

Drake Resources Limited

Quarterly Activity Report March 2006

CORPORATE

Strategic Review

On completion of the December quarter drilling program, the board of Drake Resources Ltd (“Drake”) (ASX Code – DRK) undertook a comprehensive review of its tenements and strategy.

Mt Carrington is an extensive project. It contains several mineralised zones including gold, silver, separate copper mineralisation and zinc in association with some of the gold and silver. The JORC quoted figures of 146,000 oz of gold and 4,600,000 oz of silver provide a sizable in-ground resource value. As prices for these commodities continue to improve it is prudent for the board to focus the company’s resources to fully exploit the Mt Carrington project and other similar assets

Drake Resources’ core value is as a silver/gold and base metals company. The company will pursue opportunities to realise full value from non-core assets

Acquisitions

Heron Well Gold Project

The acquisition of the Heron Well Gold Project represents a significant expansion in the company’s gold exploration portfolio in Western Australia which includes the Lake Rebecca and Mount Palmer Projects and the Mt Carrington Project in New South Wales. The strategic approach to advancing Heron Well will include the acquisition and interpretation of detailed magnetic surveys to define structural targets.

Drake acquired the Heron Well Gold Project from a private group for a consideration of 1,250,000 Shares.

Uranium

Since the third quarter 2005 the company has been acquiring ground that is prospective in uranium. As the price and market for uranium improved during this period it became important to explore this ground or find a means to realise its maximum value. During this quarter Aura Energy Limited (Aura), a company associated with directors of Drake, proposed an offer to acquire the uranium interests of Drake to add to its own portfolio of uranium projects and entered into negotiations.

The sale of the uranium assets to Aura will return significant benefits to Drake, including:

- Drake will be able to focus exclusively on exploration for gold, silver and base metals, enabling it to capitalise on the value of its gold and silver assets;
- Drake will retain a substantial shareholding in Aura, a company focused on uranium exploration, which can potentially realise the full value of the uranium assets; and
- Drake shareholders have been granted a priority offer in the Aura IPO.

Drake will receive 3.5 million shares in Aura plus \$100,000 upon Aura's quotation on the ASX. Aura intends to issue 20,000,000 shares at \$0.20 per share to raise \$4,000,000. Aura may accept oversubscriptions of a further 5,000,000 shares at \$0.20 per share for an additional \$1,000,000

The board believes that the sale to Aura is the best available option to maximise the value of Drake's uranium assets to the company and its shareholders.

Drake shareholders will be posted a copy of the Aura prospectus dated 24 April 2006 and must complete the priority application form to benefit from the priority offer.

The Aura prospectus can be downloaded from www.auraenergy.com.au

The sale to Aura is conditional on approval by Drake shareholders at a general meeting to be held on 15 May 2006.

MT CARRINGTON MINING LEASES (Drake option to purchase 90%)

Drake has an option over 22 mining leases owned by Virotec International Ltd. The area contains gold, silver and base metal prospects in the Drake Volcanics.

Mt Carrington – Gold

Drake has continued to evaluate the significance of the results of the drilling programme completed at the end of 2005. Of particular significance to the future of the project are:

- The results from angled drilling at the Strauss gold deposit support the suggestion this is more appropriate drill orientation for resource evaluation than previous vertical drilling
 - Drill hole DP19 gave an intersection of 20m @ 6.2 g/t Au where adjacent vertical holes gave 2-4 g/t Au
- Drilling under past resources indicates that mineralisation at potentially economic grades and thicknesses exist below the 30-40 metre depth previously tested.

These results, coupled with the favourable metallurgical testwork results reported below, support the possibility of an economic gold deposit.

The next phase of exploration at Mt Carrington requires the substantiation of the grade of the known resources. Because of along-strike variability the upgrade of the existing resources from inferred to indicated category will require drill lines spaced 20-25 metres apart.

A viable project will also require the extension of the currently known resources. The completed Drake drilling programme suggests that depth extensions of the known mineralisation are one avenue by which this may be achieved.

There is a requirement, however, to search for additional coherent zones of mineralisation on the property. Drake considers that this will be best achieved by surveying with a new generation of Induced Polarisation (IP) or Controlled Source Audio-Frequency Magneto-Tellurics (CSAMT) geophysics. These techniques have been successfully applied in the search for gold mineralisation in low sulphidation epithermal systems around the Pacific Rim.

The existing IP surveys at Mt Carrington were completed by Aberfoyle in the early 1980s. This work was carried out as a “patchwork” of small survey and there was no project-wide survey. Now there is an opportunity to use state-of-the-art equipment and processing technology to create a three-dimensional geophysical model of the main Mt Carrington area, and identify resistive and conductive zones that may represent mineralisation and alteration below the surface.

Drake is actively considering its options for progressing exploration at Mt Carrington. These options include further capital raising, or forming a joint venture with a significant company in the precious metals industry.

Gold metallurgical testwork

Previous metallurgical testwork on the gold mineralisation at Mt Carrington had been carried out by Mt Carrington Mines before commencement of the mining operation in 1988. It is uncertain whether this testwork was completed on oxidised or sulphide samples. Hence, preliminary testwork program was undertaken on three Mt Carrington samples from drill hole DP19 to establish their amenability to leach recovery of gold from the primary mineralisation intersected in Drake drilling.

Three samples of approximately 5 kilograms weight were supplied as crushed material to Metcon Laboratories in Sydney.

Each sample was further crushed to 100% less than 2mm. Undersize material was screened out between each crushing stage. One of these portions was further divided to give a 200g sample for head assay, results of which are given for key elements below.

Element	units	19-20	33-34	36-37
Au	ppm	21.3	3.06	2.26
Ag	ppm	36.3	9.9	1.6
Cu	ppm	7230	1710	454
Total S	%	5.49	1.14	0.96
Sulphide S *	%	5.06	0.75	0.62
Pb	ppm	11400	571	190
Zn	ppm	72900	9850	3240

Gold extraction in the leach testwork was in the range 83.9 to 91.1%.

Flotation testwork is in progress to determine the potential recoveries of gold, silver, zinc and copper in sulphide concentrates.

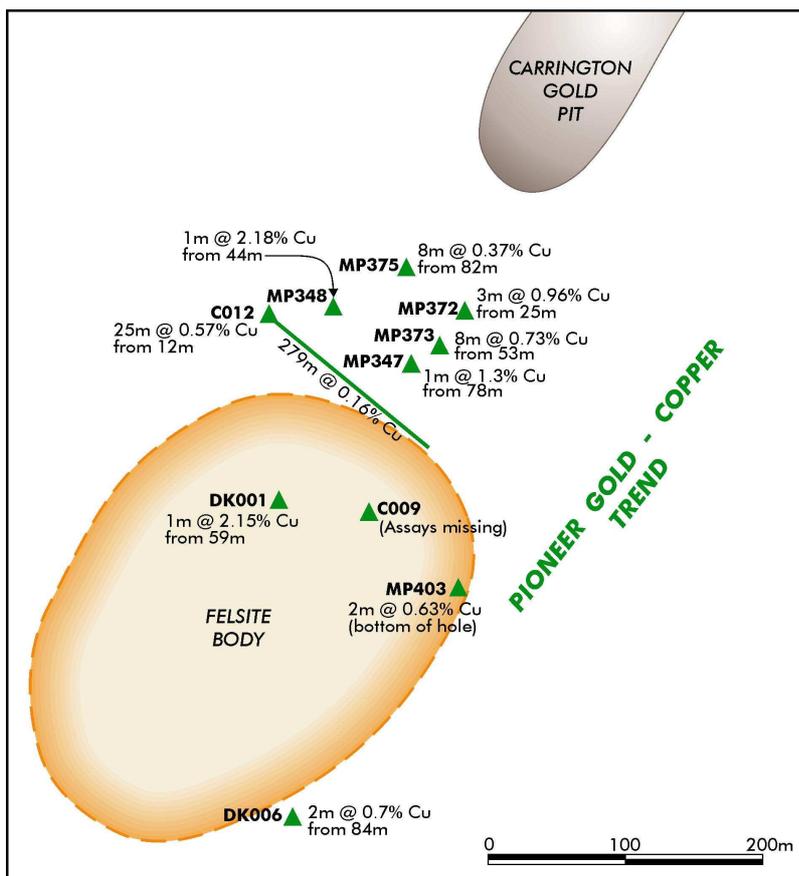
Mt Carrington – Copper

Primary copper mineralisation

The ongoing analysis of past exploration results has revealed the presence of very extensive, albeit low grade, copper mineralisation in a poorly explored area south-west of the old Carrington gold deposit pit.

Hole C012 was drilled by Newmont beneath a copper soil anomaly on the northern flank of the felsite. This hole intersected numerous narrow quartz-chalcopyrite veins over most of its 279m length. A number of zones with greater than 0.5% Cu were intersected within three broad zones of low grade mineralisation:

- 73.m @ 0.28% Cu from 9.1m
- 66.5m @ 0.26% Cu from 109.4m
- 24.4m @ 0.28% Cu from 243.9m



The upper part of the drill hole has the most consistent grades, with 25m @ 0.57% Cu from 12 metres down hole.

A roughly circular felsite intrusive body occurs immediately to the south of Mt Carrington in the area of the Rainbow and Pioneer workings. Numerous shallow old workings occur on the margin of and within the felsite. A moderate to strong gold soil geochemical anomaly coincides with the intrusive body and strong copper anomalism occurs around its northern and eastern flanks.

Copper drill intersections in the Pioneer-Carrington area

Other copper intersections in the vicinity include:

- MP372: 3m @0.96% Cu
- MP373: 8m @ 0.73% Cu

This felsite body has received only limited drilling in the past, with only 12 drill holes testing an area of interest 600 metres by 500 metres. The contact zone of the felsite has been tested by only five drill holes.

Previous drilling in the area has intersected primary mineralisation from shallow depths and no significant supergene mineralisation has been encountered.

To the north-east of the Carrington gold pit, at the Lady Mary Prospect, drill hole MCP581 intersected 17m @ 1.92% Cu from 42m. Although there has been extensive drilling, the average depth of drilling in the pit area is 60 metres

Supergene copper

Drake has continued its exploration for supergene copper mineralisation in the Drake district. Two main areas of supergene copper mineralisation were recognised by previous explorers within the mining leases - Gladstone and Lady Mary.

Significant supergene copper intersections have been recorded at both localities:

- Gladstone – MCP419 49.6m @ 1.4% Cu from 30m
- Lady Mary – MCP703 14m @ 1.3% Cu from 36m

Previous explorers at Mt Carrington did not address the potential for supergene copper mineralisation.

Drake has identified two northeast-southwest trending zones of supergene copper mineralisation: an eastern zone and a western zone. The two zones reflect the dominant



fissure vein trend direction and have a positive topographic expression and show a positive correlation with gold soil geochemistry.

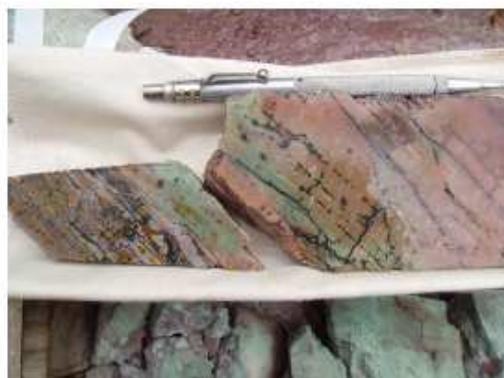
Most drill holes that have returned higher copper grades (>1% Cu) have intersected quartz-chalcopyrite veins in the supergene zone and as such, not all the mineralisation can be considered as supergene, as indicated in the photograph.

2cm wide quartz vein with chalcopyrite partially replaced by blue-grey chalcocite (MCP419: 61.8m)

Most of the quartz-chalcopyrite veins appear to trend northeast-southwest. However at Gladstone there is evidence that at least some of the veins trend in the opposite direction.

Ongoing exploration has identified the important factors controlling the distribution of supergene copper mineralisation at Mt Carrington:

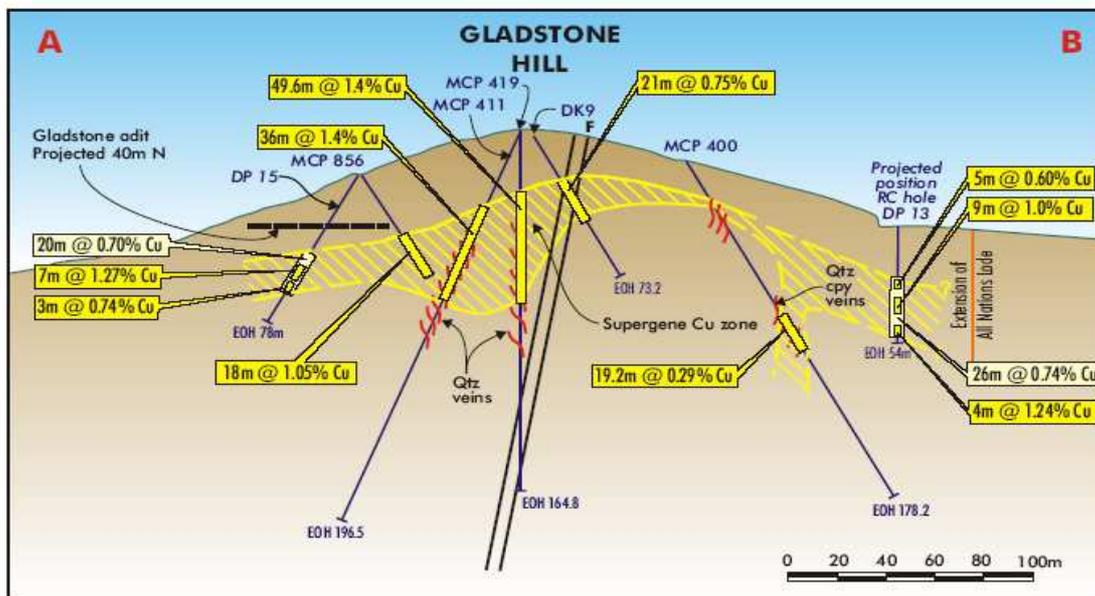
- the presence of coarse vuggy quartz-chalcopyrite veining
- elevated topography – nominally above 560m RL
- deep weathering and leaching
- proximity to banded felsite intrusive.



Photograph P15 – Supergene zone with very little quartz veining; abundant grey-black chalcocite along fractures and bedding surfaces and as spotty disseminations (MCP411, 51-77m)

The main supergene copper prospect is at Gladstone, which is 650m north-west of Mt Carrington and which forms a prominent hill. Numerous small historic workings occur over a small area (30mx100m) on the east side of the hill. The workings have exploited narrow quartz veins that strike north-east.

The workings are located within breccias and tuffs of the Upper Strauss member close to the contact with overlying banded felsite intrusive that crops out on the top of the hill. Drill hole data show that the contact between the felsite and the Upper Strauss member dips to the west at a moderate to low angle.



Gladstone Hill Cross Section Showing Supergene Copper Intercepts

Mt Carrington – Silver and Zinc

As part of its ongoing programmes at Mt Carrington, and as a result of the recent increase in silver prices to 23 year highs of over US \$12/oz, Drake is completing a substantial review of its silver resources and their exploration potential. In reviewing this potential, Drake has also recognised, with zinc prices at all-time highs of over US\$ 1.40/lb, the significant zinc levels in the White Rock silver deposit. These zinc credits may add significantly to the value of metal in ore and therefore the feasibility of potential development.

This work is nearing completion.

Safety

There were no safety incidents or accidents.

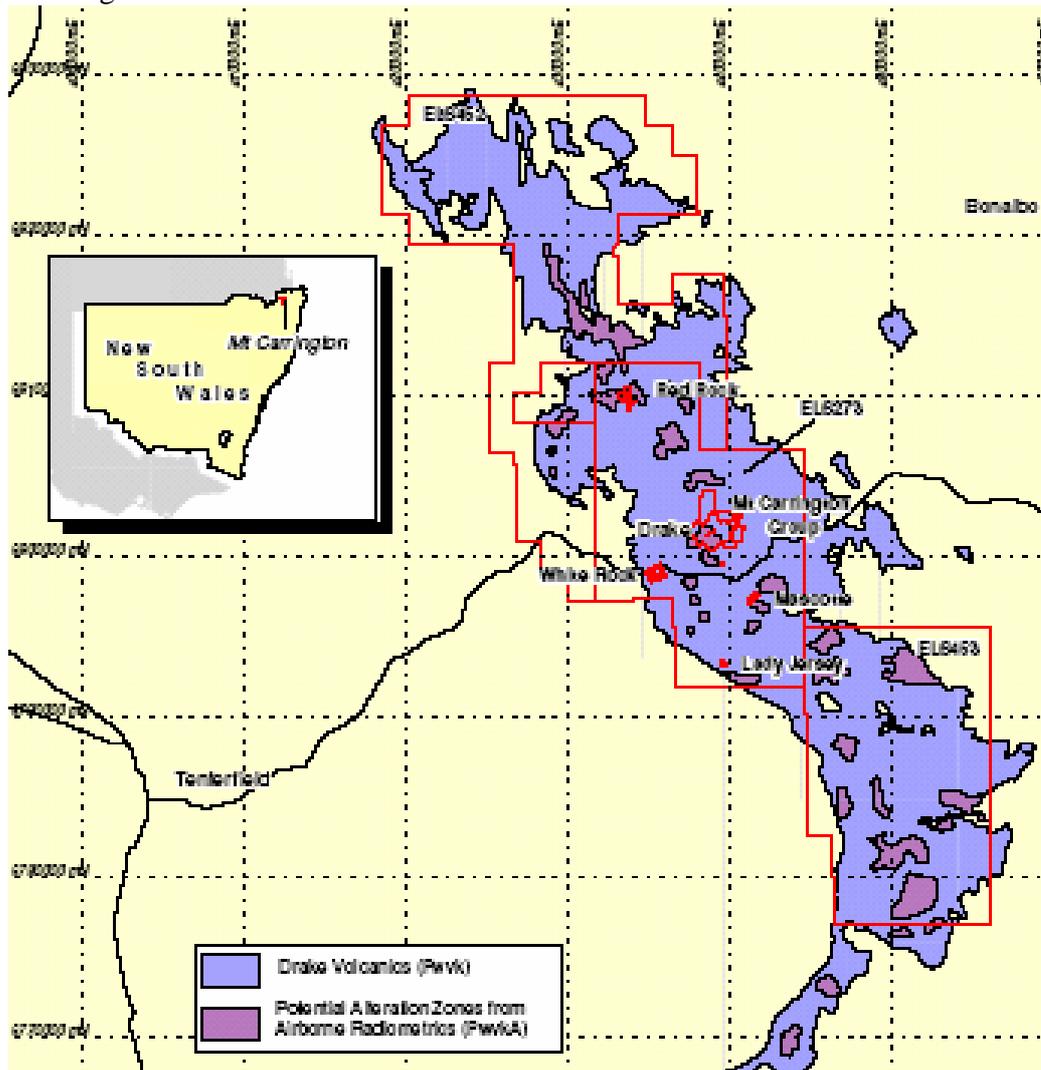
Environment

All drill sites excepting the two planned holes DP 7 and 8 at Lady Hampden in the November 2005 program were returned as close as possible to their original landform and old vegetation was dragged back over the sites to encourage regrowth. Drill cuttings were fed back down the hole and where surplus remained were taken to the tailings dam. Sites were seeded with native grasses to stabilise the soil.

There were no environmental incidents.

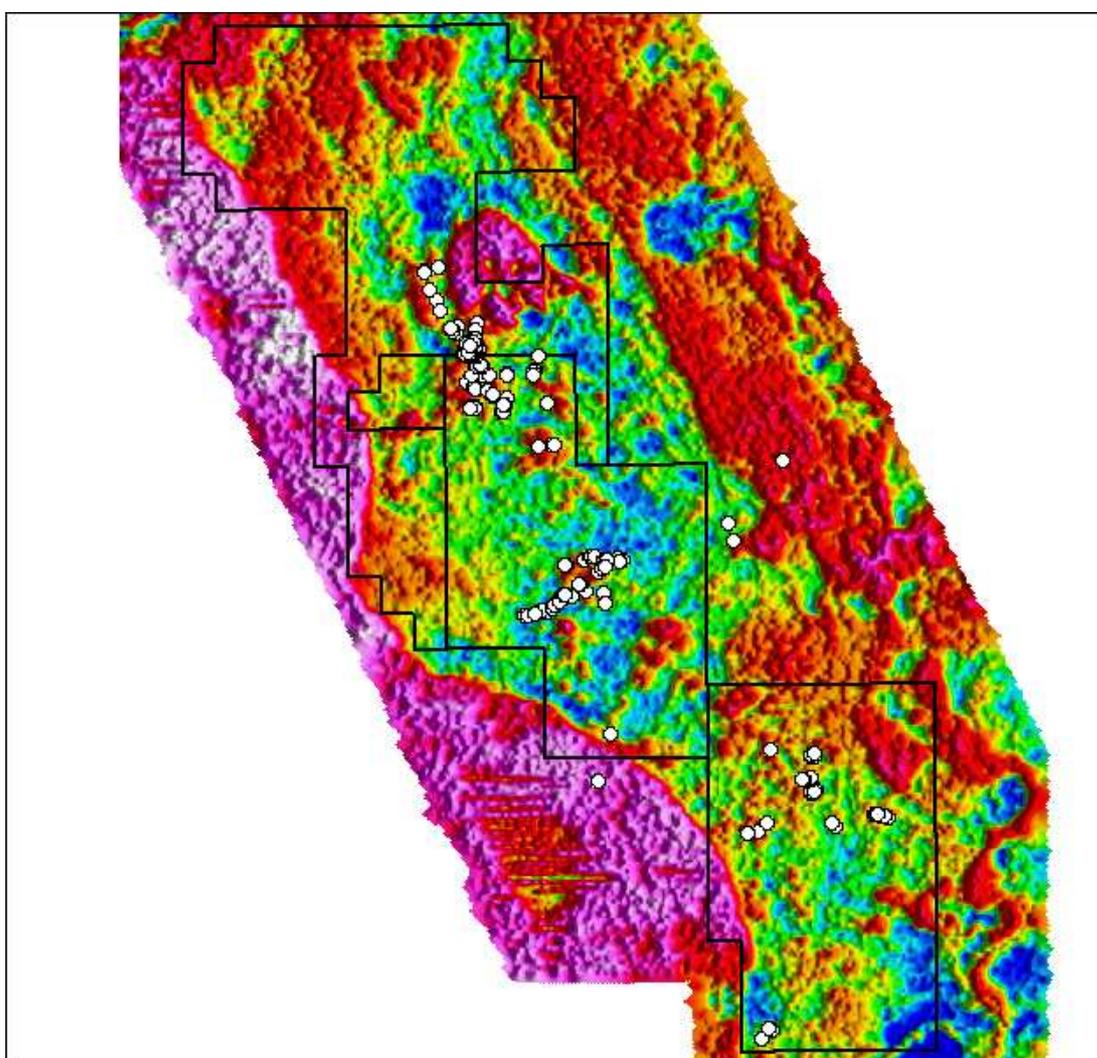
Exploration Licences EL6273 (DRK 90%), ELs 6452 & 6453 (DRK 100%)

There has been no exploration throughout the Exploration Licences held by Drake for at least a decade. Even then the previous explorer, CRA, was primarily interested in large polymetallic targets and carried out little exploration for epithermal gold and silver targets. Consequently the last major exploration effort in the district for epithermal deposits dates back to Aberfoyle and Getty Minerals in the early 1980s, when the tenure was fragmented.



Over the past decade significant advances have been made in the ability to target within the district. The Geological Survey recognised the relationship between radiometric anomalies and alteration, and Drake has expanded this to define potential alteration areas throughout the belt. The CRA DIGHEM survey has been reprocessed, and the imaging of these data has also been a major contributor to defining conductive alteration zones.

The geochemical data sets have been particularly useful in defining areas of geochemical anomalies, particularly in zinc, which can be related to base metal enrichment at Mt Carrington and in other areas. The image below illustrates Zn in stream sediments of greater than 300ppm (white circles), overlying potassium channel radiometrics. The Mt Carrington-White Rock area in the centre of the image is clearly displayed, but similar Zn-anomalous and potassium count anomalous areas occur in the vicinity of Red Rock in the north and Nobles Creek in the south. This approach to defining areas of interest has not previously been recognised and has certainly not been applied to target definition.



Ministerial approval to approach landowners for surface access in the Exploration Licences is still awaited.

HERON WELL GOLD, WESTERN AUSTRALIA

Drake has acquired the Heron Well Gold Project, located 15km south of Leonora in the Eastern Goldfields Province. The project comprising six granted Prospecting Licenses (PL's), P40/1119-P40/1124 and P40/1129, covering a total area of 10.4 sq km.

The Heron Well Project is along strike from the old Desdemona Gold Mine and the host rock at the mine, a prospective quartz-diorite body, extends into the Heron Well Project Area. Despite its proximity to major ore deposits, the Project Area remains poorly explored. Only 15% of the area has been tested by any drilling, and most of those drill holes are shallow (<20 metres) air core drilling.

Anomalous gold values in soil samples define an intermittent trend over more than two kilometres of strike in the Project Area, at which point the prospective stratigraphy is hidden by alluvial cover.

The Flamingo and Pelican Prospects were originally identified by the occurrence of anomalous gold values in soil samples. Bedrock gold values in excess of 0.3 g/t in past shallow air-core drilling at the Pelican Prospect has defined a zone 1200 metres in length, and up to 400 metres wide.

Previous gold intersections at Pelican include:

- HWA037: 7m @ 25.69g/t Au
- HWA038: 7m @ 2.20g/t Au
- HWA124: 3m @ 8.05g/t Au
- HWA125: 3m @ 2.11g/t Au
- HWRC16: 2m @ 7.23g/t Au

The Pelican and Flamingo Prospects remain open to the south and west. In addition gold intersections in previous reverse circulation drilling have not been followed up, for example hole HWA124 with 3m @ 8.05 g/t Au and hole HWA139 with 5m @ 0.4 g/t to bottom of hole at 19m.

Areas of strong gold-in-soils anomalies occur along zones parallel to the main Desdemona – Harriet – Rising Sun lodes, which have not been drill tested.

Drake has purchased and processed airborne magnetics data for the area including and surrounding the Heron Well Project. The interpretation of these data is continuing.

MT PALMER GOLD, WESTERN AUSTRALIA (DRAKE 100%)

ML 77/407 encompasses the old Mt Palmer mine within the Southern Cross district of Western Australia. It is located in the narrow Archaean Yellowdine greenstone belt of the Southern Cross Province and flanks the eastern side of the gneissic granitoid Ghooli Dome.

Within the project area, outcrop is scarce and restricted predominantly to the area immediately encompassed by the historical Palmer's Find gold mine. Elsewhere, the surface is typically flat and covered by transported soil and colluvial material.

The Palmer's Find group of workings has a recorded production of 156,000 ounces of gold from 310,000 tonnes of ore mined from 1935 to 1949. The ore was mined predominantly from the Main and East Lodes, with limited production recorded from other veins. The lodes are tabular bodies, plunging to the north and south respectively.

Drake has carried out a major review of past exploration and has purchased and processed airborne magnetics data for the area that includes Mt Palmer. Interpretation of these data is continuing.

MEXICO PROGRAMME (DRAKE 100%)

Drake has commenced a programme to identify and acquire projects in Mexico. It is with great regret that we report that the consultant geologist leading this programme, Dr Rodney Hammond, has died. Dr Hammond was an exceptional geologist and Drake had been fortunate to have him leading the programme. His death is a sad loss to mineral exploration.

Drake is seeking a new leader for the project.

NEW OPPORTUNITIES

Drake continues to evaluate new opportunities for growing the company. In the past quarter the company has evaluated iron ore, uranium, gold, silver, copper and molybdenum opportunities but has taken no action on these opportunities.

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Dr Robert Beeson. Dr Robert Beeson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Dr Beeson as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Robert Beeson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.