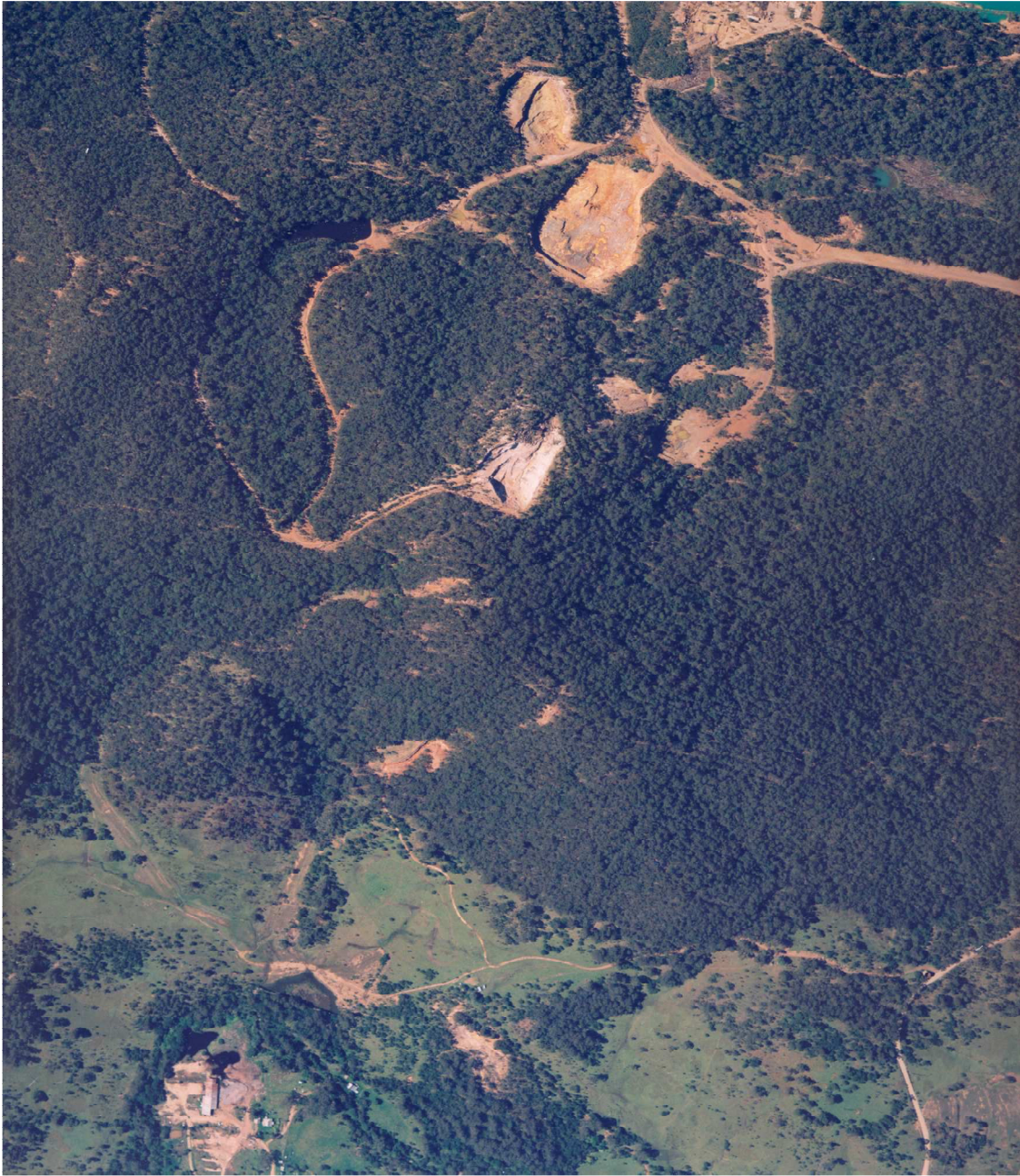


29 July 2005



Mt Carrington

Highlights

- Drake Resources now has granted tenements over 700 square kilometres in the Drake district in New South Wales, giving Drake a dominant land holding over the prospective Drake Volcanics.
- Structural geological appraisal of the tenements has resulted in the development of a revised geological model for mineralisation, which has led to the identification of targets for drill testing in the area.
- Reprocessing, plotting and review of airborne magnetic, radiometric and DIGHEM electromagnetic survey data has defined geophysical anomalies for follow up on the ground.
- Validation and interpretation of the Mt Carrington database has progressed substantially with the plotting and review of some 400 drill sections; these data have clearly indicated locations with the potential to increase the resources at Mt Carrington
- A 1300m drill program is planned for mid September to evaluate gold, silver and base metal targets at the Kylo, Guy Bell, Lady Hampden, Gladstone and White Rock Prospects

Quarterly Report for June 2005

Drake Resources Ltd (ASX Code – DRK) listed on the Australian Stock Exchange on 31 March, 2005. Drake has tenements prospective for gold, silver and base metals near the township of Drake in New South Wales, and two gold projects in Western Australia.

Mt Carrington Project, New South Wales

On listing in March Drake Resources acquired an option to purchase 22 mining leases and title to a surrounding exploration licence at Mt Carrington. The company has increased its land holding in the district substantially in the quarter.

The Mt Carrington Project which has received no exploration for the past decade, and 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

Drake commenced its exploration programme at the project in April.

Drake has very significantly advanced its geological knowledge of the mine and district in the quarter. An apparently direct relationship between felsite intrusives and mineralisation has been recognized by a detailed structural study of the mine area. The study provides a much clearer model for mineralisation control, and indicates greater potential for bulk-tonnage stockwork and breccia styles of mineralisation in contact zones. The relationship has led to the identification of new mineralised zones to follow up, as well as the potential to extend existing zones, particularly North Kylo and West Kylo. This new understanding, combined with the existing data sets, also provides the basis for identifying targets in the three exploration licences that Drake holds in the surrounding district.

Drake's intention is to test this very interesting, and newly recognized, potential at the earliest possible opportunity.

Mt Carrington Mines Leases (option to purchase 90%)

The Drake initial programme for the Mt Carrington Mining Leases has had two complementary components, a new programme of structural and alteration mapping, and the detailed interpretation of the very extensive existing data sets from past exploration.

The Mt Carrington Project is centred on a regionally important occurrence of low-sulphidation, epithermal gold, silver and zinc mineralisation. The mineralisation is associated with "Fissure Veins" with locally associated stockworks and breccias, and is probably of Late Permian age.

Host rocks are dominantly andesitic volcanoclastic rocks of largely epiclastic origin, intruded by both andesitic and rhyolitic dykes and other rhyolitic bodies. The character of mineralisation has been interpreted to indicate formation at between 500 and 1,000

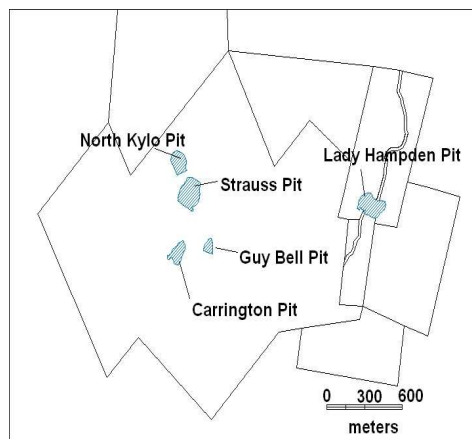
Quarterly Report for June 2005

metres depth, with which the character of mineralisation-controlling structures is consistent.

Traditionally mined "fissure veins" in the district, although apparently peripheral to this more important relationship, are useful indicators of the presence of the mineralised system, particularly where they merge into intrusive contacts, and further control is provided by the documented propensity for certain stratigraphic horizons and contacts to be mineralised.

Structural and alteration mapping programme

The structural mapping programme has permitted the complete revision of the model for the formation of mineralisation in the mining leases. Flow banded rhyolites ("felsites"), 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 White Rock, Pioneer, Kylo, North Kylo, Strauss and Gladstone Prospects. The rhyolitic intrusives have a strongly flow banded nature, and their contacts are commonly faulted, due to the final phases of emplacement occurring in a near solid state.



Location of the pits and mining leases at Mt Carrington

East-northeast-trending fissure veins are important controls on mineralisation. The new mapping has traced a single mineralised structure over one kilometre length from the Pioneer Prospect to the Guy Bell No.9 workings. Information on the Pioneer Lode from Geological Surveyor in the early 1900s described 3 shafts on the lode developed to 80 metres in depth. The lode is well defined, but generally less than one metre in width. High grade and thicker mineralisation along this and other zones is considered to be controlled by the coalescence of steep and more moderately-dipping structures.

Quarterly Report for June 2005

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 zones of mineralisation is the western and northern extensions of the North Kylo zone, and its extension to the west. 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. This area will be tested in the drilling programme in the second half of 2005.

A project scale alteration mineralogy study based on 415 rock chip samples were collected over the main Mt Carrington leases and the White Rock Mining Lease. Samples were collected at 50 metre interval on line paralleling the dominant fissure vein sets, and at 20 metres and 50 metres spacing along lines perpendicular to the main vein sets. The primary objectives of this study were to find vectors to ore and to define the characteristics and limits of the alteration system. Results of this study were received at the end of the quarter, and are currently being interpreted.

Drill hole Database

A major programme of validation and processing of the very extensive drill hole database that exists for the Mt Carrington Project has been carried out in the quarter. Significant issues of missing drill holes, missing assay data, drill hole orientation, coding of geology and inconsistent transfer of data from paper to digital format have been identified in this programme. This work is ongoing, but approximately 400 drill sections have been plotted to enable the evaluation of prospects to commence.

The new drill sections have highlighted areas of mineralised intersections that remain open, in addition to those previously recognised. An example of a mineralised zone not in the previously published resources is the Hot Scone area between the Strauss and Carrington pits. Continuity of mineralisation still needs to be confirmed in this area, but there are numerous gold intersections of interest in the area. Mineralisation is interpreted to occur within the Mt Carrington Andesite and the Upper and Lower Strauss members. Only those intersections in excess of 5 g/t Au from past drilling by other explorers are given; there are numerous lower grade intersections.

Line 10170N (Edge of Strauss pit):- MCP628: 8 metres @ 8.49 g/t Au from 51 metres; MCP 032: 3 metres @ 6.34 g/t Au from 53 metres

Line 10160N:- MCP 597: 6 metres @ 6.64 g/t Au from 94 metres (open at depth)

Line 10150N:- MCP 359: 2 metres @ 6.48 g/t Au from 57 metres, MCP 358: 2 metres @ 6.77 g/t Au from 42 metres

Line 10130N:- MCP 605: 3 metres @ 8.7 g/t Au from 29 metres

Line 10110N:- MCP 436: 3 metres @ 9.7 g/t Au from 67 metres, MCP 461: 5 metres @ 5.6 g/t Au from 38 metres, 4 metres @ 5.58 g/t Au from 49 metres

Line 10100N:- MCP 586: 4 metres @ 5.01 g/t from 64 metres, MCP 384: 4 metres @ 10.78 g/t Au from 30 metres, MCP 433: 10 metres @ 7.34 g/t Au from 84 metres.

Line 10090N:- MCP 448: 3 metres @ 6.1 g/t Au from 72 metres

Line 10085N:- MCP 455: 4 metres @ 7.27 g/t Au from 85 metres

Geophysical Databases

Three airborne geophysical data sets from past exploration have been acquired and processed: magnetics, electromagnetics (DIGHEM) and radiometrics. The data has been processed by Hungerford Geophysics.

The airborne magnetics fixed wing survey was flown for Mt Carrington Mines by Geoterrex in 1987. The line spacing was 250 metres, with a nominal terrain clearance of 100m. This survey covered a much larger area than the Drake's present licences.

The airborne magnetics data has been of considerable importance to the understanding of the regional controls on mineralisation, and the ongoing identification of areas of interest in the Drake tenements. Previous explorers had identified a circular magnetic low feature, termed the "Drake Quiet Zone" by CRA, which encompasses all the significant mineralisation in the area. This feature is interpreted to correspond directly to a regional-scale, 10 by 20 kilometre size, poorly developed caldera-like feature, which may be the roof zone of a plate-like pluton or laccolith. Within it are a number of nested circular magnetic features, one of which contains the Mt Carrington mineralisation.

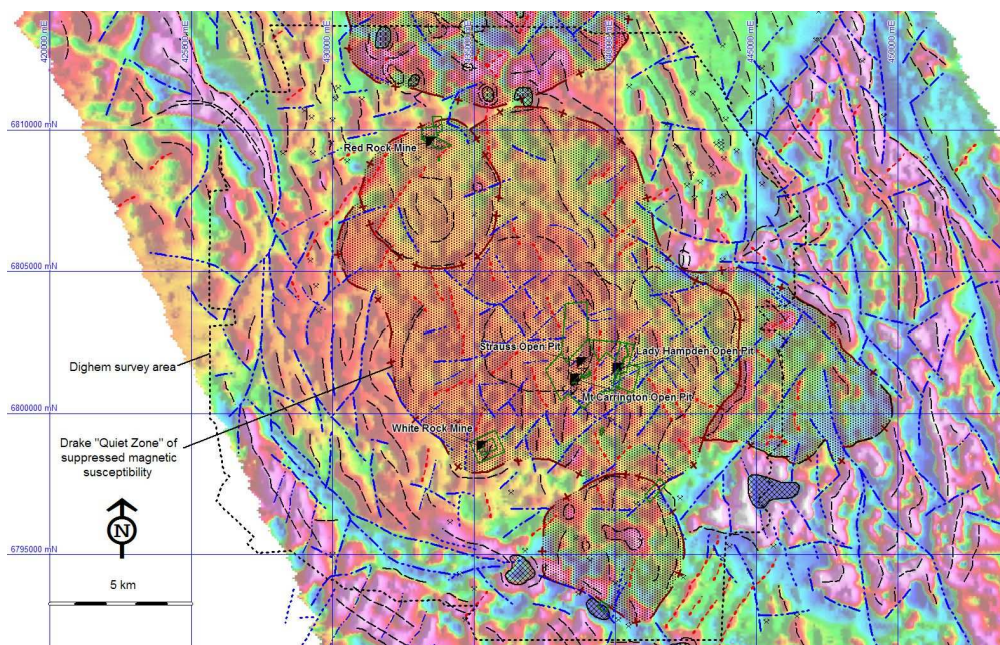


Image of airborne magnetic data displaying the red to yellow subdued magnetic relief of the "Drake Quiet Zone" (i.e. suppressed susceptibility zone), which contains the significant known mineral occurrences of the Drake area.

Quarterly Report for June 2005

The newly processed data is playing an important role in the targeting process by improving our 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 and much of the surrounding EL 6273. The Dighem data has two important applications in the district. Conductive zones represent large areas of the quartz-sericite alteration associated with the mineralisation, and are a key component of identifying areas of interest, as illustrated below.

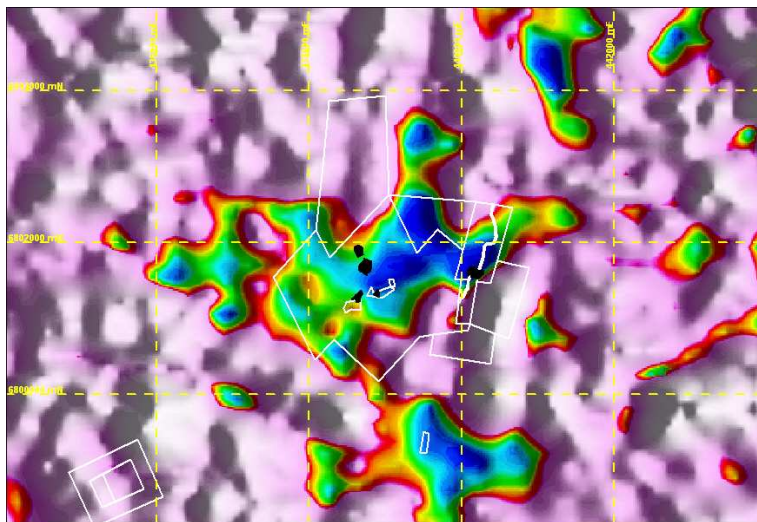
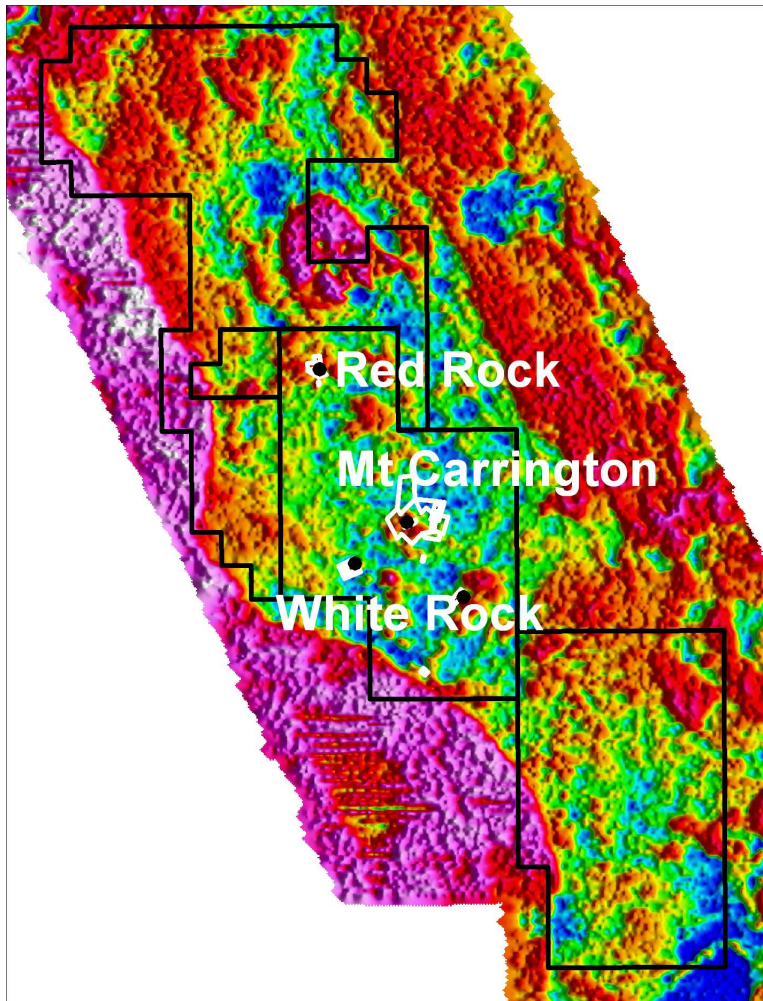


Image of the Dighem EM data indicating the conductive area (blue to green) associated with the broad alteration zone at Mt Carrington; mine lease boundaries in white, existing pits in black

CRA selected a number of Dighem anomalies (conductors) from that survey for subsequent ground follow-up. Only two of these targets were drill tested. Current data processing techniques permit a closer examination of the profiles and grids and enable further targets can be selected, based on combinations of EM responses, resistivities, magnetics, radiometrics and geology. On the basis of the new data processing and interpretation Hungerford Geophysics has identified eight further Dighem targets for follow up. Three of these are of the greatest interest on the basis of their conductivity, geological location, magnetic and radiometric responses.

A very important data set, collected but not applied by previous explorers, is the potassium channel radiometric data. The New South Wales Geological Survey had recognized that areas of relatively high potassium 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, Lady Hampden) and Red Rock. This is now providing an important means of locating alteration zones throughout the 700 square kilometres of the Project Area, and estimating their size.



Radiometric image of the Mt Carrington Project Area, indicating the position of the Mining Leases (white), and Exploration Licences (black); the image clearly shows the relationship between the known resources and areas of high potassium (red) in the Drake Volcanics; the areas of very high potassium (purple) are generally granites

Four Dighem airborne EM targets have associated potassium responses which may be related to alteration.

Proposed Drill Program

The immediate exploration programme aims to continue to develop Drake's knowledge of the mineral potential of those tenements under option from Virotec prior to the exercise date of the option. Consequently, although the work completed has indicated numerous targets for the addition of gold and silver resources, the focus of the drill testing programme is those targets that have the potential to significantly change the grade and size of the resources.

To this end the targets to be tested in the forthcoming drilling campaign include:

- Potential high grade shoots in the Pioneer-Guy Bell No. 9 lode system

This system (traced for 1 kilometre) dips at between 41 and 57 degrees to the NW, as mined in open stopes, and is intersected by the Guy Bell and other more steeply dipping lodes. At Pioneer, mined mineralisation is observed to occur adjacent to a felsite body at the junctions between this extensive lode and several sub-vertical fissure-vein-type structures. Similar structural associations along the 1 kilometre trace of the Pioneer-No. 9 lode, particularly where the steep Guy Bell lodes encounter the shallowly dipping No 9 lode, provide the potential for shallowly plunging, high-grade shoots as well as an enveloping breccia/stockwork. This latter target, beneath the existing Guy Bell pit, remains to be definitively tested.

- Areas with geology and controls of mineralisation similar to North Kylo, to the west and northwest of the North Kylo pit.

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 unmined, but well drilled mineralisation (Kylo West). The remaining contacts of this felsite, both inner and outer, are poorly exposed and substantially untested for Kylo-type mineralisation and present target features with significant linear extents in areas where historical workings occur. 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.

- Intersections of mineralised structures in the Lady Hampden Pit with the Cheviot Hills Fault, interpreted to be a feeder structure to the silver-gold mineralisation in the area:

Grade distribution plans from mining in the Lady Hampden pit strongly suggest a correlation with an array of minor faults and fractures in the host volcanics.

Quarterly Report for June 2005

Mineralisation notably extends along the Cheviot Hills Fault where known, and favourable structural intersections between elements of the fault/fracture array and this potential feeder structure are targets with potential to extend the partially-mined Lady Hampden mineralisation.

- The down plunge extensions to the White Rock silver deposit

Two hundred metre reverse circulation holes are planned at White Rock on lines 45m apart to test possible steep plunging shoots of high grade silver mineralisation. These shoots are associated with a steep structure identified by Aberfoyle in a vertical percussion hole drill programme.

The two holes are designed to test the potential plunging shoots beneath the following intercepts, (using 50g/t Ag cut off, with up to 1.5 metres of internal waste):

Line 5470E:- WR 125: 6 metres @ 523 g/t Ag from 46.5 metres, WR 123: 7.5 metres @ 242 g/t Ag from 37.5 metres, and 12 metres @ 100 g/t Ag from 51 metres

Line 5515E:- WR 120: 19.5 metres @ 489 g/t Ag from 52 metres WR 122: 26.5 metres @ 239 g/t Ag from 48 metres

The host rocks to mineralisation are flow banded rhyolites and brecciated derivatives which have been extensively altered with pyrite, jasper and silica in the form of chalcedony and chalcedony veins.

- Follow up of supergene copper intersections identified by CRA in the Gladstone area, and between the Gladstone and Carrington Prospects

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

Exploration Licences 6452 (100 units) and 6453 (67 units), for which applications were made in April, have now been granted. The licences, plus existing EL 6273, cover an area of 700 square kilometres, and have now secured Drake Resources a dominant ground holding the prospective Drake Volcanics.

An example of prospects to be followed up in the new exploration Licences is the Nobles Creek Mine in an area explored previously by Mt Carrington Mines and CRA Exploration. Drill hole RC 91NC2 intersected 24 metres @ 0.79 g/t gold from the surface, including 2metres @ 5 g/t gold from 6 metres. Four of the total of eight holes drilled at the prospect gave gold values in excess of 1.5 g/t over intersections of 3 metres or more down hole. The area tested by previous drilling represent only a small portion of a three square kilometre potassium channel anomaly interpreted to represent alteration.

Quarterly Report for June 2005

Reprocessing and review of the airborne magnetics and radiometrics and the CRA airborne DIGHEM surveys has identified geophysical anomalies not explored by CRAE and warranting follow up.

Three anomalies fall within the outcrop of the Gilgurry Mudstone, the sedimentary unit overlying the Drake Volcanics. This unit has a shallow dip, and is believed to be relatively thin in the area of the anomalies. A high priority target is a very strong, elongate target not previously tested by explorers in the northern of the two new exploration licences. This target may represent a zone of mineralisation and alteration not detectable from the surface. Because of their stratigraphic position these targets have potential for both epithermal mineralisation of the Mt Carrington type, and also volcanic-hosted massive sulphide deposits. Known occurrences of graphite in this area correlate with some anomalies, but these are marginal to granitic rocks to the west of the Drake tenements.

Five geophysical anomalies are located over the Drake Volcanics and primarily have potential for Mt Carrington styles of mineralisation. All available data will be reviewed before field inspection and follow up.

The geophysical data and results are now being integrated with the increased understanding of the controls on mineralisation, and the structural mapping interpretation, to identify further targets in the district.

The Geological Survey of NSW has identified 21 potassium radiometric anomalies for follow up as potentially potassic alteration. Two of these anomalies fall directly over mineralisation at Red Rock and Mt Carrington. The other 19 will be assessed relative to all available data prior to field follow up.

Data is being compiled on each of the significant prospects identified by prior explorers. The data is largely in hardcopy form in the old mine office at Mt Carrington, and will be assessed relative to the available digital data before being followed up in the field.

SUMMARY

In Its first quarter of existence since listing Drake Resources has been very active in progressing its exploration at the Mt Carrington Project in northern New South Wales. It has extended its land holdings in the district from 200 to 700 square kilometres, and now controls the majority of the Drake Volcanics, a geologic unit that the company considers to be prospective for further epithermal gold and silver deposits, and also for base metal deposits of this and related types.

Considerable emphasis has been placed on obtaining maximum information from the results from past exploration in the district. Drake has an ongoing programme of validation and processing of the very extensive databases that exists for the Mt Carrington Project. This work has generated approximately 400 drill sections that permit the evaluation of known prospects and identify new targets.

The new drill sections have highlighted areas of mineralisation that remain open at depth or laterally. The project team has identified extensions to existing mineralisation, and targets for exploration where no previously reported resources have been defined.

The evaluation of existing data and information has been complemented by new mapping and sampling programmes. Structural mapping has permitted the complete revision of the model for the formation of mineralisation in the mining leases. The consequence of this work is the identification of targets for testing in the second half of the year.

The improvement in processing and presentation technologies for geophysical data over the past two decades has enabled a more rigorous interpretation of the data than that available to the early explorers in the area. This work has led directly to the identification of new geophysical targets for field checking. In addition Dighem airborne EM and potassium channel radiometric data are playing an important role in defining alteration systems similar to that at Mt Carrington, which will be evaluated in the field.

The future programme at Mt Carrington includes the continuing identification and evaluation of targets based on new work and the data analysis, and the subsequent testing of high priority targets. A drilling programme of targets already identified is planned for the next quarter.

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.