New Afton
88003
TC8 -> Afton

DRC RESOURCES CORPORATION

(DRC, C$6.20, TSX; DRJ, US$5.00, AMEX)
Recommendation: Overweight; 12-Month Target: C$17.00

orion SECURITIES INC.

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April 6, 2005

All values in US$ unless otherwise noted.

Closing Price:		C$6.20
Target Price:		C$17.00
Potential Return:		174%
12-Month High-Low:		C$8.00 – 4.30
Previous Volume:		8,150
Current Book Value:		$22.7 million
Shares O/S	Basic:	13.9 million
	F.D.:	15.2 million
Market Cap:		$70.7 million
Float:		11.1 million
Float Value:		$56.4 million
Index Member:		N/A
Full Report Issued:		June 23, 2003

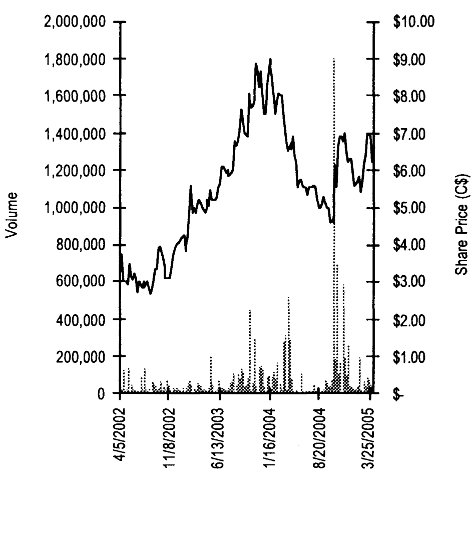
What's Changed

	Previous	New
Rating	Overweight	Unchanged
Target	C$14.00	C$17.00

Company Profile

DRC Resources Corporation has an option to earn a 100% interest in the Afton copper-gold project in central British Columbia. Since acquiring the property in late 1999 DRC has outlined over 60 million tonnes of copper-gold mineralization at an average grade of almost 2% copper-equivalent An underground program is underway to allow delineation drilling as well as rock mechanics and metallurgical testing. Afton is a robust copper-gold project located in a mining friendly region that we feel is capable of producing over 100,000 oz of gold and 100 million lbs of copper per year.

DRC Resources Corporation – Trading History



New and Golden

Apr. 11/05 (KEC)

- **DRC is making excellent progress at Afton.** With the project clearly on-track, we believe it is time for a renewed look at the company soon to be renamed New Gold Inc. (assuming shareholder approval).
- **Progress on the decline has bettered expectations.** The planned 1.2 km ramp is 50% complete and should be finished by mid-summer – ground conditions remain very good (even in the vicinity of the main mineralized structure)
- **Delineation drilling and crosscuts into the ore zone will provide data for feasibility.** By year-end we expect that all the data needed to plan development will be in hand (infill drilling, geotechnical characterization of ore and wallrock, and metallurgical testwork for circuit optimization).
- **The stage should be set for a smooth transition to mine development.** If the company finances permit, we believe that DRC can begin underground development concurrent with finalizing the feasibility (expected June 2006), which could allow for production in late 2007.
- **With the startup of underground drilling, the company should be able to provide a steady stream of exploration results over the next 18 months**. With Afton finally progressing, we look to see the market begin to appropriately value this high-quality project.
- **We maintain our Overweight rating, but we are raising our target price to C$17.00.** We have reexamined our model to reflect higher costs, but also increased our assumed tonnage and incorporated higher metal prices.

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Summary & Investment Outlook

We recently visited DRC's Afton project, seeing the exploration/feasibility ramp for the first time. The company has been achieving 6 metres/day or so of advance, and looks set to meet (or slightly beat) its planned completion in June or July (see our note of February 28, 2005).

The decline has gone "round the bend", and has crosscut the main ore trend. The part of the program that held the greatest risk of delays is past, giving us more confidence of DRC's ability to hold to its schedule of completing the underground program in the summer, with the feasibility study due in mid-2006.

This underground program will provide key information. The key issues for the Afton project include reserve definition, metallurgical response of the ores, and mining method – the data needed to tie all of these down will come either directly from the underground work or from detailed drilling to be carried out from the decline.

The rock conditions in the decline were as least as good as the company had expected. Ground support, consisting of mesh and resin bolts, appears to be more than adequate, and in our view the competency of the wallrocks is sufficient for establishing long-term access and infrastructure for mining. Shotcrete was being applied near the main structure that hosts the mineralized intrusive phase, but water inflows and raveling of the ground appeared minimal.

Drill stations have been established and delineation drilling is underway. The underground program is slated to include 20,000 metres, drilled on sections 80 metres apart. This should provide enough information to refine the resource/reserve model and to allow detailed mine planning.

We expect Afton to become a significant copper-gold mine as early as mid- to late-2007. In our view, the current share price does not come close to reflecting the company's intrinsic value. We reiterate our Overweight rating and increase the 12-month target price to C$17.00 to reflect our expectation of material progress in making the new Afton a reality. While we believe that current management wants to stay independent and build a new company, as the technical uncertainties are reduced (via the underground program) we do expect the company to be attractive to a range of mid-tier gold and/or base metal producers.

Ch-Ch-Changes

A "new" gold company is in the making. Assuming that the resolution receives shareholder approval, DRC is likely to be renamed New Gold Inc. – this will eliminate confusion between DRC's name (suggesting the Democratic Republic of the Congo to many investors) and its strictly Canadian focus.

AGM- May 4/05
(Terminal City Club)

Personnel changes go along with the name change. Aside from DRC's new Chief Executive Officer (see our note of October 19, 2005) the company has named two new board members who bring important bulk mining (Cliff Davis, formerly an executive at Rio Tinto, as well as Chief Executive Officer of TVX

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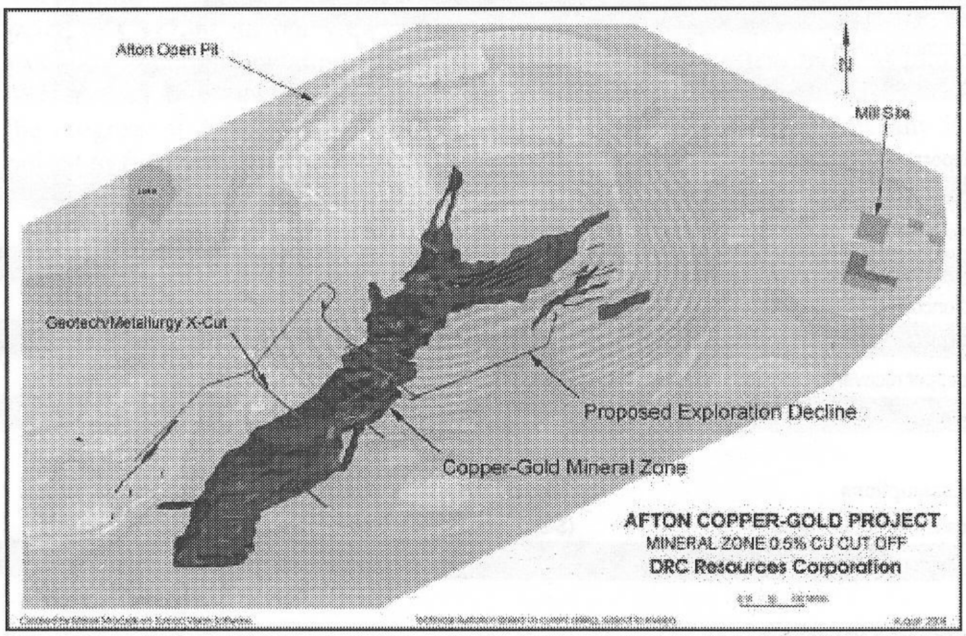
Gold and Gabriel Resources) and corporate/legal (Greg Laing, Legal of Goldcorp with a background at other miners including TVX) experience.

We anticipate further augmentation of the senior ranks. In our view, we see additions at the Chief Operating Officer and Chief Financial Officer level as the company moves closer to producer status. In the meantime, we came away from our visit impressed with the organization DRC has put in place at the project level.

With Afton, DRC/New Gold has the platform to grow a significant gold or base metal company. In its revenue mix the company is not far off the split at Wheaton River's key Alumbrera mine. Afton can be a +100,000 oz producer with negative cash costs and strong cash flow generation – such an asset gives a company a strong strategic position to continue to grow from as either a gold or base metal miner.

Exhibit 1 – Perspective Drawing of Afton Orebody Showing Planned Decline



Source: DRC Resources reports

Model Changes

We have taken a hard look at our model and modified a number of inputs. We continue to take the approach that a sub-level caving operation is more likely to be built than a block cave (which was assumed in the advanced scoping study published in February 2004). This has the result of lowering initial and LoM capex relative to the scoping study, but significantly increasing operating costs per tonne (overall our model incorporates total costs per tonne 20% higher, in Canadian dollar terms, than the scoping study).

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We have raised our assumed operating and capital costs to reflect the global pattern of "cost creep". These changes are shown in Exhibit 2. The largest changes are in off-site costs (TC/RC's and concentrate transport are up 33 and 175%, respectively) but operating (+13%) and capital (+42%) are also higher.

Exhibit 2. DRC Resources Model Changes

		Previous	Inflated	Current	Change
Reserve					
cut-off grade	(% copper-equiv)	1.30%	1.30%	1.00%	-23%
tonnes	(MM)	48.5	48.5	62.0	28%
copper grade	(%)	1.33%	1.33%	1.19%	-10%
gold grade	(g/t)	1.05	1.05	0.94	-11%
silver grade	(g/t)	3.24	3.24	2.89	-11%
palladium grade	(g/t)	0.13	0.13	0.13	-3%
contained copper	MM lb	1,421	1,421	1,625	14%
contained gold	MM oz	1.64	1.64	1.87	14%
contained silver	MM oz	5.04	5.04	5.75	14%
contained palladium	K oz	203	203	252	24%
Operating Costs					
daily throughput	(tonnes)	10,900	10,900	13,500	24%
mine life	(years)	12.2	12.2	12.6	3%
On-Site Costs	($/t ore)	11.64	13.96	13.11	13%
Concentrate Transport	($/t concentrate)	40	110	110	175%
TC/RC	($/lb)	0.15	0.20	0.20	33%
copper recovery	(%)	91%	91%	90%	-1%
gold recovery	(%)	91%	91%	88%	-3%
Assumptions					
assumed copper price	($/lb)	0.85	1.10	1.10	29%
assumed gold price	($/oz)	375	425	425	13%
Economic Parameters					
LOM cash cost	($/lb)	0.15	0.31	0.34	131%
LOM capex	($MM)	135	161	191	42%
LOM total cost	($/lb)	0.26	0.44	0.48	87%
payback period	(years)	1.13	1.20	1.14	1%
IRR	(%)	56%	55%	55%	-2%
		Previous	**Inflated**	**Current**	**Change**
NPV ($MM)	0%	447	499	526	18%
	5%	283	312	329	16%
	8%	228	251	253	11%
	10%	185	203	213	15%
	12%	157	172	181	15%
	15%	124	135	142	14%

Source: Orion Securities

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We continue to benchmark off of other mines and projects. The revised on-site costs of $13.11/tonne (up from $11.64/tonne) are comparable with those we estimate for the very similar Ridgeway mine (operated by Aussie senior Newcrest Mining), as well as for feasibility cost estimates for like sized copper-gold operations in several locations.

We have assumed a larger ultimate reserve. In previous versions of the model we used a 1.3% copper-equivalent cutoff grade. When looking at assumed costs it was clear that this was too conservative under any but a very pessimistic metal price scenario. As a result, we have moved to a 1% copper-equivalent cutoff, yielding 28% more tonnes of ore, and 13% and 11% increases in payable copper and gold, respectively.

With a larger deposit we have also increased our assumed mining rate. Based on 60 million tonnes of mineable ore we are assuming a mining rate of 13,500 tpd – this results in a 12-13 year mine life, similar to that in our previous model. Note that our assumption of higher unit operating costs are in spite of a 24% higher milling rate.

These changes result in higher forecast LoM costs. These have gone to 0.34/lb from 0.15/lb, with total costs also rising to 0.48/lb from 0.26/lb. Of this increase in cash costs, $0.14/lb comes directly from higher TC/RCs and concentrate transport. An additional $0.03/lb comes from lower grades, with $0.02/lb from higher on-site operating costs.

Higher metal prices more than offset the cost increases. In our original look at DRC we assumed prices of $0.85/lb and $375/oz for copper and gold, respectively. In 2004 these prices averaged $1.30/lb and $410/oz, and thus far in 2005 have been $1.48/lb and $428/oz. We believe that many of the drivers of cost creep are also behind today's robust base metal prices, and if metal prices were to fall our operating cost estimates would prove to be pessimistic.

The project remains very robust. Based on our original cost forecasts and metal prices, we expected a payback period under 14 months and a high IRR of 55%. Looking at our new model these quantities are essentially unchanged – we see a project with a +50% IRR and a payback period of less than two years.

Potential Upside

While we already see Afton as an outstanding project, there are several sources of potential upside for the project. One feature that we have noted in the past is the higher grades in the measured resource as compared with those in the indicated and inferred categories. Using a 1% copper-equivalent cutoff the measured resource grades 1.4% copper and 1.0g/t gold (plus minor silver and palladium) – the indicated plus inferred resources together average 1.16% copper and 0.9g/t gold. With the average grade of the measured resource 21% higher than indicated plus inferred, there is some potential to see the deposit's average rise as infill drilling proceeds.

The mineralized zone remains open at depth and to the west. Drilling from surface had reached its logical limit, and as a result the company had stopped chasing the mineralized zone to depth. With the better drill platform provided by the decline we expect to see drilling extend the deposit.

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Other mineralized zones remain to be tested. While the company has done a minor amount of exploration in the past on the nearby Pothook structure and in the Ajax area (see our note of July 16, 2004), much of the Afton property is essentially unexplored. We expect that the company will, as it seeks to scope out the appropriate size for the Afton mill, spend more effort on testing these targets.

The Teck Situation

DRC/New Gold still needs to come to an arrangement with Teck. Teck (now Teck Cominco) was the former operator of the Afton mine, and still holds certain surface rights. DRC has held discussions with Teck over the years on transferring these rights to the company. We believe a dialogue is ongoing and that DRC's new management will succeed in getting access to what really counts – the existing Afton tailings facility.

Valuation

Corporate NAV is well in excess of the current share price. We have looked at DRC/New Gold in a variety of ways and we illustrate these results in Exhibit 3. These include project net present value and NAV per share under our original model (including original metal price assumptions), an "inflated" case (with higher metal prices and costs), and our "new" model incorporating higher costs and prices, as well as an expanded reserve and mining rate.

Exhibit 3. DRC Resources/New Gold NAV Estimates

	NAV $C/sh				NAV $C/sh (financed)		
	Previous	Inflated	Current		Previous	Inflated	Current
0%	40.69	45.20	47.51	0%	28.97	30.79	31.20
5%	26.34	28.93	30.36	5%	19.95	21.09	21.40
8%	21.56	23.55	23.71	8%	16.97	17.88	17.61
10%	17.82	19.36	20.28	10%	14.65	15.38	15.65
12%	15.41	16.66	17.44	12%	13.14	13.77	14.03
15%	12.51	13.44	14.05	15%	11.34	11.85	12.10

Source: Orion Securities

Two NAV per share estimates are presented for each of the scenarios. These include the current NAV per share based on the current share count and working capital, plus an estimate of NAV after the Afton project is financed. For the latter calculation we looked at a roughly 50-50 debt-equity split, with the remaining equity raised at C$10.00/sh.

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Afton's value is most sensitive to copper price. In Exhibit 4 we show project NPV as well as DRC NAV per share at 5%, 8%, and 12% discount rates at a range of copper and gold prices (this is based on current shares and working capital). Note that even at a 12% discount rate and very conservative metal price assumptions ($0.80/lb copper, $350/oz gold) DRC's NAV is comparable with the current share price. If you look at current metal prices and lower discount rates (we believe 8% is appropriate for a company approaching startup, and 5% for a copper-gold company in production) the NAV is a multiple of the current DRC share price.

Exhibit 4. DRC IRR and NAV sensitivity

IRR

	0.80	0.95	1.10	1.25	1.40	1.55
350	29%	40%	49%	57%	65%	73%
375	32%	42%	52%	59%	67%	75%
400	34%	44%	53%	61%	69%	76%
425	37%	47%	55%	63%	71%	78%
450	39%	49%	57%	65%	72%	80%
475	42%	51%	59%	67%	74%	81%

Project Net Present value

NPV 5%

	0.80	0.95	1.10	1.25	1.40	1.55
350	123	200	276	348	424	501
375	142	218	295	367	443	519
400	160	237	312	385	462	538
425	179	256	329	404	480	556
450	198	274	346	422	499	575
475	216	293	365	441	517	593

NPV 8%

	0.80	0.95	1.10	1.25	1.40	1.55
350	90	150	211	268	328	389
375	104	165	226	283	343	403
400	119	180	239	297	358	418
425	134	195	253	312	372	433
450	149	209	266	326	387	447
475	163	224	281	341	401	462

NPV 12%

	0.80	0.95	1.10	1.25	1.40	1.55
350	58	104	150	192	237	283
375	69	115	161	203	248	294
400	80	126	171	214	259	305
425	91	137	181	225	270	316
450	102	148	190	236	281	327
475	113	159	201	247	291	338

DRC Net Asset Value/Share

NAV 5%

	0.80	0.95	1.10	1.25	1.40	1.55
350	12.43	19.14	25.76	32.03	38.65	45.36
375	14.08	20.70	27.41	33.68	40.30	46.92
400	15.65	22.36	28.89	35.25	41.96	48.58
425	17.31	24.01	30.37	36.91	43.53	50.15
450	18.96	25.58	31.85	38.47	45.18	51.80
475	20.53	27.24	33.51	40.13	46.75	53.37

NAV 8%

	0.80	0.95	1.10	1.25	1.40	1.55
350	9.55	14.78	20.09	25.06	30.29	35.60
375	10.77	16.09	21.40	26.37	31.59	36.82
400	12.08	17.39	22.53	27.59	32.90	38.13
425	13.39	18.70	23.75	28.89	34.12	39.43
450	14.69	19.92	24.89	30.11	35.43	40.65
475	15.91	21.23	26.19	31.42	36.64	41.96

NAV 12%

	0.80	0.95	1.10	1.25	1.40	1.55
350	6.77	10.77	14.78	18.44	22.36	26.37
375	7.72	11.73	15.74	19.40	23.32	27.32
400	8.68	12.69	16.61	20.36	24.28	28.28
425	9.64	13.65	17.48	21.31	25.23	29.24
450	10.60	14.61	18.26	22.27	26.19	30.20
475	11.56	15.56	19.22	23.23	27.06	31.16

Source: Orion Securities

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Afton looks great as a gold project. The success of Alumbrera in attracting a gold multiple in Wheaton River is encouraging for any gold miner that wants to take advantage of the low costs that the magic of byproduct accounting can bring. *Exhibit 5 shows what Afton looks like as a gold mine, with negative cash and* total costs when copper (plus minor silver and palladium) are treated as byproducts.

Exhibit 5. Afton Project as a Gold Mine

Payable Gold Prod'n	(K oz)	1,687
Average Annual Prod'n	(K oz)	130
Total Expenses	($MM)	1,291
Byproduct Credits	($MM)	1,646
Net Expenses	($MM)	(355)
Cash Cost	($/oz)	(210)
LOM Capex	*($MM)*	*191*
Capex/oz	($/oz)	113
Total Cost	($/oz)	(98)

Source: Orion Securities

Target Price

Afton looks like a clear winner. In our opinion, this project can make it even with metal prices well below the current levels, even if we see operating and cash costs well above our forecasts. In our view, there is very little risk of Afton not progressing through to production.

We believe a gold-copper asset like Afton would attract a blended multiple. The Alumbrera mine, 37.5% owned by Wheaton River (soon to merge with Goldcorp) is a good comparison. Our models suggest that the market applies a discount rate close to 4% in comparison to the 0% discount rate we use for gold assets. Given that Afton has a slightly higher copper:gold ratio than Alumbrera we would look to a 5% discount rate for an ultimate value.

In the interim we are taking what we believe is a conservative route, looking at a 12% discount rate and metal prices well below our forecast. Based on $1.10/lb copper and $425/oz gold, our 12% discounted NAV is almost C$17.50/sh. On a financed basis and a 5% discount rate (using the same metal prices) our valuation rises to C$21.40/sh. We believe that the company has the potential to bring the deposit into production in the second half of 2007, and that a two-year target price in excess of C$20.00 is reasonable.

Will DRC Make It on Its Own?

By mid-summer the planned geotechnical and bulk sampling will drive across the mineralized zone. This (along with the definition drilling) will be the most keenly watched part of the study. The drift into the ore zone should provide the necessary assurance for DRC (or any other interested parties) in terms of selecting an appropriate mining method.

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DRC is building the team for the long haul. New Chief Executive Officer Chris Bradbrook believes that Afton can provide the foundation for a new mid-tier producer. His experience at Goldcorp, where he was a key member of the team that built the company's profile with investors, will prove key. New board member Cliff Davis brings depth of operating and development and should help in providing perspective while the company examines development alternatives, as well as assist in recruiting a new Chief Operating Officer.

As it gets closer to production the market will speak. At a share price close to the current level, we believe that DRC/New Gold would represent extremely compelling value for a gold or base metal miner. We expect the market to respond to positive news flow from the underground program and for the DRC share price to begin closing the gap with the company's underlying value.

Summary and Conclusions

We maintain our Overweight recommendation but we are raising our target price to C$17.00. In our view, even this new figure represents a conservative valuation at current metal prices. While exploration success offers the possibility of increasing this value, in our view, the key for the market is to finally recognize the progress at Afton, giving assurance that (after a long wait) the company is poised to finally realize the value of its high-grade discovery.

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Disclaimers

Orion Securities Inc. has acted as a financial agent for DRC Resources Corp. within the past two years.

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Industry Rating	**Definition**
Overweight	Analyst expects performance of their industry coverage universe to beat the TSX benchmark** over the next 12 to 18 months.
Equal Weight	Analyst expects performance of their industry coverage universe to be in line with TSX benchmark over the next 12 to 18 months.
Underweight	Analyst expects performance of their industry coverage universe to lag the TSX benchmark over the next 12 to 18 months.
Stock Rating	
Overweight	The stock's total return is expected to exceed the average total return of the analyst's (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12 to 18 months.
Equal Weight	The stock's total return is expected to be in line with the average total return of the analyst's (or industry team's) coverage universe on a risk-adjusted basis, over the next 12 to 18 months.
Underweight	The stock's total return is expected to be below the average total return of the analyst's (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12 to 18 months.
Speculative Rating	Analysts will use a speculative risk rating where the company faces unusually high business or financial risk.

Note: All ratings assume equal-weighted stocks in a portfolio.
TSX benchmark total return is assumed at annualized rate of 8% to 10%.

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Recommendation: Overweight; 12-Month Target: C$14.00

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Target Price:		C$14.00
Potential Return:		126%
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Previous Volume:		4,900
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Market Cap:		$69.8 million
Float:		11.1 million
Float Value:		$55.7 million
Index Member:		N/A
Full Report Issued:		June 23, 2003

What's Changed

	Previous	New
Rating	Overweight	Unchanged
Target	C$14.00	Unchanged

Company Profile

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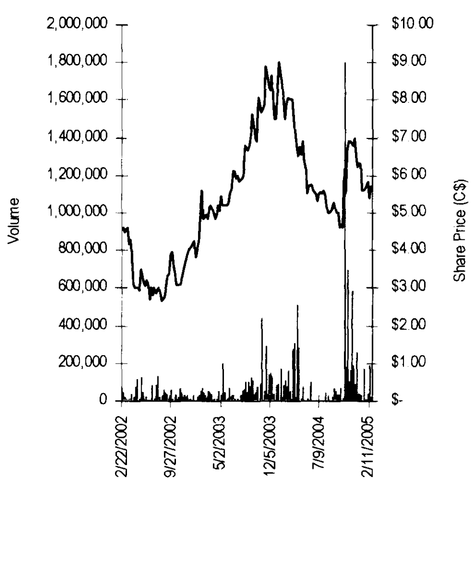
DRC Resources Corporation – Trading History



Driving to the Future

- **The Afton decline is now almost 400 metres long.** The complete decline will be over 2km and is scheduled to be complete within the next 18 months – the decline will provide the first "hands-on" experience with the ore zone.
- **DRC's planned 20,000-metre underground drilling program has commenced.** As part of its bankable feasibility work, the company has commenced its underground delineation drilling efforts.
- **The company has also initiated a surface drilling campaign.** DRC will focus on previously identified mineralized zones, as well as new areas that show potential – the decline will also provide an excellent platform for seeking steep structures like that hosting Afton.
- **Ground conditions encountered while drifting are very good.** The company is "extremely encouraged" by the ground conditions that have been encountered so far – rock mechanics both flanking and within the ore zone will be keenly watched.
- **Bankable feasibility study on target for completion in H1/06.** DRC expects to have a bankable feasibility study complete by the end of June 2006. The work includes all additional delineation drilling and completion of the 2 km-long decline.
- **We maintain our Overweight rating and C$14.00 target.** With underground drilling starting, DRC should provide a steady stream of exploration results over the next 18 months. With Afton progressing we look for the market begin to appropriately value this high-quality project.

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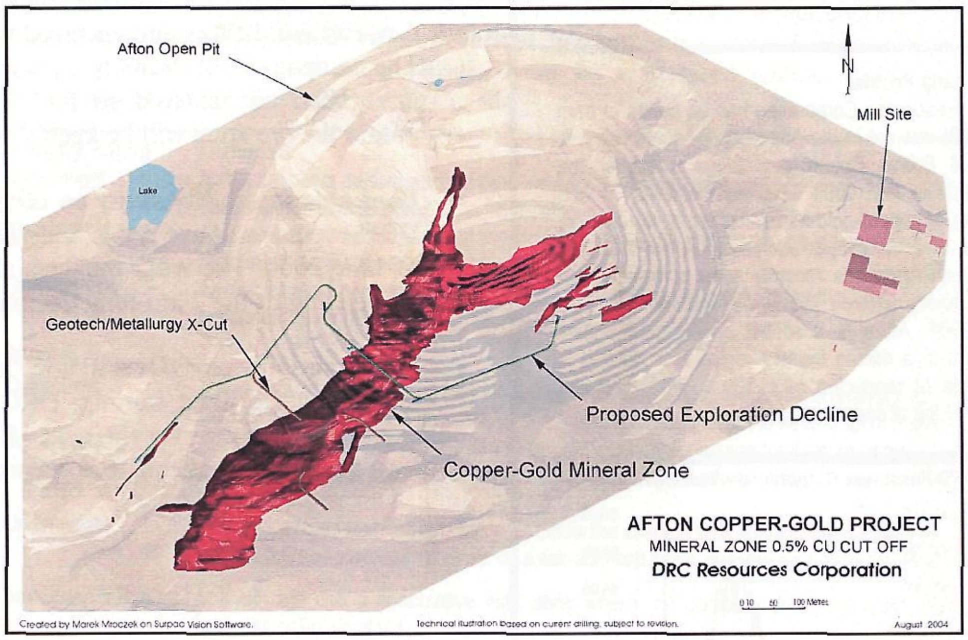
Summary & Investment Outlook

To date the company has been very encouraged by progress in driving the exploration/feasibility decline. We expect that the tunnel is closing in on the 400 metre mark, with an average rate of advance of 5-6 metres per day. Ground conditions have been good, with some rockbolting and mesh, but no need for shotcrete.

As the contractor advances and cuts more drill stations, we expect that DRC will have three rigs working to delineate the deposit in detail. Once three rigs are active (by the end of next month) we expect a steady stream of drill results. *This should help to remind the market of what our focus has been all along* – Afton is an impressive orebody, with excellent copper and gold grades in a coherent, well-defined zone easily accessible from shallow underground workings.

By the end of March the decline should make its first big turn. The ramp will take a bend to the northwest, and will cut across the mineralized trend. Although the ramp is designed to cross above the mineralized body (see Exhibit 1) we expect that we will get at least a peek at the character of the mineralization, and begin to get a sense of the rock mechanics of the mineralized structure.

Exhibit 1 - Perspective Drawing of Afton Orebody Showing Planned Decline



Source: DRC Resources reports

By mid-summer the planned geotechnical and bulk sampling will drive across the mineralized zone. This (along with the definition drilling) will be the most keenly watched part of the study. The drift into the ore zone should provide the necessary assurance for DRC (or ay other interested parties) in terms of selecting an appropriate mining method.

George Albino (416) 848-3594
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We maintain our C$14.00 target price and Overweight recommendation. This is an extremely conservative valuation at current metal prices, and represents less than 50% of our NAV at a 12% discount rate (at current US$/C$ rates) even assuming significant increases in both capital and operating costs. While exploration success offers the possibility of increasing this value, in our view the key for the market is to see progress being made at Afton, giving assurance that (after a long wait) the company is poised to finally realize the value of its high-grade discovery at Afton.

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Disclaimers

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Orion's Research Distribution Policy is to allow all clients that are entitled to have equal access to our research.

This report is based on information available to the public. Information presented, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness. Estimates and projections contained herein are Orion Securities Inc.'s (Orion) own or obtained from our consultants. This report is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities mentioned herein. This research material is approved by Orion. Orion is regulated by the Financial Services Authority (FSA) in the United Kingdom. The designated investments or designated investment services communicated are only directed to Market Counterparties and Intermediate Customers as defined by FSA. Any other persons, such as private customers, should not rely on this document. If you have any doubt about the suitability of any designated investment(s) or designated investment service(s) which is/are the subject of this material, you should contact your financial adviser. Orion Securities (USA) Inc. accepts responsibility for the contents of this report in the United States and U.S. persons receiving this report and wishing to effect a transaction in any security described herein should do so with Orion Securities (USA) Inc. Orion Securities Inc., Orion Securities (USA) Inc. and their respective officers and directors have, or may have, a position or holding in, or may effect transactions in the investments concerned, or related investments, and may be providing, or may have provided within the last two years, significant advice or investment services in relation to the investments concerned or related investments.

Industry Rating	**Definition**
Overweight	Analyst expects performance of their industry coverage universe to beat the TSX benchmark** over the next 12 to 18 months.
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TSX benchmark total return is assumed at annualized rate of 8% to 10%.

T78→AFTON

Apr. 11/05

DRC Resources Corporation

(DRC, C$6.20, TSX; DRJ, US$4.96, AMEX)
Recommendation: Overweight; 12-Month Target: C$14.00

orion SECURITIES INC.

February 28, 2005

George Albino (416) 848-3594; galbino@orionsecurities.ca
Peter Bures (416) 848-3696; pbures@orionsecurities.ca

All values in US$ unless otherwise noted.

Closing Price:		C$6.20
Target Price:		C$14.00
Potential Return:		126%
12-Month High-Low:		C$8.05 – 4.30
Previous Volume:		4,900
Current Book Value:		$22.7 million
Shares O/S	Basic:	13.9 million
	F.D.:	15.2 million
Market Cap:		$69.8 million
Float:		11.1 million
Float Value:		$55.7 million
Index Member:		N/A
Full Report Issued:		June 23, 2003

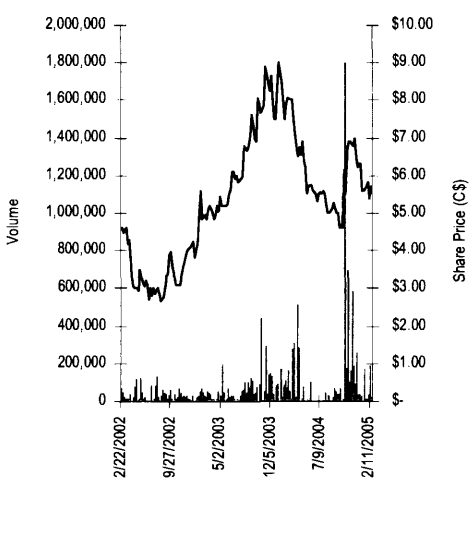
What's Changed

	Previous	New
Rating	Overweight	Unchanged
Target	C$14.00	Unchanged

Company Profile

DRC Resources Corporation has an option to earn a 100% interest in the Afton copper-gold project in central British Columbia. Since acquiring the property in late 1999 DRC has outlined 53 MM tonnes of copper-gold mineralization at an average grade of 2.1% copper-equivalent. A pre-feasibility study on Afton has recently been completed and the project entered the final feasibility stage in late-2004. Afton is a robust copper-gold project located in a mining friendly region that we feel is capable of producing over 100K oz of gold and 100MM lbs of copper per year.

DRC Resources Corporation – Trading History



Driving to the Future

- **The Afton decline is now almost 400 metres long.** The complete decline will be over 2km and is scheduled to be complete within the next 18 months – the decline will provide the first "hands-on" experience with the ore zone.

- **DRC's planned 20,000-metre underground drilling program has commenced.** As part of its bankable feasibility work, the company has commenced its underground delineation drilling efforts.

- **The company has also initiated a surface drilling campaign.** DRC will focus on previously identified mineralized zones, as well as new areas that show potential – the decline will also provide an excellent platform for seeking steep structures like that hosting Afton.

- **Ground conditions encountered while drifting are very good.** The company is "extremely encouraged" by the ground conditions that have been encountered so far – rock mechanics both flanking and within the ore zone will be keenly watched.

- **Bankable feasibility study on target for completion in H1/06.** DRC expects to have a bankable feasibility study complete by the end of June 2006. The work includes all additional delineation drilling and completion of the 2 km-long decline.

- **We maintain our Overweight rating and C$14.00 target.** With underground drilling starting, DRC should provide a steady stream of exploration results over the next 18 months. With Afton progressing we look for the market begin to appropriately value this high-quality project.

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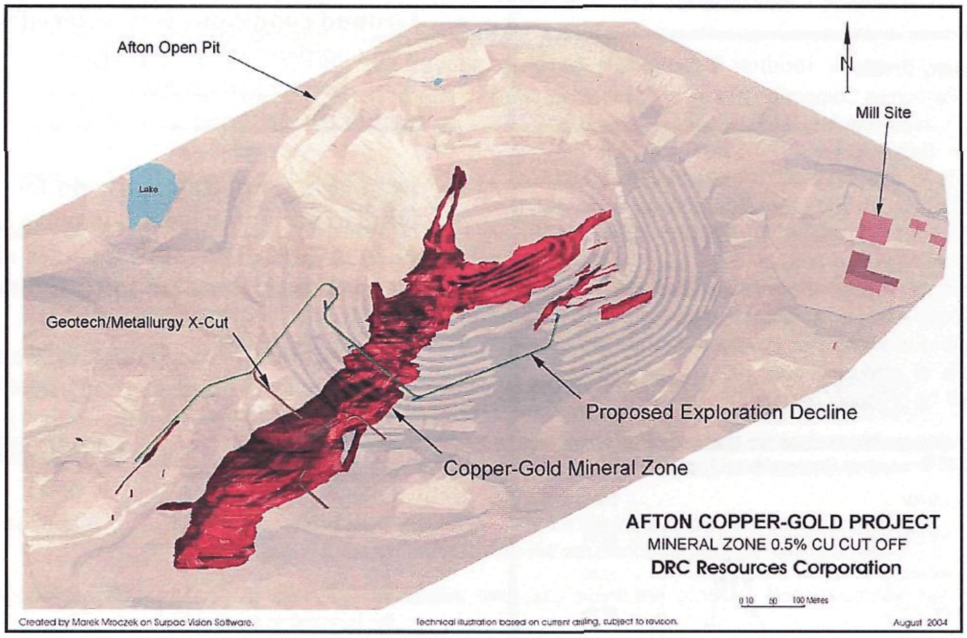

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657 AFTON

DRC RESOURCES CORPORATION
PRESS RELEASE

AFTON PROJECT UPDATE
EXPLORATION DECLINE MORE THAN 50% COMPLETE
GROUND CONDITIONS CONTINUE TO BE VERY GOOD

(~30% of 'total' u/G work planned)

April 11 2005, Vancouver, British Columbia – DRC Resources Corporation (DRC:TSX; DRJ:AMEX) is pleased to provide an update on the excellent progress being made at its Afton Copper-Gold Project, near Kamloops, British Columbia, Canada.

Underground Decline Proceeding Well

The main portion of the underground exploration decline has now been completed to a distance of more than 650 metres, which is more than 50% of the planned total. The exploration decline provides the access required to complete the underground infill drilling necessary to upgrade copper-gold mineral resources into reserves. In addition to this main portion of the decline, a total of approximately 550 metres of underground excavation are scheduled in order to cross-cut into the main zone of copper-gold mineralization. The information acquired from this underground work will provide the technical data necessary to complete a bankable feasibility.

Ground Conditions Continue to Be Very Good

The quality of the ground encountered in the decline continues to be very good and the better than anticipated ground conditions have enhanced the progress on the decline. In addition, DRC is particularly encouraged by the dry conditions and lack of any appreciable water in the decline. DRC has retained the services of Minefill Services Inc. (Minefill) of Seattle, Washington, USA in order to analyze the ground conditions and to assess the ground support practices being followed by the Company. In a recently completed report Minefill stated that *"geotechnical data collected along the decline indicates rock quality to be better than initially estimated from borehole data."* Minefill Services Inc. provides specialist technical services in rock mechanics to mining clients worldwide. Dr. David Stone, P.Eng, the President of Minefill Services, Inc., is an internationally recognized expert in mining/geotechnical engineering with a career that spans 20 years of providing consulting services to mining operations.

Underground Drilling Accelerating

The underground drilling continues to progress well. To date, five (5) infill holes have been completed on three (3) separate sections. Currently one diamond drill is operating underground, with a second one scheduled to start-up within a week. Once two diamond drills are operating, the rate of infill drilling will accelerate appreciably. The infill drilling is designed to better define the grade and distribution of the copper-gold mineralization and to provide the confidence necessary to convert mineral resources into reserves. DRC intends to release results as individual sections are completed in order to provide a meaningful comparison of the results of the infill holes to the previous model for the mineralization.

Surface Exploration to Commence

DRC's recently (6th April, 2005) announced $3 million flow-through financing will help the Company initiate and complete an aggressive surface exploration program on both the Afton and Ajax copper-gold properties which comprise a total of 4,800 hectares (12,000 acres). The Company is currently negotiating a diamond drill contract for a program of surface drilling. Potential additional work being considered includes both airborne and surface geophysical surveys. DRC is excited by the potential for discovery of additional zones of mineralization on both these properties and believes that this surface exploration program is a key component in the Company's efforts to maximize shareholder value.

In providing this update, President and CEO, Chris Bradbrook stated, *"We continue to be extremely encouraged by the progress to date at our Afton copper-gold project. The underground work is ahead of schedule, the ground conditions continue to exceed our expectations, the underground drilling is proceeding according to plan, and an exciting surface exploration program is about to commence. Our Vice President of Exploration and Development, Mike Hibbitts, and his team on site are to be congratulated on their efforts on behalf of our shareholders. We are very excited about the future potential of this project."*

DRC's main focus is the exploration and development of its 100%-owned Afton Copper-Gold Project, located 10 km west of Kamloops, B.C. To date the Company has outlined a Measured and Indicated Mineral Resource of 68.7 Million Tonnes grading 1.68% Copper Equivalent or 2.61g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag, 0.12 g/t Pd), which contains approximately 1.6 billion pounds of copper, and 1.9 million ounces of gold (Advanced Scoping Study, February 2004, Behre Dolbear and Company Ltd.). At current metal prices this mineral resource has an in-situ value in excess of US$3 Billion. The Company is currently conducting a US$14.5 million feasibility study at the project, to determine the potential economics and capital requirements of developing a new underground Copper-Gold Mine at the site.

A 2004 advanced scoping study completed by Behre Dolbear and Company Ltd., indicates that this project would have initial capital expenditures of US$120 million and (at conservative metal prices of US$0.85 per pound copper, and US$375 per ounce gold) when viewed as a primary copper mine, could potentially produce the metal at a cash (direct) operating cost of US$0.15 per pound of copper, and when viewed as a primary gold mine, could produce the metal at negative cash operating cost per ounce of gold. According to the British Columbia Ministry of Energy & Mines, the Afton Project is the largest advanced exploration project in South Central B.C.

DRC is in excellent financial condition with cash of US$20 million (at year end 2004) and no debt. The company has only 13.9 million shares outstanding and 15.5 million shares fully diluted.

For further information on DRC Resources and the Afton Project, please contact:

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Website: www.drcresources.com

T08->AFTON

DRC RESOURCES CORPORATION
PRESS RELEASE

DRC Finances Accelerated Exploration Effort

April 6 2005, Vancouver, British Columbia – DRC Resources Corporation (DRC:TSX; DRJ:AMEX) is pleased to announce that it has agreed to a non-brokered private placement to investors who are at arm's length with the Company for total gross proceeds of $3 million (the "Offering"). The Offering provides for the issue of 400,000 Flow-through common shares at a price of CDN$7.50 per share, representing a 21% premium to yesterday's closing price. A finders fee will be payable subject to the closing of the Offering.

The transaction is subject to the application for, and receipt of all necessary regulatory and stock exchange approvals.

The securities being offered have not, nor will be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from U.S. registration requirements. This release does not constitute an offer for sale of securities in the United States.

In making this announcement, President and CEO, Chris Bradbrook stated "The proceeds from this financing will allow us to expand and accelerate our exploration efforts at our Afton and Ajax Copper–Gold properties. We want to ensure that we maximize shareholder value by aggressively exploring both of these properties for potential new zones of mineralization. This additional exploration work will compliment the work being conducted from the underground exploration decline at the Afton Copper-Gold Project which is forming the basis of our ongoing feasibility study there."

DRC's main focus is the exploration and development of its 100%-owned Afton Copper-Gold Project, located 10 km west of Kamloops, B.C. To date the Company has outlined a Measured and Indicated Mineral Resource of 68.7 Million Tonnes grading 1.68% Copper Equivalent or 2.61g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag, 0.12 g/t Pd), which contains approximately 1.6 billion pounds of copper, and 1.9 million ounces of gold. (Advanced Scoping Study, February 2004, Behre Dolbear and Company Ltd.) At current metal prices this mineralized zone has an in-situ value in excess of US$3 Billion. The Company is currently conducting a US$14.5 million feasibility study at the project, to determine the potential economics and capital requirements of developing a new underground Copper-Gold Mine at the site.

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According to the British Columbia Ministry of Energy & Mines, the Afton Project is the largest advanced exploration project in South Central B.C.

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DRC RESOURCES CORPORATION
PRESS RELEASE

DRC Adds Underground Bulk Mining Expertise

March 14 2005, Vancouver, British Columbia – DRC Resources Corporation (DRC:TSX; DRJ:AMEX) is pleased to welcome Clifford J. Davis to the Board of Directors, effective immediately.

In making this announcement, President and Chief Executive Officer Chris Bradbrook, stated "Cliff's participation in DRC's board is an extremely important step in the evolution of the Company and our Afton Project. His wealth of experience and demonstrated expertise in mine building and bulk underground mining will be invaluable in helping us achieve our goal of successfully developing the Afton Project into a mine. We believe that his willingness to join the board is a ringing endorsement of the potential for this project to succeed"

Mr. Davis has more than 40 years international experience in the operation and development of both underground and open pit gold and base metal mines. His career has given him extremely valuable exposure to bulk mining operations in locations throughout North America, Europe and Africa. Mr. Davis is a graduate in mining engineering from the Royal School of Mines in London, England. Mr. Davis has held numerous senior executive positions at levels up to and including President, Chief Executive Officer, and Chief Operating Officer with a variety of large multinational mining companies and smaller development companies. These have included RTZ, Kennecott, TVX Gold Inc., Echo Bay Mines Ltd., and Gabriel Resources.

DRC's main focus is the exploration and development of its 100%-owned Afton Copper-Gold Project, located 10 km west of Kamloops, B.C. To date the Company has outlined a Measured and Indicated Mineral Resource of 68.7 Million Tonnes grading 1.68% Copper Equivalent or 2.61g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag, 0.12 g/t Pd), which contains approximately 1.6 billion pounds of copper, and 1.9 million ounces of gold. At current metal prices this mineralized zone has an in-situ value in excess of US$3 Billion.

A 2004 advanced scoping study completed by Behre Dolbear and Company Ltd., indicates that this project would have initial capital expenditures of US$120 million and (at conservative metal prices of US$0.85 per pound copper, and US$375 per ounce gold) when viewed as a primary copper mine, could potentially produce the metal at a cash (direct) operating cost of US$0.15 per pound of copper, and when viewed as a primary gold mine, could produce the metal at negative cash operating cost per ounce of gold. According to the British Columbia Ministry of Energy & Mines, the Afton Project is the largest advanced exploration project in South Central B.C.

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DRC RESOURCES CORPORATION
PRESS RELEASE

Diamond Drilling Commences at Afton Project
Underground Decline Proceeding Well
Ground Conditions Very Good

(All Dollar Amounts in US Dollars)

February 3, 2005, Vancouver, British Columbia – DRC Resources Corporation (DRC:TSX; DRJ:AMEX) is pleased to announce that a 20,000 metre underground diamond drill program has commenced on its Afton Copper-Gold Project, near Kamloops, British Columbia.

This diamond drill program is designed to achieve two very important goals. **Firstly**, it will enable completion of infill drilling in order to upgrade current resources to the reserve category. **Secondly**, it will facilitate an aggressive exploration program to search for extensions of the known mineralization, and to investigate the potential for additional zones of mineralization. To date, the currently identified mineralization remains open.

In addition to this diamond drill program, the Company intends to initiate an aggressive program of surface diamond drilling in the near future. This program will explore for other areas of copper-gold mineralization on the Afton property, and in particular will follow up earlier promising results from a zone of gold – rich mineralization near the Pothook pit.

The excavation for the underground decline is well underway and is currently approximately 290 metres long. The total length of this underground excavation is planned to be 2000 metres. **The Company has been extremely encouraged by the very good ground conditions encountered to date**.

The underground drilling and decline are integral components in the completion of a bankable feasibility study. This study commenced in December 2004 and is scheduled to take 18 months and cost $14.5 million. It is on schedule and on budget and when completed will determine the nature and economics of a potential operating underground copper – gold mine.

In making these announcements President and CEO, Chris Bradbrook stated, "These are exciting times for DRC Resources. We will shortly be in a position to provide a steady stream of exploration news and results to investors for the next 12 to 18 months as we conduct these aggressive programs of both surface and underground exploration diamond drilling"

DRC's main focus is the exploration and development of its 100%-owned Afton Copper-Gold Project, located 10 km west of Kamloops, B.C. To date the Company has outlined a Measured and Indicated Mineral Resource of 68.7 Million Tonnes grading 1.68% Copper Equivalent or 2.61g/t Gold Equivalent (1.08% Cu, 0.85 g/t Au, 2.62 g/t Ag, 0.12 g/t Pd), which contains approximately 1.6 billion pounds of copper, and 1.9 million ounces of gold. At current metal prices this mineralized zone has an in-situ value in excess of $3 Billion.

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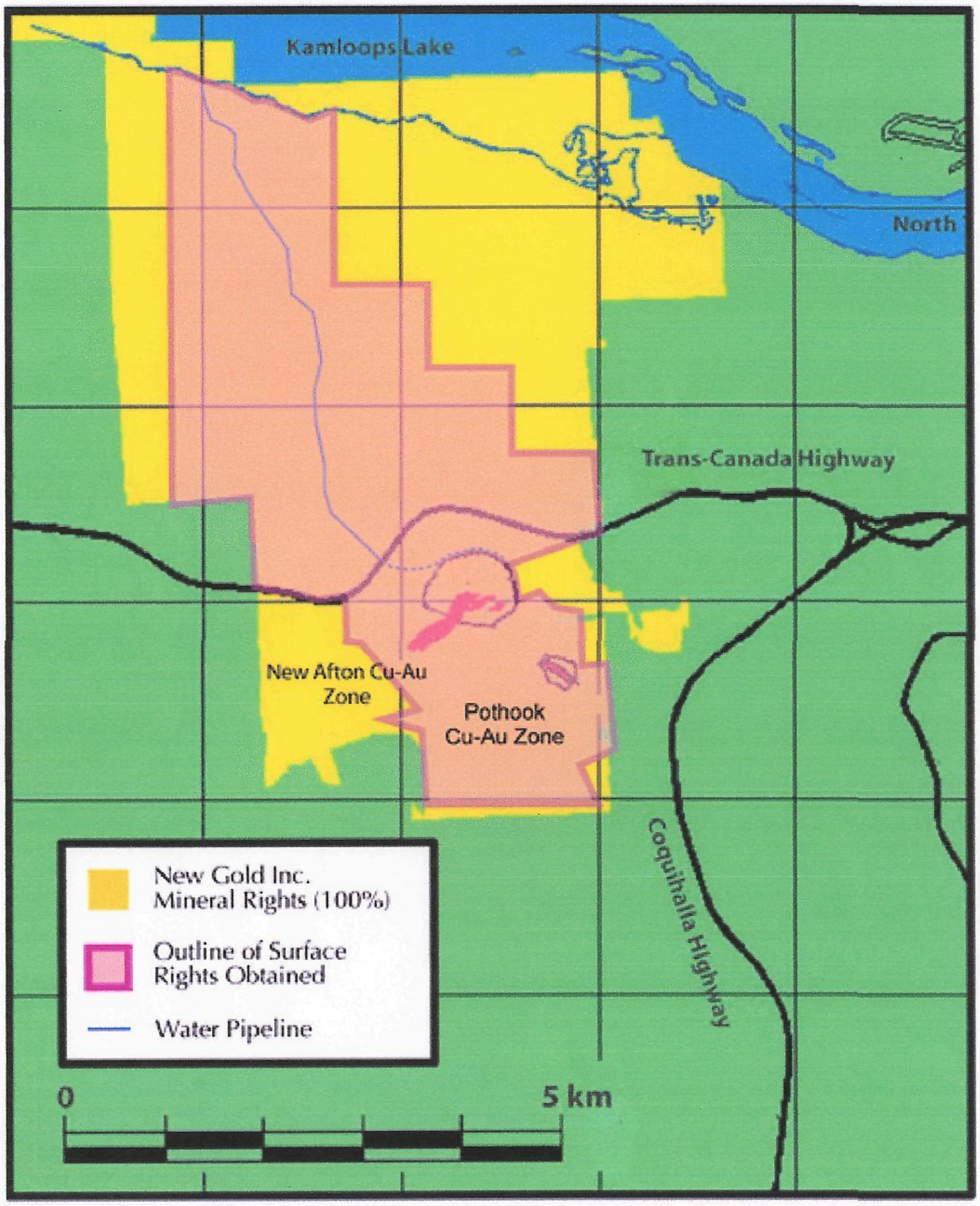
→New Afton

New Gold Inc.
New Afton Copper-Gold Project
Mineral Claims and Surface Rights

January 9, 2007



Schroeter, Tom EMPR:EX

From: New Gold Inc. [invest@newgoldinc.com]
Sent: Tue, January 9, 2007 8:40 AM
To: Schroeter, Tom EMPR:EX
Subject: New Gold to Acquire New Afton Surface Rights

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Re: News Release - Tuesday, January 09, 2007
New Gold to Acquire New Afton Surface Rights
==

January 9, 2007, Vancouver, British Columbia - New Gold Inc. (NGD: TSX/AMEX) is pleased to announce that a Letter of Intent ("LOI") has been signed with Teck Cominco Limited ("Teck"), to acquire surface rights to more than 4000 acres of land, encompassing its New Afton Copper-Gold Project, located near Kamloops, British Columbia, Canada.

This land is located within the Company's mineral claims as indicated on the attached map. It encompasses all of the land south of the Trans-Canada Highway which covers the site for the proposed development of the New Afton Project into an underground mine. Additionally, it includes a large area of land north of the Trans-Canada Highway to Kamloops Lake. The LOI also covers the acquisition, by New Gold, of the water pipeline which runs from Kamloops Lake, south to the old Afton open pit mine site. This pipeline previously supplied all required water for the past operations at the old Afton site. The majority of the land is fee simple, meaning that, upon completion of the acquisition, New Gold will own the land outright. The remainder (which overlies the location of most of the surface facilities for the proposed New Afton mine development) is Crown land currently held by a Teck subsidiary as a grazing lease. Upon completion of the acquisition, this leased land will be held by New Gold.

To complete this acquisition New Gold will pay Teck CDN$10 million upon closing, with an additional CDN$6 million to be paid (with applicable interest) any time within 2 years of closing. Teck will also be granted a 2% Net Smelter Return over the New Afton Copper-Gold Project, which New Gold has the option to repurchase for CDN$12 million.

In making this announcement, Chris Bradbrook, President and CEO, commented: "We are extremely pleased to have signed this LOI with Teck and look forward to concluding a definitive agreement as quickly as possible. This is an important step in the project's development, as it not only provides us with the surface rights, and the access to water, required to develop a mine, but also transfers to New Gold assets with real long term value."

Completion of the transaction described in the LOI is subject to definitive documentation, receipt of any necessary regulatory approvals and customary conditions of closing. New Gold and Teck have agreed to work towards this as expeditiously as possible. As part of this transaction, New Gold has agreed to honour all pre-existing agreements made between Teck and any third parties regarding access and rights of way over this land, and access to water, and closing of this transaction is subject to completion of definitive agreements to ensure these access rights are secured for Teck and any such third parties.

New Gold currently has approximately CDN$68 million in cash and short term investments, and has 24 million shares outstanding and 30.5 million fully diluted.

For further information on New Gold Inc. and the New Afton Project, please contact:

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