



QUARTERLY ACTIVITY REPORT SEPTEMBER 2005

28 October 2005

Drake Resources Limited (ASX Code - DRK)

Highlights

- Supergene copper mineralisation occurs throughout the northwest sector of the Mt Carrington Mine Leases in a zone at least 500 metres in length, and is open to the west and north
- A 15 hole, 1300 metre drill program to test gold, silver and copper targets at Mt Carrington commenced on 15 October, these targets include:
 - Gold targets at Guy Bell, Strauss and the area west of the North Kyo pit
 - The extensions to the silver resources at White Rock
 - Supergene copper targets in the Gladstone area
- Three-dimensional modelling of the gold, copper and silver results in past exploration drill holes has greatly improved Drake's knowledge of the distribution of these metals at Mt Carrington, and identified new targets for drill testing
- Two exploration licenses, ELs 6452 and 6453, to the north west and south east of the Mt Carrington Mine Leases were granted by the New South Wales Department of Primary Industries. This has given Drake a dominant ground holding within the highly mineralised Drake Volcanics
- Continuing analysis and interpretation of the extensive geological, geophysical and geochemical databases for the Drake district has identified a number of targets for follow up
- Drake Resources has applied for two exploration licenses to cover 115 kilometres of channels that contain uranium mineralisation both upstream and downstream

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

Drake Resources 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.

The Mt Carrington Project contains JORC-compliant inferred resources of:

Tonnes	Au (g/t)	Ag (g/t)	Au (Oz)	Ag (Oz)
1,790,073	2.50	81	145,782	4,642,456

Drilling programme

A drilling programme to test targets within the Mt Carrington Mining Leases commenced in mid-October. These targets include:

- Gold targets at Guy Bell, Strauss and the area west of the North Kylo pit
- The extensions to the silver resources at White Rock
- Supergene copper targets in the Gladstone area

Targets generated from the new geological mapping

A structural mapping programme has permitted the complete revision of the model for the formation of mineralisation in the Mining Leases. Flow banded rhyolites, probably derived from an underlying laccolith, have intruded the volcanics as stocks and sills. Alteration and mineralisation is frequently associated with these intrusives, for example at the Pioneer, Kylo, North Kylo, Strauss and Gladstone Prospects. The rhyolitic intrusives have a strongly flow banded nature, and their contacts are commonly faulted.

The results of the mapping programme have directed exploration to those zones immediately associated with particular rhyolitic bodies. One particular area of interest for new gold zones of mineralisation is the western and northern extensions of the North Kylo zone, where a flow banded rhyolite forms the core to the zone of gold mineralisation mined by Mount Carrington Mines, and its extension to the west. It is now recognised that The North Kylo mineralised zone is localised as stockworks and breccia along the eastern internal contact of a highly silicified felsite ring dyke with an approximate diameter of 350 metres. The southern inner and outer contacts appear to also localise mineralisation at Kylo West. The remaining contacts of this felsite, both inner and outer, are poorly exposed and substantially untested.

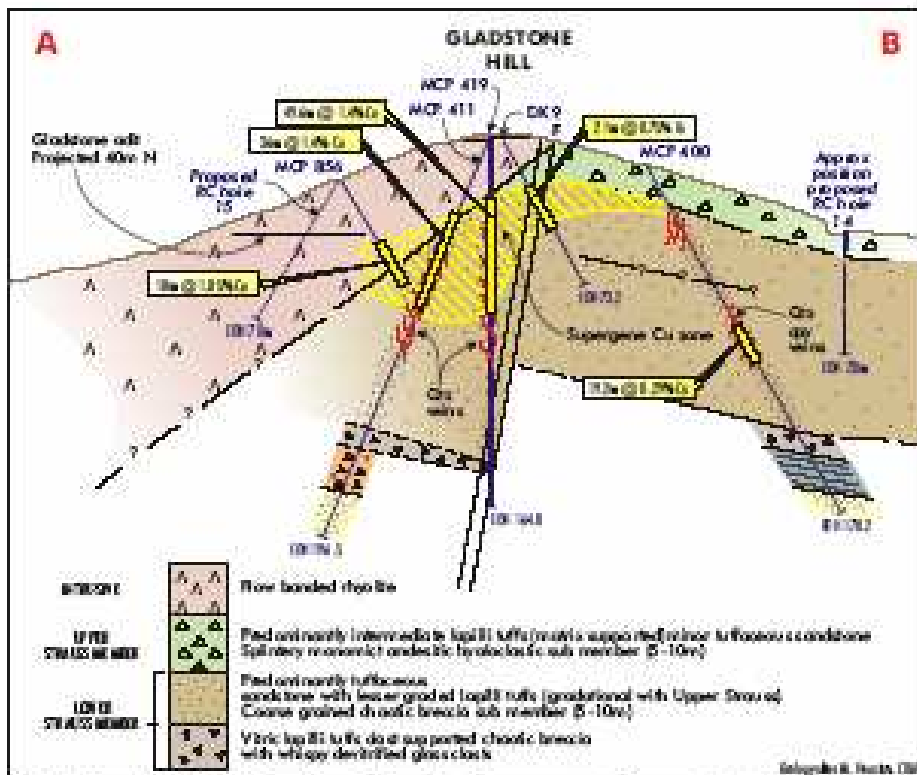
Mineralisation occurs in the limited previous drilling in this area, for example drill hole MCP 284 intersected 5 metres at 4.5 g/t Au from 73 metres. Potential to extend the higher-grade North Kylo zone, and potential for new zones on the northern internal contacts of the ring dyke, have been given priority in the ongoing exploration programme.

Supergene copper potential

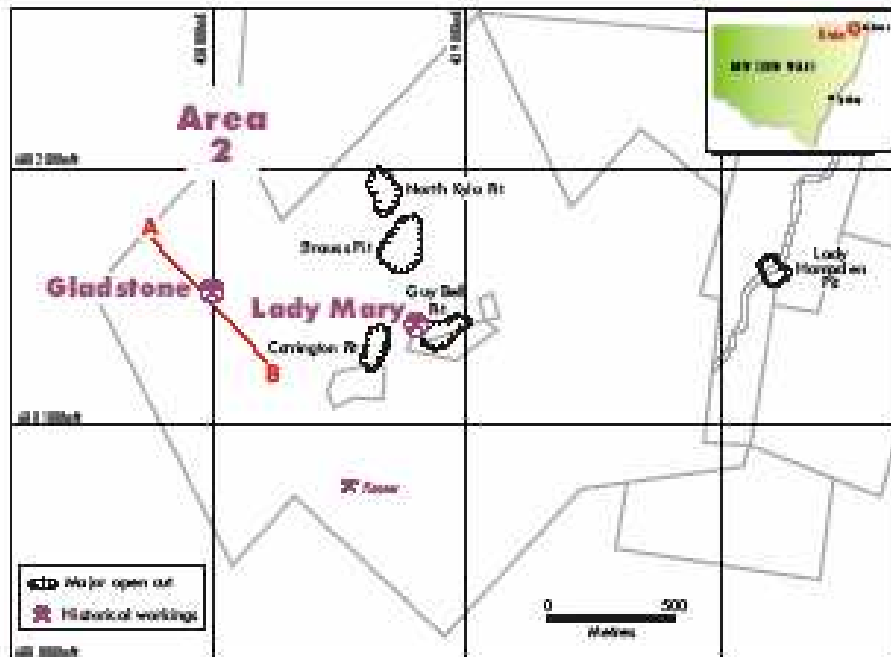
Some of the flow banded rhyolite bodies at Mt Carrington contain primary, copper-only mineralisation. No coherent bodies of this style of mineralisation have been identified to date, but it is believed to be the source of supergene mineralisation that has been recognised at three locations in the Project Area. Supergene chalcocite mineralisation occurs as a blanket in the upper, weathered parts of the areas containing the bedrock copper.

The Gladstone Prospect lies west of the main area of gold mineralisation mined by Mt Carrington Mines in the 1980s. It remains substantially under-explored, and our knowledge comes from surface outcrops and a small number of generally shallow drill holes.

In an area with a diameter of approximately 500 metres surrounding the Gladstone Prospect 18 of the 20 holes drilled encountered evidence of supergene mineralisation; these intersections vary from 6 metres at 0.46% copper up to 49.6 metres at 1.4% copper.



Gladstone Hill Cross Section Showing Supergene Copper Intercepts



**Mt Carrington area -
Supergene copper prospective areas**

Previous explorers have recognised the presence of a large area of quartz-hematite stockwork veining for approximately 600 metres southwest of the prospect. The stockwork occurs in leached silica-sericite altered volcanic rocks. This zone has only been partly tested by CRA follow up. Drill hole DD92DK012 is one of three drill holes in the zone, and intersected two copper zones, including 6 metres at 0.91% Cu.

In addition to the previously drilled part of the Project a large area with potential for supergene copper mineralisation at Mt Carrington lies west and north of the past areas of mining (Area 2). This area coincides with an airborne electromagnetic feature, which possibly reflects large-scale alteration. Drilling by previous explorers in this area is sparse, and largely limited to its southeast margin. While the majority of copper intersections are only a few metres in thickness, and have grades of approximately 0.5% copper, it is encouraging that this mineralisation has been identified over more than 500 metres from southwest to northeast.

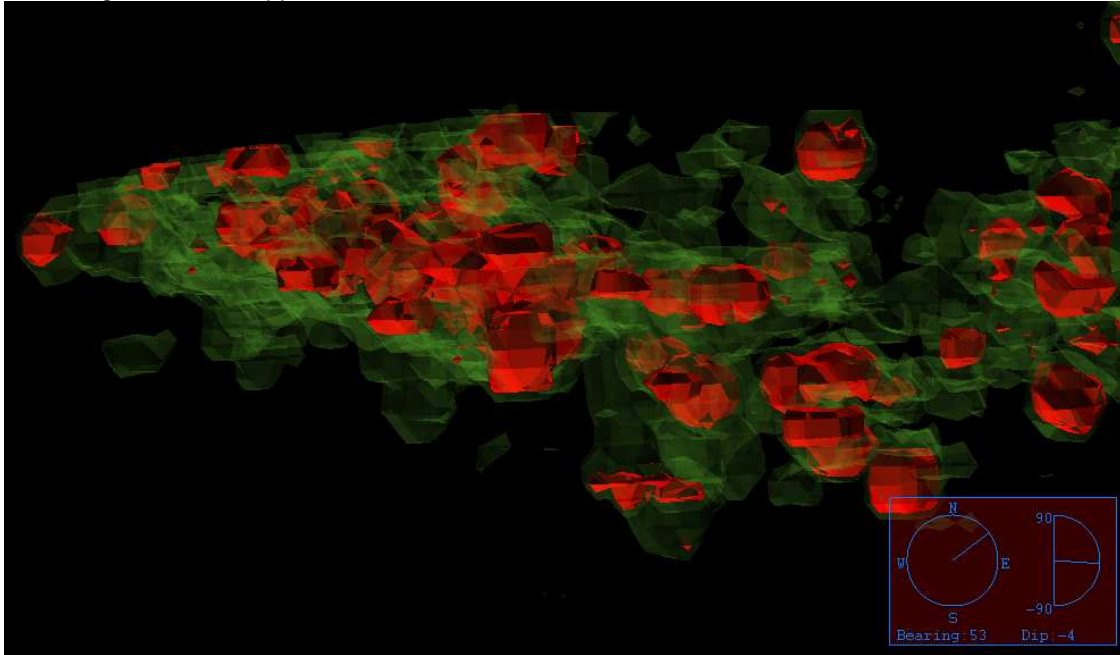
There is limited past exploration data available for the area to the west of Gladstone and Area 2. The presence of strongly anomalous copper levels in stream sediment samples in the drainages from both the Gladstone area, and further west may suggest the extension of this style of mineralisation. The maximum copper values in the samples in this area is 1350 parts per million. A soil sampling programme has commenced in the area immediately northwest of Gladstone, and is continuing into this area of interest.

There is a further small area of supergene copper mineralisation within the Lady Mary rhyolite dyke between the existing Mt Carrington and Guy Bell pits. The primary mineralisation in this zone was intersected at depth in drill hole MCP 440, which gave 17 metres at 0.73% Cu, at between 97 and 114 metres down hole.

Targets generated from the Drill hole Database

A major programme of validation and processing of the very extensive 2200 drill hole database that exists for the Mt Carrington Project has been completed. The database is being interrogated by means of three-dimensional analysis using Vulcan and MapInfo software. This is enabling the evaluation of metal distribution and zonation across the deposit and in depth, and assist in the identifying of areas with exploration potential.

This work has currently generated more than 400 drill sections and 100 level plans displaying data for gold, silver, copper and zinc.



3D view of the Strauss gold orebody looking northeast (>2.0 g/t Au blocks in red, 0.5-2.0 g/t Au blocks in green), showing the stratabound resource dipping gently to the southeast, plus the upper parts of potential sub-vertical systems that are being tested in the current drilling programme

Areas that require further evaluation from this work include the Strauss, North Kylo and Hot Scone Prospects.

The Strauss orebody contains the largest tonnage and most consistent gold and zinc grades of orebodies identified within the Kylo-Guy Bell area (0.26 Mt at 3.65 g/t Au). Previous exploration has been directed at the apparent stratabound mineralisation close to the ground surface. 3D modelling of the resource has demonstrated a sub-vertical component to the mineralisation, similar to that controlling mineralisation at the nearby North Kylo and Guy Bell resources. There has been considerable drilling by previous explorers at Strauss, but much of this has been shallow (40-60 metres from the original ground surface), and almost all drilling has been vertical in alignment, and inappropriate to test for sub-vertical mineralisation.

Preliminary testing of these sub-vertical zones will commence in the drilling programme in the second quarter.

Safety

No accidents or incidents were reported in the quarter.

Environment

Drill sites and access tracks to these sites were prepared by in accordance with New South Wales Department of Primary Industry and Forestry specifications.

Exploration Licences EL6273 (Drake Resources 90%), ELs 6452 and 6453 (Drake Resources 100%)

Exploration Licence 6452 (100 units) northwest of the existing EL 6273, and 6453 (67 units) were granted in the quarter. They cover the Drake Volcanics and have now secured Drake Resources a dominant ground holding over these prospective rocks.

Ongoing gathering, compilation and interpretation of the results of past exploration have continued in the quarter. As much of the information is in paper form, a major programme of generating digital geological, geophysical and geochemical data sets has continued through the quarter.

Airborne magnetic, electromagnetic and radiometric geophysical data sets from past exploration have been acquired and processed. The airborne magnetics data is playing an important role in the targeting process by improving knowledge of the geology, defining structures that may localise mineralisation, and identifying areas of magnetite destruction which may represent alteration zones.

CRA flew a helicopter-borne Dighem airborne EM survey in 1990 over the central part of the Drake tenement holdings, covering the Mine Leases, much of the surrounding EL 6273, and a small part of EL 6542. The Dighem data has two important applications in the district: identifying areas of the quartz - sericite alteration associated with the mineralisation and the direct target identification from the location of conductivity anomalies.

Potassium channel radiometric features approximately correspond to the large quartz-sericite alteration zones that host the known mineral resources such as the Mt Carrington group of mines (Strauss, Kylo, Guy Bell, and Lady Hampden) and Red Rock. A further nineteen radiometric features similar that at Mt Carrington have been identified in the Drake exploration licenses.

ALTONA PROJECT (DRAKE RESOURCES 100%)

Drake Resources has applied for two exploration licences for uranium exploration in Western Australia. These applications cover 115 kilometres of calcrete bearing channels in the area between Wiluna and Leonora in the Eastern Goldfields region. The Bilitho Bore uranium deposit and the Maynard Hills uranium project occur upstream of the Altona Project. In addition exploration in the 1970s on the Bungalow Well property by Le Nickel (Australia) Pty Ltd down channel from the Drake Resources applications has further demonstrated that this channel system contains uranium mineralisation.

Le Nickel's Beta Prospect is approximately 6 kilometres from the Drake Resources exploration license application. Exploration indicated the presence of uranium values up to 0.47% at surface, and 0.2% uranium in auger drill samples. There is no record of past uranium exploration for the 36 kilometres of the channel up-gradient of this mineralisation in the Drake Resources applications. The uranium channel radiometrics indicate untested uranium anomalies in the southwest portion of the channel.

The Yeelirrie uranium deposit lies approximately 50 kilometres north of the applications. Yeelirrie has a reported resource of 35 million tonnes at 1.5 kg/tonne uranium.

Dr Robert Beeson
Managing Director

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 to qualify 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.