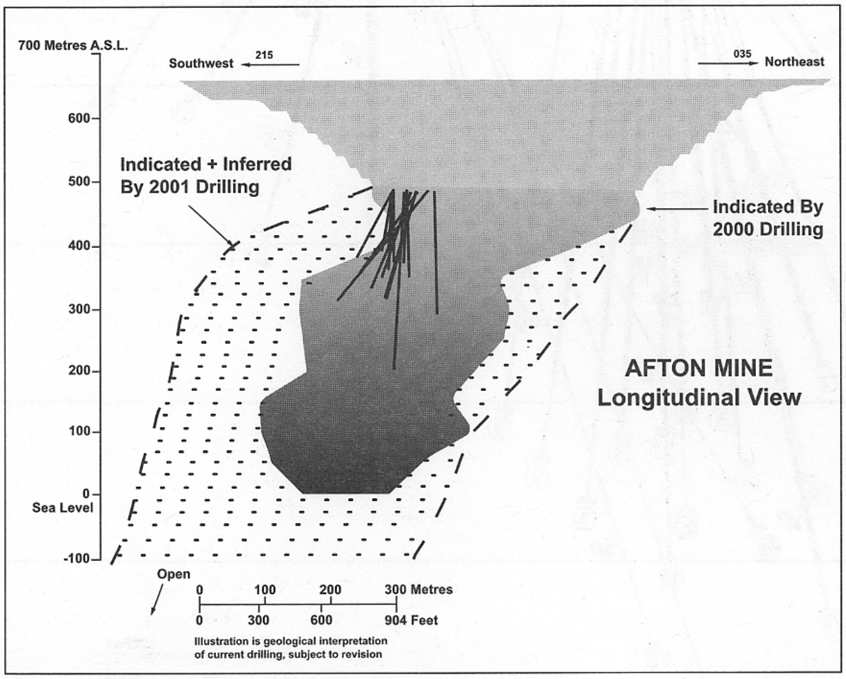


The Afton Mine is located 10 kms (6 miles) west of Kamloops (population, 80,000) and 350 kms (220 miles) north-east of Vancouver, B.C. It is adjacent to the TransCanada Highway and well serviced with water, power and a natural gas pipeline running through the property. Both the CN and CP railroads also service the immediate area. Teck Corporation's mill remains intact from Afton's open pit mining that has now ceased. The property is located in an existing mining district with supportive government, no aboriginal land claims and an experienced mining labour force.

DRC optioned the re-staked property in 1999 to earn a 100% interest subject to a 10% net profit interest. DRC acquired the project with with 10.5 million tons (9.1 mil. tonnes) of reserves grading 2.15% Cu equivalent. In 2000 DRC initiated a drill program to test the mineralization along strike to the southwest and to depth. The program consisted of 30,575 ft in 21 NQ (2") diamond drill holes that resulted in an upgrade from 10.5 million tons to 25 million tons (9.1 mil. tonnes to 22.5 mil. tonnes) of 3.0% Cu equivalent. **Essentially, the 2000 drill program established the presence of a substantial "primary feeder zone" below the "secondary" open pit and extended the zone length to the southwest.** The dimensions of the mineralized "footprint" increased to 1,200 ft. in length, 1,000 ft. in depth and 250 ft. in width. (see diagram of footprint looking down on open pit).

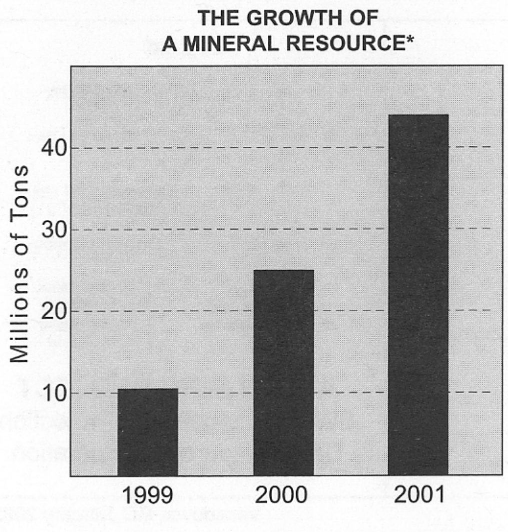
In 2001 a further 26 NQ diamond drill holes totaling of 35,000 ft increased the indicated and inferred mineral resource to a total of 44 million tons (40 mil. tonnes). This extended the footprint's dimensions to 2,800 ft. in length, 2,550 ft. in depth and still the same 250 ft. width (see diagram). Furthermore, the extent of the deposit still remains open along strike and to depth.





The large increase in the mineral resource in both the 2000 and 2001 drill programs occurred because of the continuation to the southwest of the primary feeder zone. The feeder zone is the conduit that facilitated the flow of the secondary copper mineralization into the open pit. This is known as a magmatic segregation deposit with an average copper grade of 2% compared with the Afton open pit mine grade of 1%. Mr. J.J. McDougall P.Eng. who wrote the updated 2000 and 2001 mineral resource reports also concluded "The magmatic origin for this mineralization and the disseminated nature of the sulphides throughout the host rock indicates a new interpretation for the mineral system. The concentration of sulphides is not necessarily dependent on the degree of fracturing but on the size of the mineralized magmatic body, indicating the potential for a more extensive mineralized zone." It appears that the mineralization is quite consistent within the outlined zones with no major internal waste zones identified except possibly in the less partially tested southwest zone. However, more drilling is required at closer intervals in order to prove consistency and upgrade the resource.

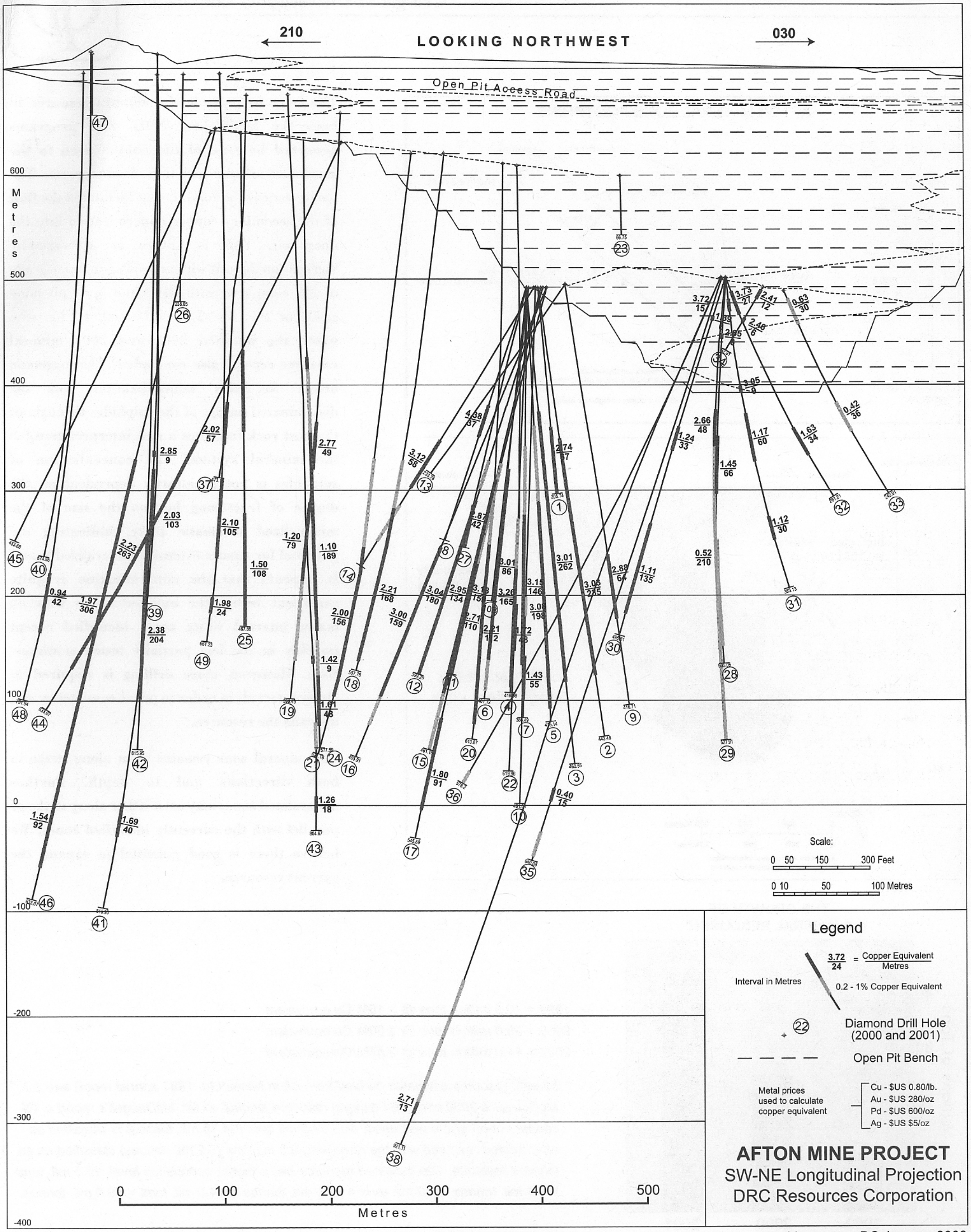
The mineral zone remains open along strike in both directions and to depth. Further mineralized zones may exist either along strike or parallel with the currently identified zones. We believe there is good potential to expand the current resource.



1999 = 10.5 million tons @ 2.15% Cu equivalent
2000 = 25.0 million tons @ 3.00% Cu equivalent
2001 = 44.0 million tons @ 2.57% Cu equivalent

* *Mineral resource estimates derived from Afton Mines Ltd. 1981 annual report and J.J. McDougall's 2000 and 2001 mineral resource studies. In Mr. McDougall's report a 1% copper cut-off grade was used; also 37.5 mil tons (34.15 mil. tonnes) is classified as an indicated resource with the remaining 6.5 mil tons (5.9 mil. tonnes) classified as an inferred resource. The indicated resource has a higher confidence level. 10.5 mil. tons = 9.1 mil. tonnes, 25.0 mil. tons = 22.5 mil. tonnes & 44.0 mil. tons = 40.0 mil. tonnes.*

Afton Mine - Longitudinal Cross-Section and Drilling



Drawing is geological interpretation of current drilling, subject to revision.

Drafting by Marek Mroczek, Min. Eng.

Vancouver, BC January 2002

2001 Afton Drill Results

	Intersection (ft)	Copper (%)	Gold (oz)	Palladium (oz)	Silver (oz)	Cu Equiv. (%)*
Hole 2K-24	246	0.45	0.014	0.014	0.033	1.23
(including)	10	0.03	0.003	0.12	0.009	4.58
Hole 2K-25	257	1.32	0.031	0.001	0.05	1.86
(including)	79	1.75	0.038	0.001	0.049	2.41
Hole 2K-27	139	1.27	0.055	0.017	0.029	2.87
Hole 2K-28	693	0.38	0.006	0.001	0.063	0.52
Hole 2K-29	218	0.64	0.036	0.004	0.11	1.45
Hole 2K-30	109	0.88	0.015	0.002	0.064	1.24
	446	0.095	0.008	<0.001	0.06	1.11
Hole 2K-31	50	1.5	0.098	0.011	0.286	3.72
	30	1.39	0.083	0.004	0.207	3.05
	198	0.88	0.01	0.002	0.13	1.17
	99	1.08	0.007	<0.001	0.044	1.22
Hole 2K-32	90	1.03	0.033	0.002	0.206	1.73
	113	1.16	0.023	0.001	0.134	1.63
Hole 2K-33	100	0.47	0.007	0.001	0.048	0.63
	10	1.14	0.01	0.001	0.046	1.35
(including)	119	0.25	0.008	0.001	0.019	0.42
Hole 2K-34	40	1.97	0.018	0.001	0.305	2.41
	20	1.29	0.054	0.005	0.132	2.46
Hole 2K-35	50	0.226	0.007	trace	0.04	0.4
Hole 2K-36	47	No Assay Intersections calculated				
Hole 2K-37	187	1.0	0.025	0.014	0.058	2.02
	10	0.19	0.015	0.232	0.029	9.16
Hole 2K-38	43	2.05	0.028	0.003	0.206	2.71
Hole 2K-39	30	1.92	0.052	trace	0.078	2.85
	338	1.3	0.032	0.003	0.081	2.03
Hole 2K-41	133	1.16	0.02	0.004	0.05	1.69
Hole 2K-42	670	1.53	0.035	0.006	0.073	2.38
including	217	1.88	0.044	0.0006	0.081	2.71
Hole 2K-43	30	1.02	0.018	0.002	0.03	1.42
	60	0.94	0.012	0.002	0.03	1.25
Hole 2K-44	870	1.58	0.0341	0.0002	0.08	2.23
Hole 2K-46	1130	1.35	0.024	0.002	0.057	1.88
including	1010	1.43	0.024	0.002	0.061	1.94
including	520	1.65	0.021	0.0002	0.068	2.03
Hole 2K-48	138	0.775	0.008	trace	0.046	0.94
Hole 2K-49	346	1.45	0.03	0.002	0.74	2.10
	175	0.15	0.005	0.001	0.007	0.27
	79	1.097	0.039	0.004	0.048	1.98

*Copper Equivalent at Cu $0.80/lb., Au $280/oz., Pd $600/oz., Au $5.00/oz

The Behre Dolbear & Company Ltd. Scoping Study - February, 2001

A Behre Dolbear scoping study was commissioned by DRC Resources in January of 2001 to examine the project merits. It concluded the Afton project has favourable economic possibilities. Some of the parameters and highlights of the study are as follows. This study was done using the 2000 year-end resource of:

	Average Grade	Contained Metal	Metal Value
	2.0% Cu	1 billion lbs.	$US0.85 lb.
25,000,000 tons	0.045 opt Au	1,125,000 ozs	$US280 oz.
	0.20 opt Ag	5,000,000 ozs	$US5.00 oz
	0.004 opt Pd	100,000 ozs	$US1,000 oz

Using the above grade and price, the value per ton is: $51.60 US. Using the above grade but changing prices to Cu $0.70 lb., Au $275 oz., Ag $4.25 oz, Pd $350 oz, the value per ton is: $42.62 US. For metal credits, Behre Dolbear used an exchange rate of $1.50 Cdn = $1 U.S. However, since February 2001 the exchange rate has changed to $1.59 = $1 U.S.

Mining Method: Block Caving @ 4500 tons/day   Mine Life: 15.2 years

Net Smelter Return:	**C$51.57/ton**	**@$0.85 lb. Cu, $280 oz Au**
Total Operating Costs:	**C$22.19/ton**	**$5.00 oz Ag, $1,000 oz Pd.**
Net Income Before Tax:	**C$29.38/ton**	

Initial pre-production Inv: C$56,620,000 - w/o contingency
Initial Capital Investment: C$91,156,000 - includes 30%contingency

Life of Mine (after-tax) Cash Flow:	C$366,279,000
Net Present Value (10% Disc. Rate):	C$117,815,000
Internal Rate of Return:	32.3%

Mill Recovery	Copper: 87%	Gold: 90%
	Silver: 75%	Palladium: 74%

Production Statistics - Annual Payable metal

Cu @ 95%	54,302,000 lbs.	x 0.85	= $46,156,000	67%
Au @ 97%	63,100 ozs.	x 280	= $17,668,000	26%
Ag @ 90%	221,000 ozs.	x 5.00	= $1,105,000	2%
Pd @ 74%	3,600 ozs.	x 1,000	= $3,600,000	5%
Total			= US$68,529,000	100%

Valuation

DRC's Afton Mine Project is at an early stage. I will calculate an estimated value per share using the current 2001 outlined mineral resource.

DRC Resources' Afton Mine Resource Valuation

	***44 mil. tons**	55 mil. tons	65 mil. tons
Valuation/lb.	**2.5% Cu eq.**	2.5% Cu eq.	2.5% Cu eq.
Copper Resource	**2.2 billion lbs.**	2.75 bil. lbs.	3.25 bil. lbs.
$0.02 US	**$ 7.85 Cdn**	$ 9.85 Cdn	$11.60 Cdn
$0.03 US	$11.80	$14.75	$17.40
$0.04 US	$15.70	$19.65	$23.20

8.9 million shares outstanding fully diluted - $1.59 Cdn = $1.00 US

* **37,500,000** tons (34.15 mil. tonnes) is the current indicated resource with the balance of **6,500,000** tons (5.9 mil. tonnes) being an inferred resource. The indicated resource has a higher confidence level.

My estimated value per share is $7.85 as highlighted above on the grid.

In my opinion there is a good possibility for a future upward revaluation. I will list the following factors that could become more "favourable":

- increase in copper price from current $0.70 US lb;
- increase in *gold price from current $280 per oz;
- increase in overall resource tonnage;
- upgrade in resource to either a measured category or a reserve category through further drilling.

* It is worth noting that the above calculation was based on a 2.5% Cu equivalent. However, in terms of annual payable metal, copper contributes about 65% of the revenue with the next largest portion being gold (about 25%) and the balance being silver and palladium credits.

I used $0.02 per lb. for a copper resource in the ground that is at the lower end of the $0.02 to $0.05 range - the market price of copper obviously affects the "resource price". Over the last ten years copper has traded in a range from a high of $1.35 US lb. to a low of $0.60 US in 1998 and this past November. Coincidently, the November $0.60 low matched a 14 year low set in 1987, when Teck ceased mining the Afton open pit. As illustrated earlier in the report, the resource has grown from 10 million tons to the current 44 million tons over the last two years - therefore I believe there is a good possibility for the trend to continue.

Block Caving - Anaconda, one of largest past producing copper companies had used the block caving method of mining for years in different parts of the world; most notably at Butte, Montana, where the company was founded. In 1948 a block caving program was initiated to mine a further 3,500,000,000 lbs. of copper from Butte Hill (also known as the richest hill on earth); interestingly the copper grade was just slightly under 1%.

Block Caving may trace its North American history to Michigan in the 1890's. Large ore blocks were undercut which allowed the rocks to cave and crush themselves to a suitable size for handling. This was the concept of the first block caving operation. Since then the concept has made possible the mining of large ore bodies under open pits.

A current example of a successful block cave is Rio Tinto's (RTP.N-$81.10) Northparkes copper-gold mine in New South Wales, Australia. The ore body consists of 25 million tonnes grading 1.2% Cu & 0.48 g/t Au or 1.44% Cu equivalent with a daily production rate of 8,000 tons per day. Block cave mining is planned in two Lifts (stages). Lift 1 is scheduled to be completed by 2004. Rio Tinto recently authorized the spending of A$139 million to develop Lift 2 that would see mining continue until 2010.

Summary

DRC Resources Corporation is earning a *100% interest in the Afton copper-gold project. In two years, the mineral resource has grown from **10 million tons to 44 million tons with potential to grow further. The grade is 2.60% Copper equivalent comprised of 1.75% Copper, 0.04 oz/t gold, 0.15 oz/t silver and 0.003 oz/t palladium. Presently we can visualize about 1.5 billion lbs. of Copper and 1.5 million ozs of Gold. A Behre Dolbear scoping study has noted a Net Smelter Return of C$51.57/ton and Total Operating Costs of C$22.19/ton which leaves a Net Income Before Tax of C$29.38 per ton; the study concluded that the Afton Mine Project has favourable economic possibilities.

Predicated on the estimated Net Asset Value of the mineralized resource "in the ground", we have calculated what we believe to be a fair share value of $7.85 at this stage of development. In February, the work plan for 2002 should be announced.

* Subject to a 10% Net Profit Interest; ** 9.1 million tonnes to 40 million tonnes.

Directors & Management

John H. Kruzick, President & CEO - Since incorporation, has practiced as a self-employed consulting geologist since graduating with a B.Sc. from the University of British Columbia in 1969. Mr. Kruzick has supervised exploration programs throughout North America for over 30 years.

Mike Muzylowski, Director - He holds a B.Sc. in geology from the University of Manitoba. Mr. Muzylowski's 35 years experience includes management of exploration programs for Hudson Bay Exploration and Development Co. Ltd, Granges Inc and Hycroft Resources where as Chairman & CEO he headed-up that co.'s Winnemucca, Nevada gold mine development project in 1986.

Bruno Mosimann, VP Corporate Development & Finance - Mr. Mosimann is a self-employed investment counselor and portfolio manager. The name of his firm is Romofin AG located in Zurich, Switzerland. He also worked with the Dow Banking Corporation for 9 years as a investment counselor and portfolio manager.

Sharon Ross, Corporate Secretary & Director - A self-employed corporate administrator employed by Allshare Holdings Ltd. a non-reporting British Columbia company. Ms. Ross manages the day-to-day administration of the company.

C. Robert Edington, CFO & a Director - Has been employed as a ship manager at FENCO MacLaren Inc. (a SNC Lavalin company) since 1997, prior to which he was project director of Ship Repair Unit Pacific for the Canadian Federal Government, Victoria, B.C.

Advisory Board

James Douglas Little, P.Eng. - has 40 years experience as a mining executive including over 30 years as an executive vice-president & director of Placer Dome Inc., Craigmont Mines and Gibraltar Mines Ltd. He also served as president & CEO of Cassiar Asbestos Ltd. and a director of Afton Mines Ltd.

Douglas A. Knight, BASc. - is a senior mineral processing engineer with over 40 years of international experience. This includes 30 years with Placer Dome Inc. for whom he supervised the test work, design, development, equipment purchase and start-up of five major mines (Porgera, New Guinea; Zaldivar, Mexico; Pipeline, Nevada; Musselwhite, and the Dome expansion, Ontario) in the 1990's with an aggregate value of $1.8 billion

A.D. McCutcheon, P.Eng. - is the former president and general manager of Canadian Mine Services Ltd. and American Mine Services Inc. Mr. McCutcheon has over 40 years operating experience in mining and engineering.

Consulting Engineers

James J. McDougall, P.Eng. - has over 50 years mineral exploration experience; many of those years as Western Exploration Manager with Falconbridge Ltd. Mr. McDougall oversees the geological field-work including diamond drilling.

Behre Dolbear & Company Ltd.
International Mineral Industry Consultants

Process Research Associates Ltd.

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