Drake Resources Limited

Quarterly Activity Report June 2006

SUMMARY

CORPORATE

At an Extraordinary General Meeting held on 15 May 2006 Drake Resources Ltd (Drake, DRK) shareholders approved to sell its portfolio of tenements prospective for uranium to Aura Energy Limited (Aura, AEE). Drake also secured the right for its shareholders to participate in Aura's impending stock market float on a priority basis.

Aura was admitted to the Official List of the ASX on Thursday, 25 May 2006. Official Quotation commenced at 10:30am WST on Tuesday the 30th of May.

Drake was paid $100,000 in cash and 3.5 million AEE shares for the transaction. Drake retains a major shareholding in Aura Energy of 12.5% at quotation.

Drake earned $100,000 in cash and $700,000 in AEE shares from the transaction.

EXPLORATION

Drake Resources Ltd has made considerable advances at its Mt Carrington gold-silver-zinc property in New South Wales, also at Heron Well and Mt Palmer, two of its gold properties in Western Australia.

Mt Carrington

Continuing analysis of the existing data and fieldwork has further supported the significant silver potential of the Mt Carrington Project. This work has highlighted two primary areas of interest:

- The Cheviot Hills Fault Trend, in which the Lady Hampden and Silver King deposits are considered part of a large disseminated silver system analogous to the giant deposits of the central Andes
- The White Rock area, where there may be semi-continuous sills of rhyolite present over an area at least 800 metres in diameter, and the upper surfaces of such sills are extensively mineralised, for example 36 metres at 112 g/t Ag, open at depth

The silver potential has not been explored for more than two decades. Aberfoyle planned to develop a silver mine in the early 1980s, when deposits of the type at Lady Hampden were not known.

Mt Palmer

The Mt Palmer area near Southern Cross produced 160,000 oz of gold from high grade ore containing 16 g/t. Fieldwork and an analysis of past exploration has identified considerable untested or poorly tested potential in the project. Targets include:

- The down-plunge extensions to the New Lode
- Auger geochemical anomalies to the north of Main and New Lodes which have not been followed up
- The southern part of the Mining Lease which is covered by old tailings and poorly explored.

Heron Well

Drake's Heron Well acquisition lies between Leonora and Menzies within the Eastern Goldfields Province. It contains two gold prospects, Pelican and Flamingo, but a majority of the project remains untested. Field reconnaissance has identified the following initial targets

- Intersections of structures within and around the main prospects, particularly where these structures intersect a mafic unit south of Pelican
- An untested soil geochemistry anomaly in the northeast corner of the Project close to the old Desdemona gold mine
- An untested shear zone in the northwest of the Project

MT CARRINGTON GOLD-SILVER-ZINC PROJECT, NSW

(Drake Resources 90-100%)

Drake Resources Ltd has completed its major analysis of the silver potential of the Mt Carrington district. This work has clearly indicated the potential to host substantial silver deposits. In particular the greatest potential for development is considered to lie in the area of the known silver resources and their potential extensions around White Rock and White Rock North Prospects, and along the Cheviot Hills Fault Zone Trend between Lady Hampden and Mozart.

Silver potential and opportunities have been neglected at Mt Carrington since Aberfoyle left the area in 1984. Drake has been able to apply new knowledge of silver deposits hosted by volcanic rocks that was not available to earlier explorers. In particular Drake has been able to apply concepts developed in the giant silver-zinc deposits of the central Andes such as San Cristobal. This knowledge and comparisons have been used to study the wealth of existing data, providing a new direction for silver exploration at Mt Carrington.

CHEVIOT HILLS FAULT TREND

Significant potential has been identified along the Cheviot Hills Fault Trend for at least two kilometres north and south of the Lady Hampden pit. This zone contains stratiform, disseminated and replacement mineralisation at the two silver resources, Lady Hampden and Silver King, but past drilling has been shallow, and the majority of the area is untested.

Review of drill sections at Lady Hampden shows a shallow east dipping zone of disseminated silver mineralisation interpreted to be within the down-faulted Lady Hampden Member, to extend untested to the east of the Cheviot Hills Fault. The area remains unmapped and un-drilled over a significant strike.

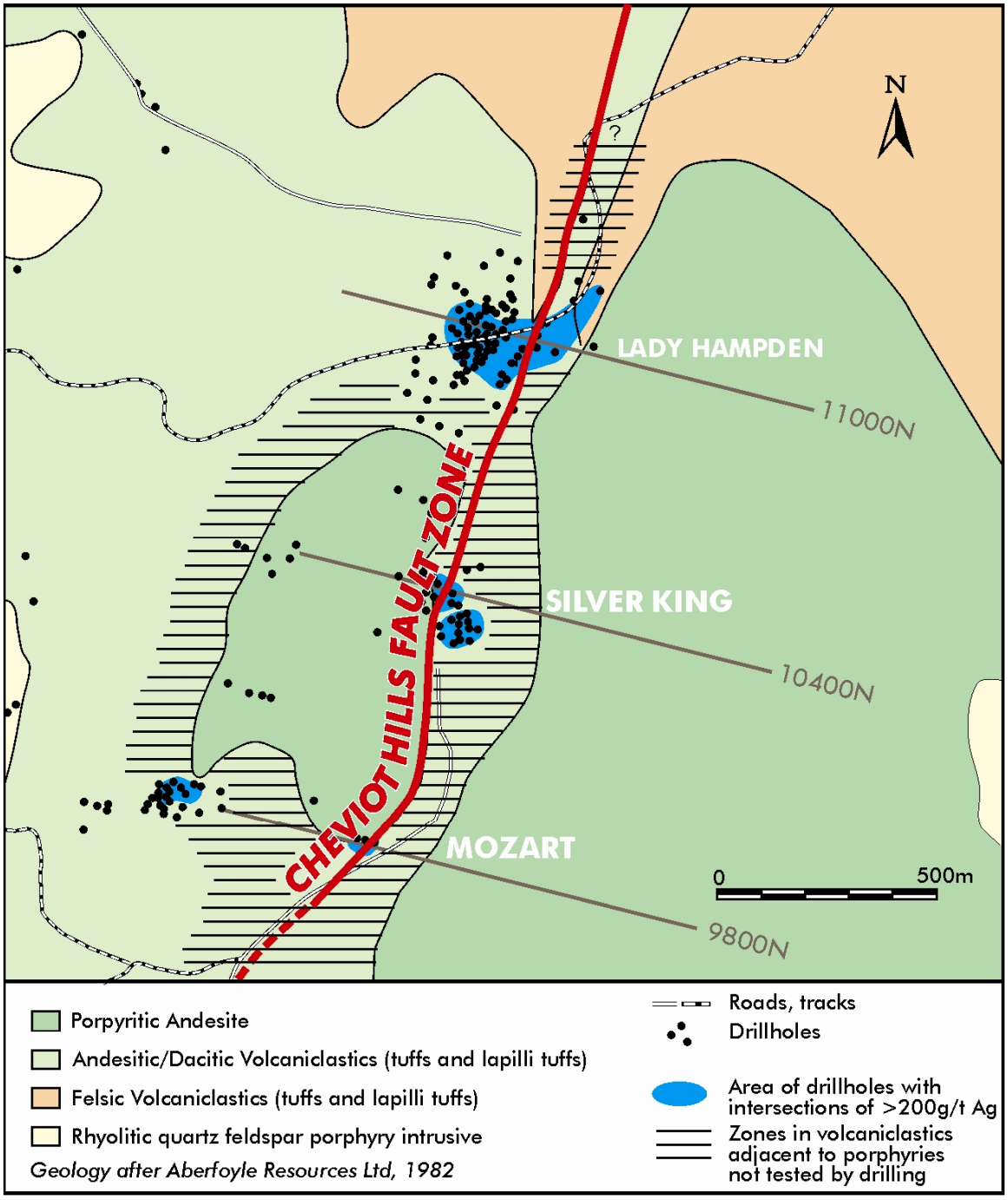
Structurally controlled mineralisation beneath the Lady Hampden Member in the Lady Hampden pit also has not been evaluated.

In 2003 Kanowna Lights published a JORC compliant silver resource of 2.14 million ounces of silver in the Lady Hampden and Silver King deposits. In this estimate a silver price of US$4.75/oz was used. No new resource estimate has been completed by Drake, but with current prices at US$11.40/oz, it is anticipated that there is potential to increase this resource considerably.

Deposit	Tonnes	Ag g/t	Au g/t	Ag Oz	Au Oz
Lady Hampden	403,138	148.48	1.65	1,924,457	21,386
Silver King	34,425	198.44	0.33	219,629	365
Total				2,144,086	21,751

The data were based on Aberfoyle and Mount Carrington Mines exploration conducted in the 1980s.

The average depth of all drilling on these prospects was only 44.5 at Lady Hampden, and 35.7m at Silver King.

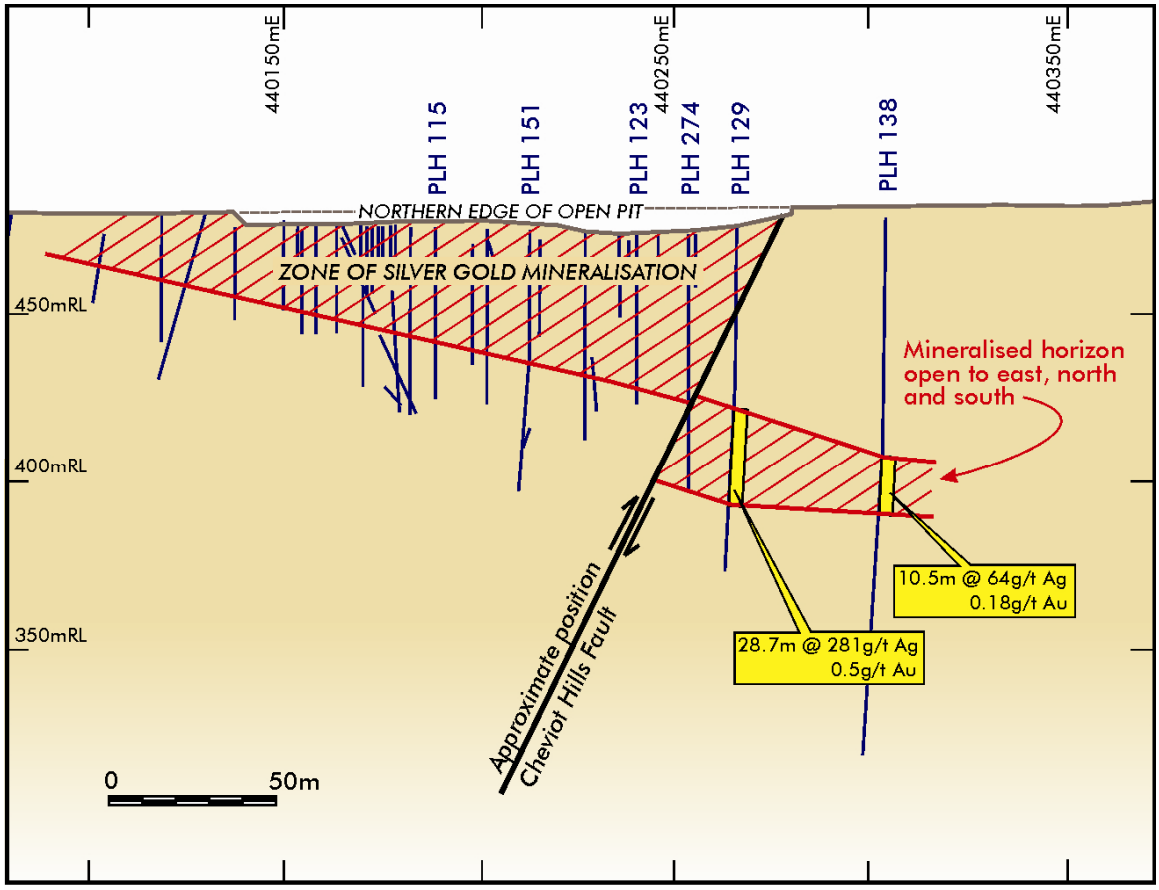


Plan showing the Cheviot Hills Fault Zone geology and drillhole locations

In addition to the potential beneath the two deposits, there has been almost no drilling in the 400 metres between the two deposits, nor to the south and north of either deposit. An area at least two kilometers in length and up to 800 metres in width has potential for this style of mineralisation. 75% of this area has not been drill tested, and only 10% has received any systematic drilling.

Immediately east of the Cheviot Hills fault and the northern edge of the Lady Hampden open cut, the down faulted extensions of the mineralised Lady Hampden Member have been intersected in two holes with intercepts of:

Intersected length (m)	Ag g/t	Au g/t	from	Hole No
28.7	281	0.50	53.7m	PLH 129
10.5	64	0.18	72.7m	PLH 138



Lady Hampden Cross Section 10980N Looking North

Intercepts are equally encouraging 70 metres north and are open to the north, south and east.

Intersected length (m)	Ag g/t	Au g/t	from	Hole No
16.5	142	1.20	108.5m	PLH 160
15	69	0.12	141.5m	PLH 160

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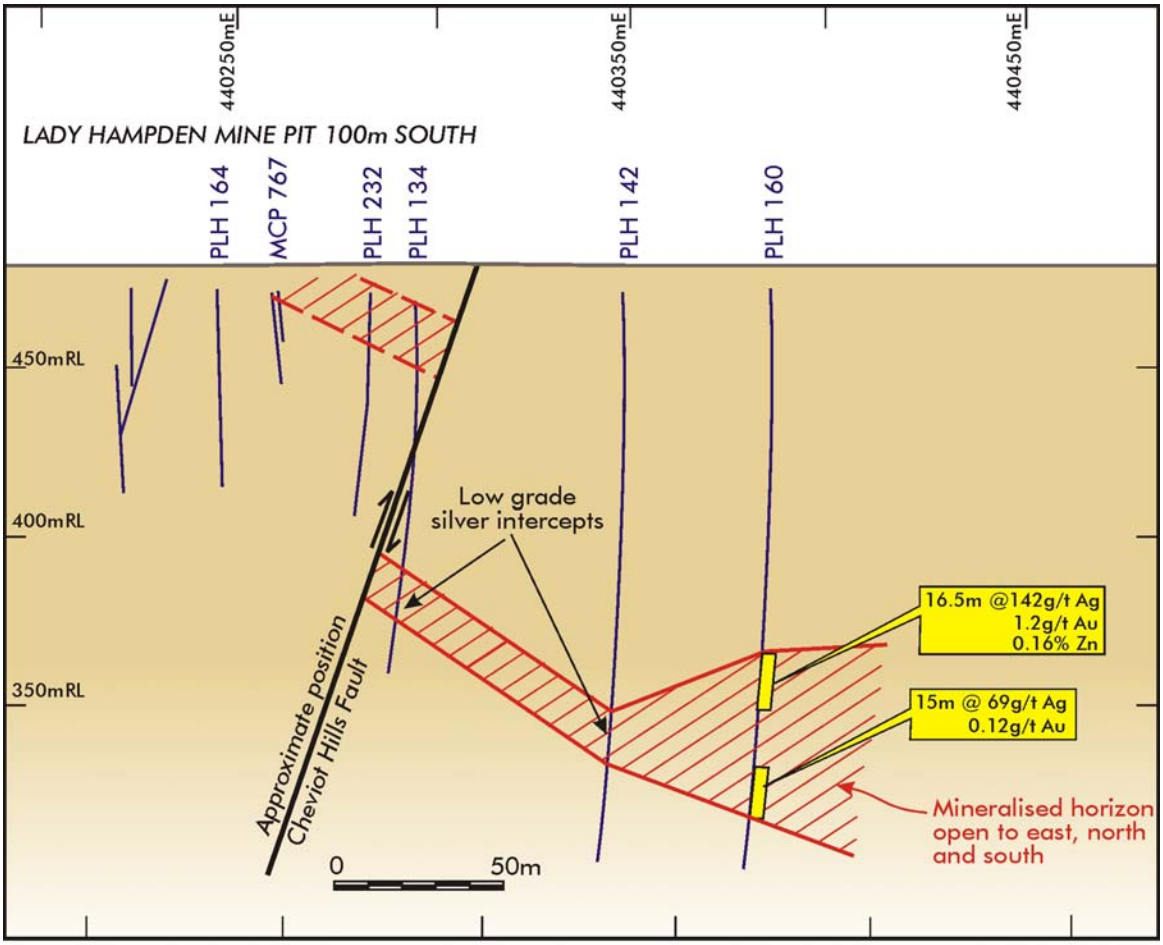

Lady Hampden Cross Section 11050N Looking North

At Silver King, 400 metres to the south of Lady Hampden, sections indicate mineralisation untested in depth and to the east of the Cheviot Hills fault.

At Mozart, 450 metres south of Silver King, there is a zone where there has been no drilling apart from the 3 holes on line 9800N. Hole MCP 421 intersected 11m @ 89 g/t Ag from 35m; this prospect is open in all directions.

Intersected length (m)	Ag g/t	Au g/t	from	Hole No
11	89	0.32	35	MCP421

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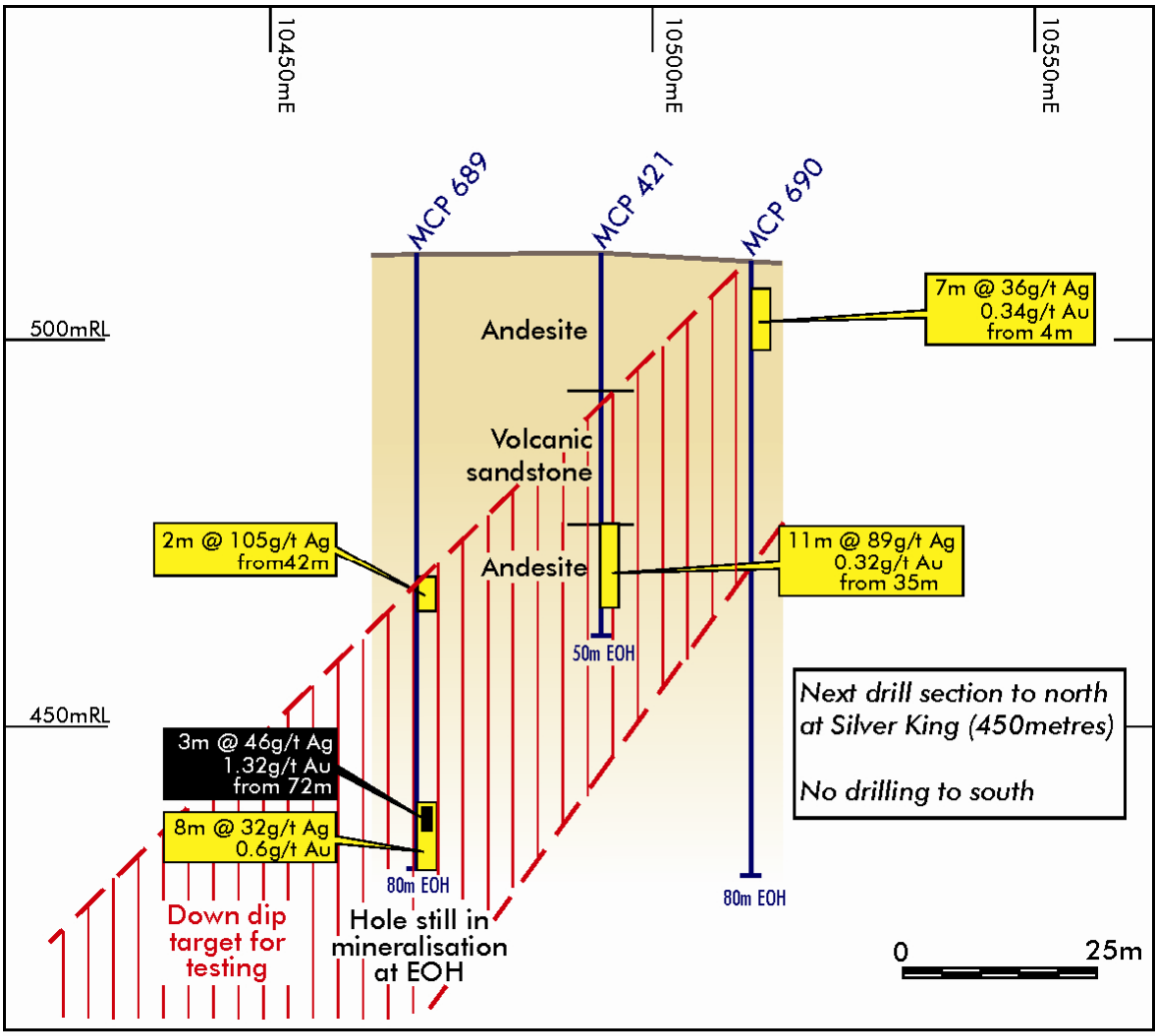

Mozart Prospect - Mount Carrington
Drill Section 9800N, Looking North

Drake believes the Lady Hampden - Silver King - Mozart corridor has excellent exploration potential.

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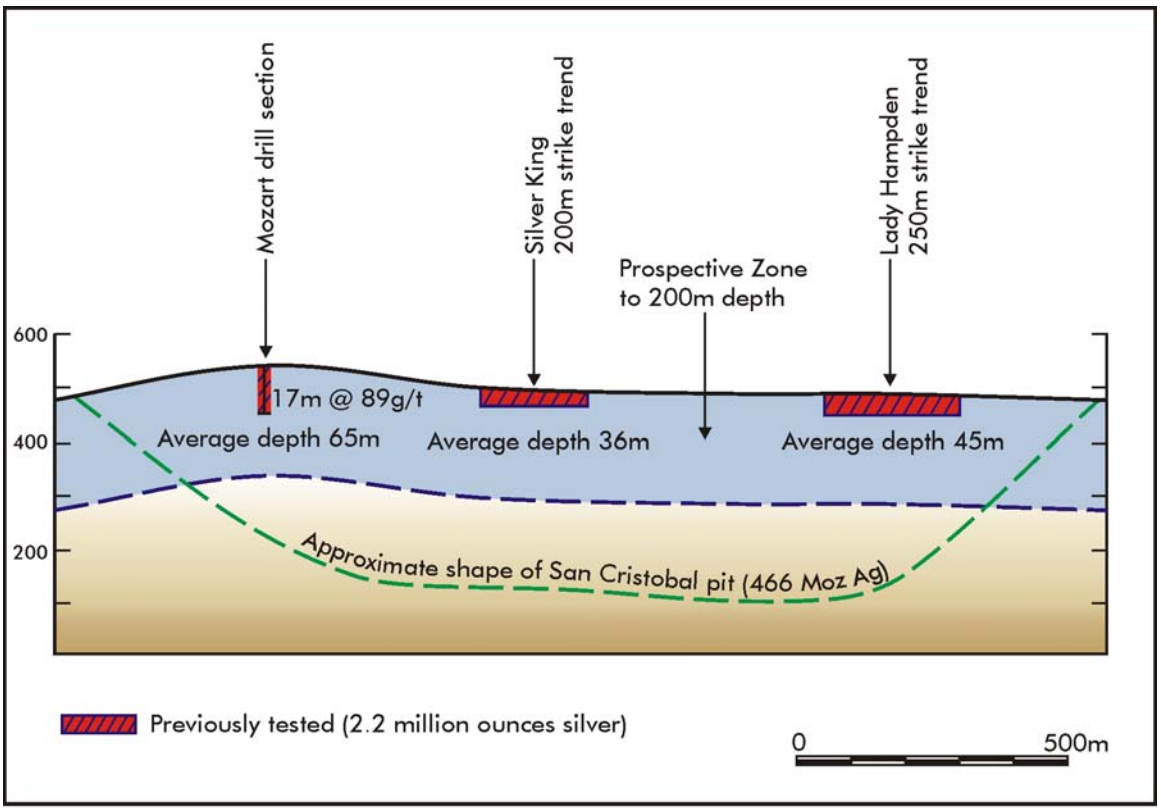
The company is very encouraged by the extent of the mineralisation along the Cheviot Hills Fault Trend, and its similarity in style to the bulk-mineable, volcanic-hosted silver deposits such as San Cristobal in Bolivia (466 Moz silver). The mineralisation style in both districts is predominantly disseminated sulphides, with local vein mineralisation.

The central Andean ores are typically in caldera-fill volcanics and volcanic sediments. These can have lateral dimensions of up to 2,000 metres, and thicknesses of up to 450 metres.



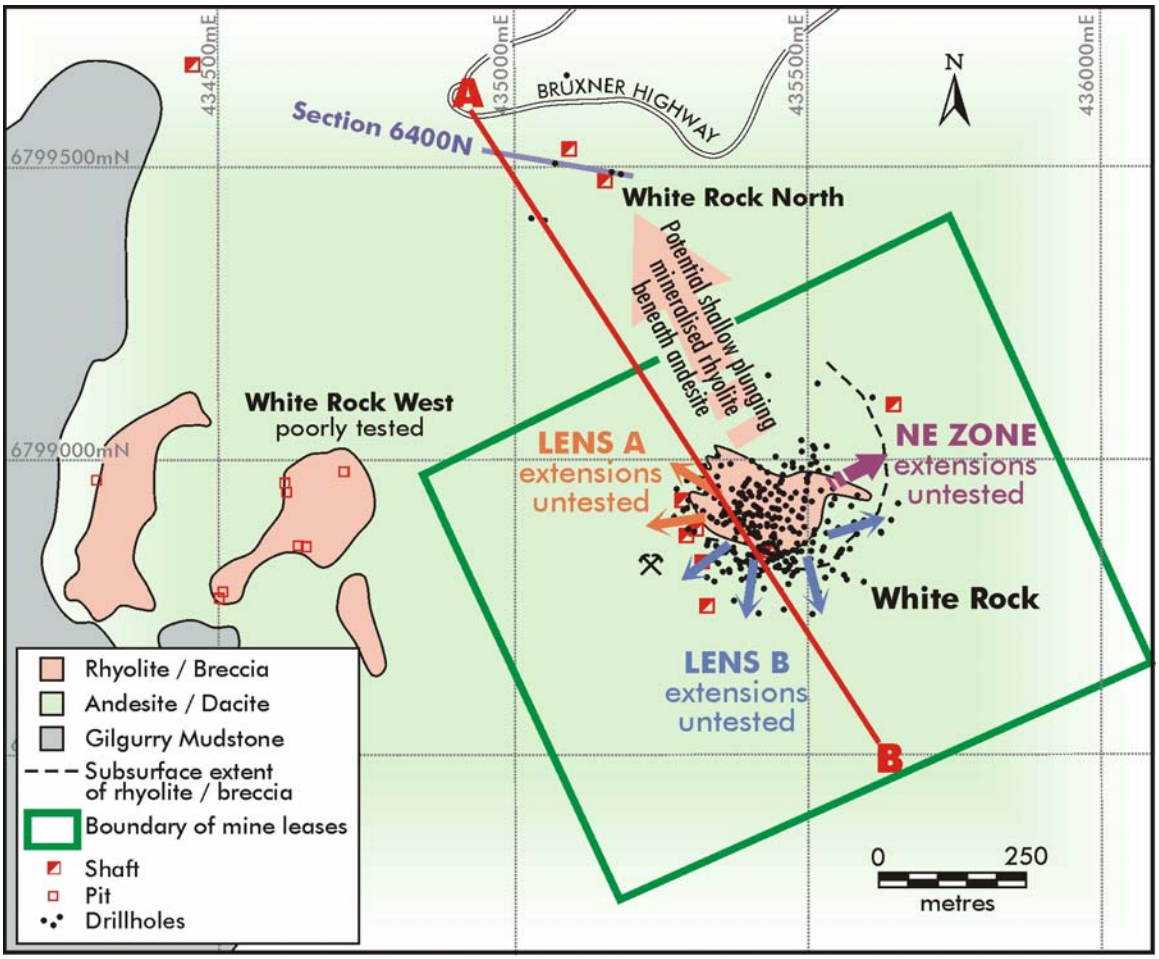
Cheviot Hills longitudinal section

The shading of the potential host rock area to 200 metres depth indicates that very limited testing of near surface mineralisation along the Cheviot Hills Fault Trend has been carried out. Given the similarity of host rocks and mineralisation style, Drake considers that the testing to date of the Cheviot Hills Fault Trend for this style of mineralisation has been totally inadequate. Potential exists below, between and laterally from the known mineralisation.

The further exploration of this trend is clearly a high priority for the Project.

WHITE ROCK AREA

Between White Rock (where Aberfoyle had previously outlined an inferred resource) and White Rock North significant silver exploration potential exists within 200m of surface. A buried mineralised rhyolite breccia and stockwork system is inferred from prior drilling, and may extend westwards to White Rock West.



White Rock Summary Map Showing Long Section A-B

At White Rock the review suggests that the A lens is open and untested to the west and north, the B lens is open and untested to the east and south west. A northeast zone lens appears open to the east as the last hole in this direction ends in mineralisation.

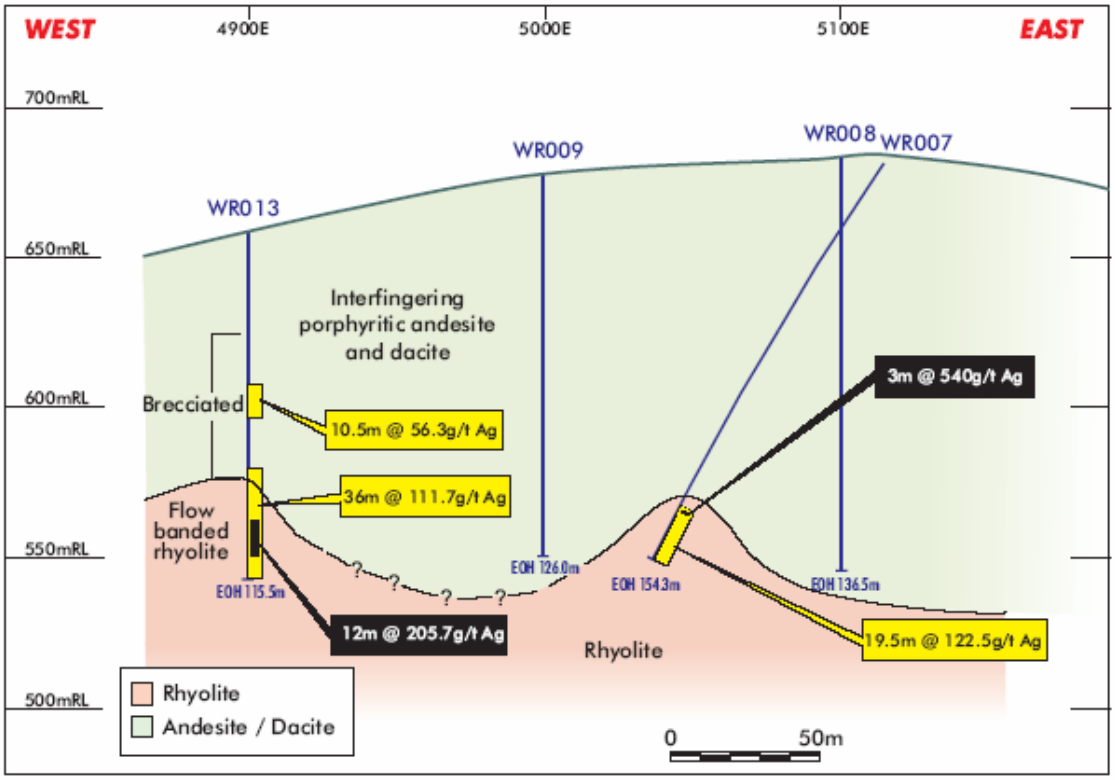
A review of the White Rock silver deposit exploration data has revealed that zinc mineralisation occurs within and adjacent to the Lens B silver resource defined by Aberfoyle in its evaluation of the prospect in the early 1980s. Aberfoyle and later Kanowna Lights did not take account of the zinc mineralisation in their respective resource estimates .

Representative intersections of this zone are tabulated below.

The data have been compiled using a 25 g/t Ag cut-off for the silver intercepts and, where not within a silver zone, a 0.5% Zn cut-off. Maximum internal waste used was the sample interval of 1.5m.

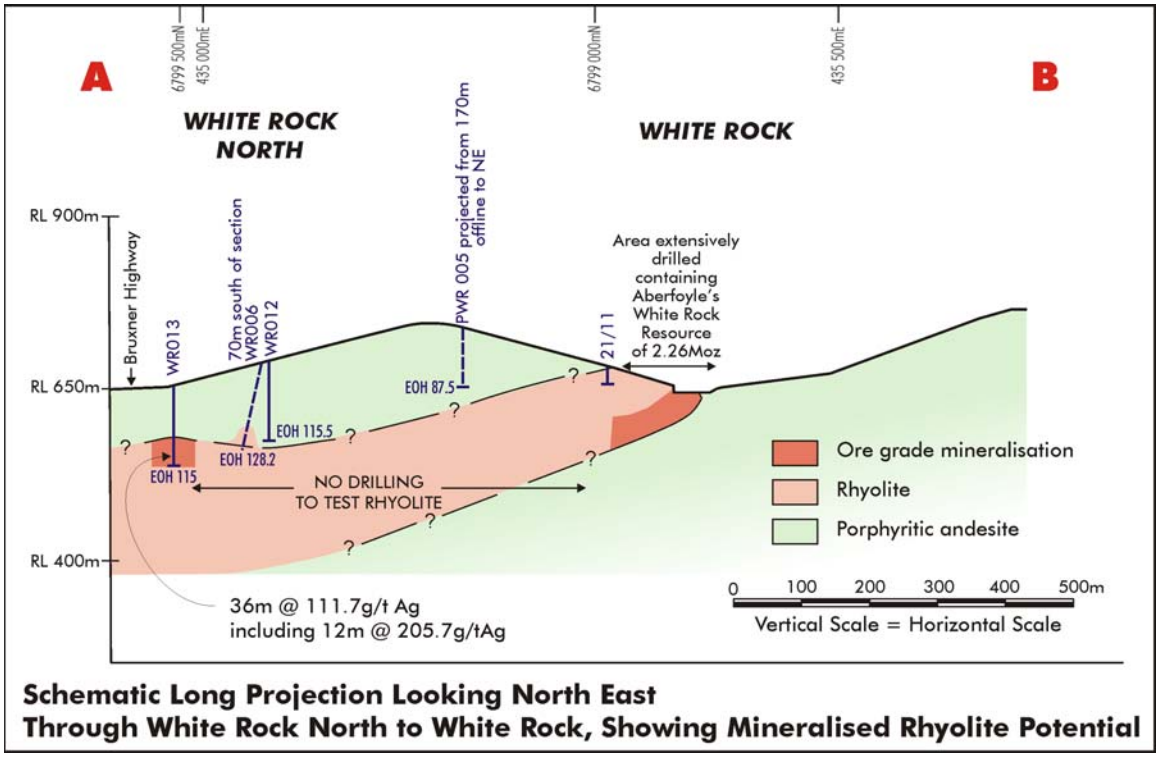
Hole	From (m)	To (m)	Intersection (m)	Ag (g/t)	Pb %	Zn %
Big A	41.15	68.58	27.43	107	0.7	2.8
WR120 including	43.1 53.6	77.6 65.6	34.5 12	221.1 702.5	0.6 1.4	1.5 3.25
WR122	43.7	75.2	31.5	109.7	0.5	1.2
WR123	37.7	63.2	25.5	131.8	0.7	2.3
WR125 including and including	42.6 42.6 47.1	72.6 53.1 51.6	30 10.5 4.5	112.6 315 351	0.4 1.0 1.7	1.8 3.1 5.9
WR166 including and	40.5 42.0 57.0	57.0 45.0 84.0	16.5 3 27	106.9 403 -	1.3 4.5 0.8	3.5 7.9 2.7
WR168 including and	42.0 48 76.5	76.5 51 85.5	34.5 3 9	90 290 -	0.8 3.1 -	2.3 9.0 1.3
WR169 including	45.0 70.5	84.0 79.5	39 9	77.5 78.8	0.6 1.0	2.2 4.4
WR171 including	42.0 55.5	70.5 72	28.5 16.5	106.5 174.3	0.3 0.6	0.9 1.5
WR 172	48	57	9	772.2	0.3	1.6
WR 173	48	72	24	189	0.6	1.2
WR 174	72	78	6	94.5	0.2	0.5
WR 175	61.5	72	10.5	211	1.0	2.5

Six holes drilled at White Rock North prospect have indicated the presence of significant silver mineralisation. The prospect was identified from an Ag, As, and Hg soil anomaly. Mineralised drill intercepts include 36m at 111 g/t Ag from 79.5 metres in buried rhyolite in hole PWR 013 on Section 6400N. This mineralisation remains open in all directions. The hole was stopped in mineralisation at 115.5m.



White Rock North Cross Section 6400N

The ore grade silver intercepts at White Rock and White Rock North are therefore located in the top of a rhyolite sill (or sills) at a certain position in the stratigraphy of the area. Drake considers that mineralisation in this position may be extensive, but no drill holes have penetrated to this position between the prospects. If this interpretation is substantiated the silver resources in the White Rock area will be increased considerably.



Schematic Long Projection Looking North East Through White Rock North to White Rock, Showing Mineralised Rhyolite Potential

FURTHER EXPLORATION

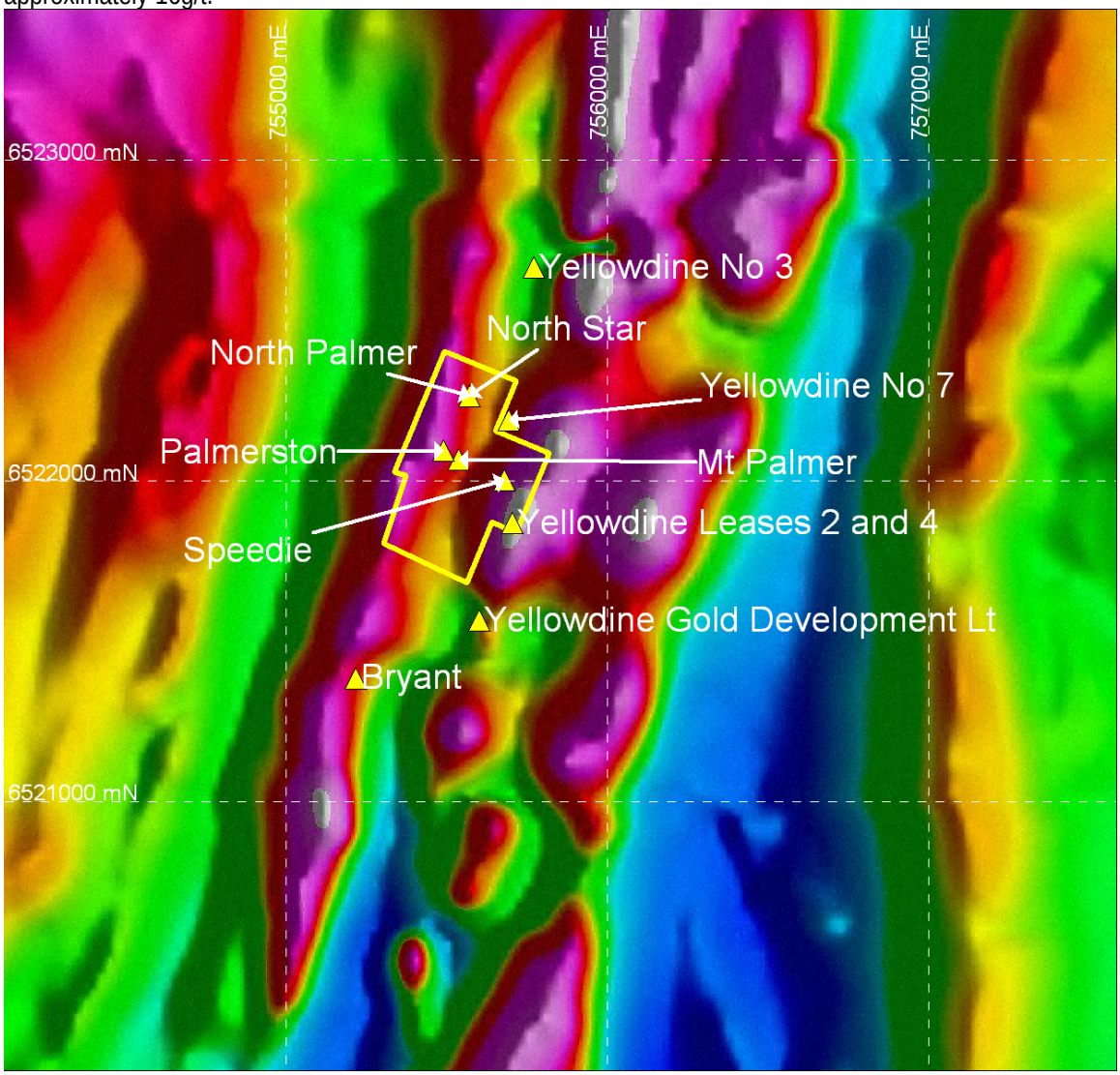
Exploration technologies have advanced considerably since the last systematic exploration by Aberfoyle more than two decades ago. The application of new generation geophysical technologies, and in particular the ability to model the data in three dimensions, offer Drake a major new opportunity at Mt Carrington.

Drilling will be conducted on areas believed to have the greatest potential.

MT PALMER GOLD PROJECT, WA (Drake 70%)

Drake commenced work on the Mt Palmer Gold Project in Western Australia and conducted a visit to the site and a preliminary review of past exploration results.

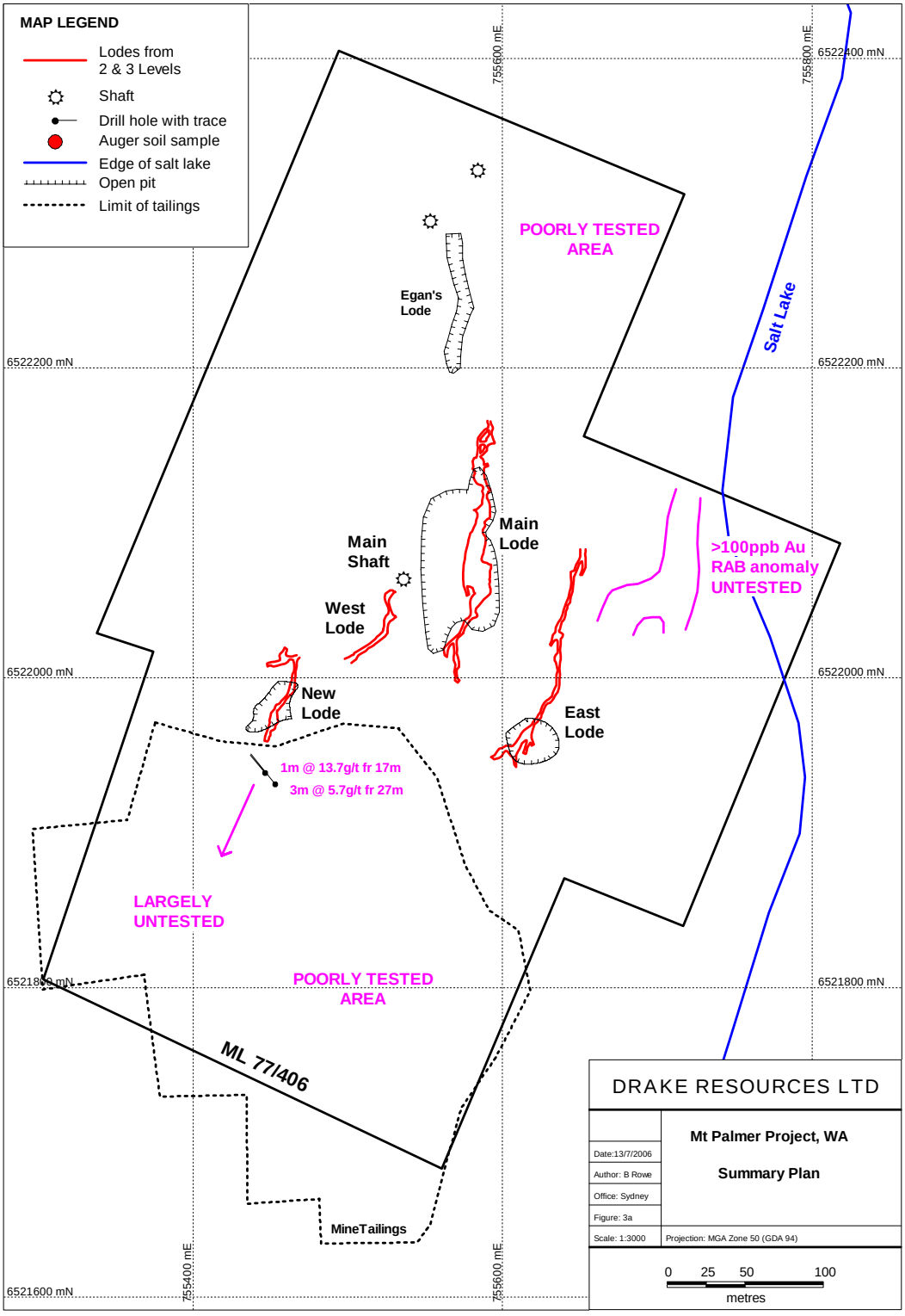
The Mt Palmer Gold Project is located in the Yellowdine Greenstone belt approximately 40km southeast of Southern Cross in Western Australia. The general area hosts significant gold mines such as Marvel Loch, Cornishman and Golden Pig with combined reserves and resources of 2.5Moz (2003), and the Yilgarn Star mine. The project area is covered by a granted mining lease (ML 77/406) and includes one the area's larger historic producers, the Palmer's Find Gold Mine. The mine operated during the 1930's and 1940's and produced approximately 160,000 ounces of gold from 310,000t of ore at an average grade of approximately 16g/t.



Magnetic image of the area around the Mt Palmer Project, showing the position of the old gold workings

Gold mineralisation at Mt Palmer occurs in a series of parallel quartz vein lodes within shear zones hosted by amphibolite. The five lodes identified to date are referred to as New, West, Main, Egan's and East lodes.

The mineralised shear zones are regularly spaced at 40-50m intervals and have been traced over a strike length of 500m.



Distribution of the main gold lodes at Mt Palmer, and the near-surface areas of gold potential

Individual lodes at Mt Palmer were mined over a length of up to 200m and to depths of up to 150m below surface. Within the broader zones of mineralisation are plunging shoots of high-grade mineralisation. The high-grade shoots are of short strike length (<50m) and vary in width from 2m up to 10m. The two most significant shoots occur in the Main and East lodes.

The known structures hosting mineralisation occur within a 200m wide north-south corridor that has been traced over a strike length of at least 500m. Approximately 160 surface holes have been drilled within the mining lease, but very few have intersected mineralisation comparable in grade to historic production figures.

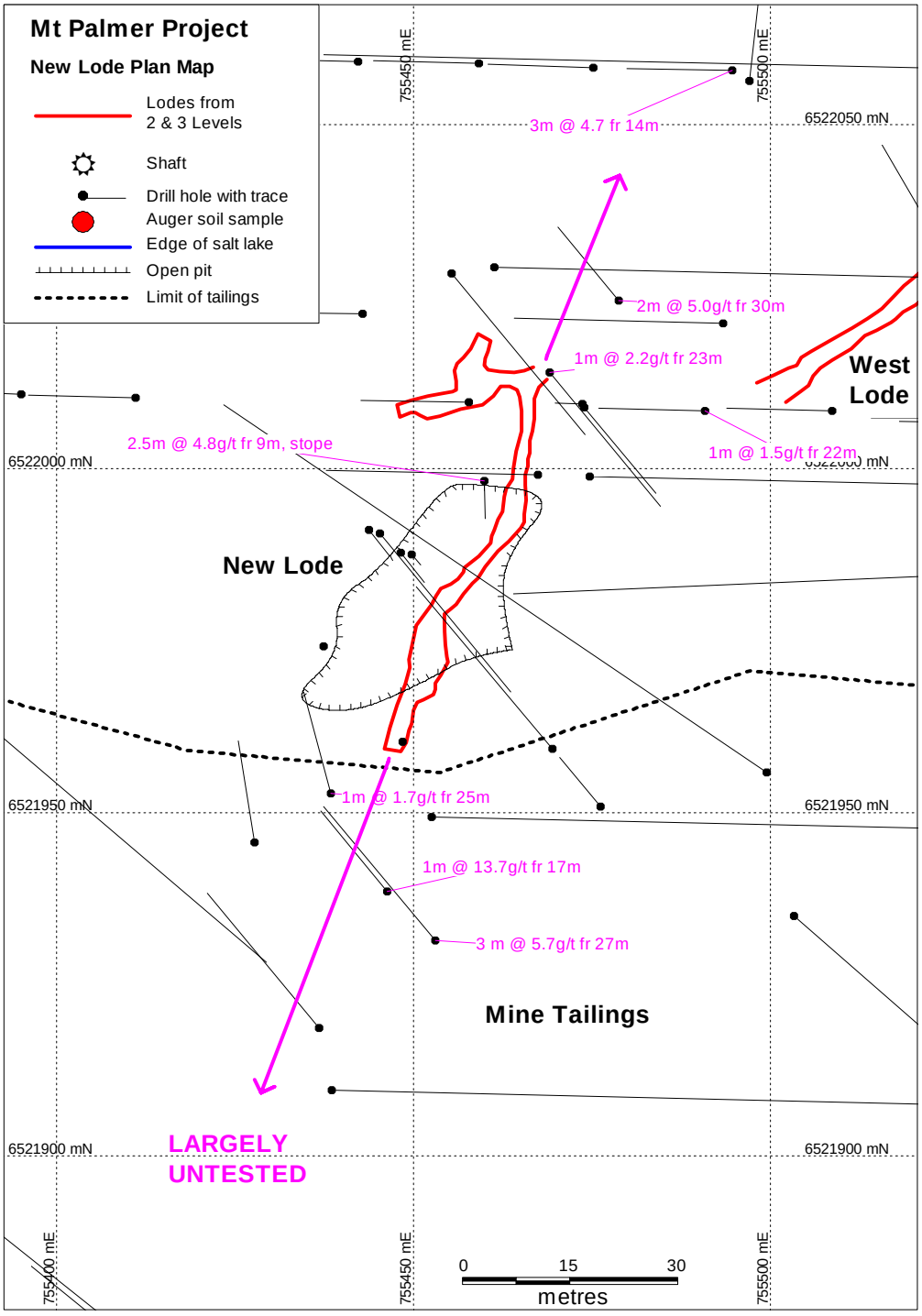
Many of the holes are shallow and were drilled in the immediate vicinity of the old workings, often intersecting mine cavities. Most of the deeper holes are confined to the areas immediately below the old workings. Very few holes have tested the areas along strike of the lodes, particularly at depth. The southerly strike extension of the lodes is covered by mine tailings and remains largely unexplored.

The mining lease has not been systematically covered by bedrock geochemical sampling and no modern ground geophysical surveys have been undertaken.

Four zones of interest have been identified by Drake as having potential to host high grade mineralisation similar to that exploited by historic mining:

- The northern strike extension of the Main and East lodes where wide spaced auger sampling identified two strongly anomalous zones at the ends of the survey lines. Very few holes have been drilled in this zone.
- The southern strike extension of all lodes beneath a large area covered by mine tailings. Again few holes have been drilled in this zone.
- A potential fifth shear structure to the east of the East Lode where a >100ppb bedrock geochemical anomaly (RAB) has not been tested by drilling. The subtle geochemical anomaly may represent a low grade halo around a blind lode that is not exposed at surface. Both the East and West lodes are not exposed at surface.
- Previous drill intersections along strike of New Lode in both directions. Past drilling has not tested the possible down-plunge extensions to several high-grade drill intersections in this area.

There is considerable potential for the discovery of additional mineralisation within the Mt Palmer mining lease and a systematic exploration program is required to identify discrete targets for drill testing. Future work will be aimed at identifying high-grade shoots within the mineralised structures.



Mt Palmer New Lode, showing drill intersections defining extensions to the lode south of the pit

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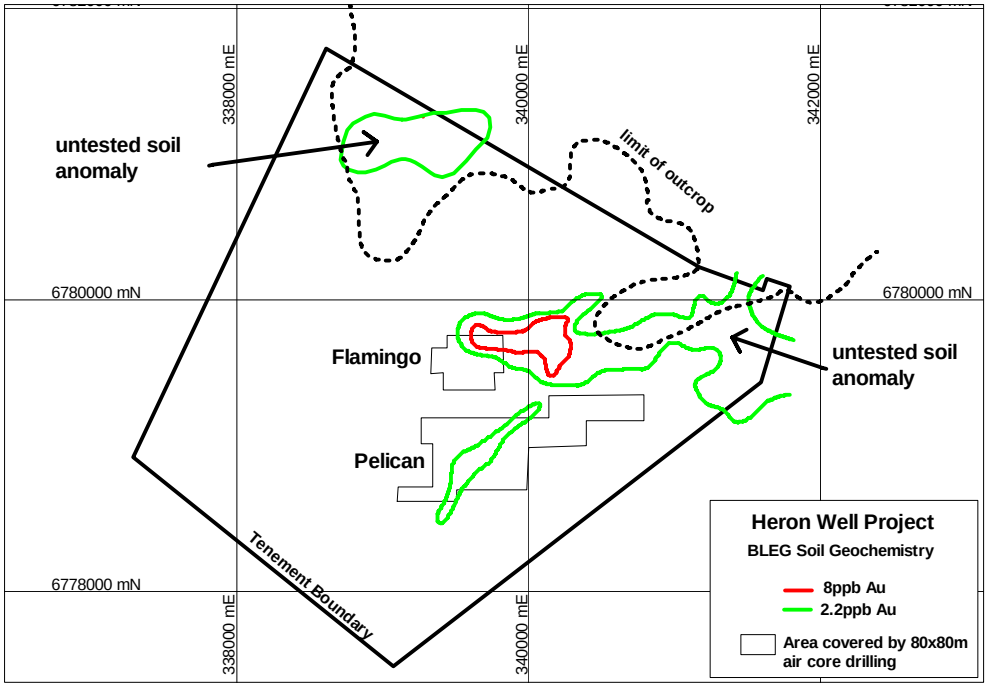
HERON WELL GOLD PROJECT, WA (Drake 100%)

Drake commenced exploration at the newly acquired Heron Well Gold Project in Western Australia. The Heron Well Gold Project covers an area of 10.4 sq km within the Norseman-Wiluna Greenstone Belt, approximately 20 kilometres south of Leonora. Nearby gold deposits include Sons of Gwalia (3Moz) and Orient Well (0.36Moz).

Despite its proximity to major ore deposits the project area has not been intensively explored. The lack of exploration is due to the transported cover that overlies most of the southern half of the tenement. The cover has restricted the effectiveness of commonly used surface exploration methods.

Previous explorers identified two prospects within the project area: Pelican and Flamingo. Neither prospect outcrops, but both were originally identified by surface geochemical sampling. Bedrock geochemical sampling by aircore drilling on an 80x80m grid has been undertaken at both prospects. Anomalous results were then tested by RC drilling, with 32 holes drilled at Pelican and 1 hole drilled at Flamingo. Two diamond drill holes have been drilled at Pelican.



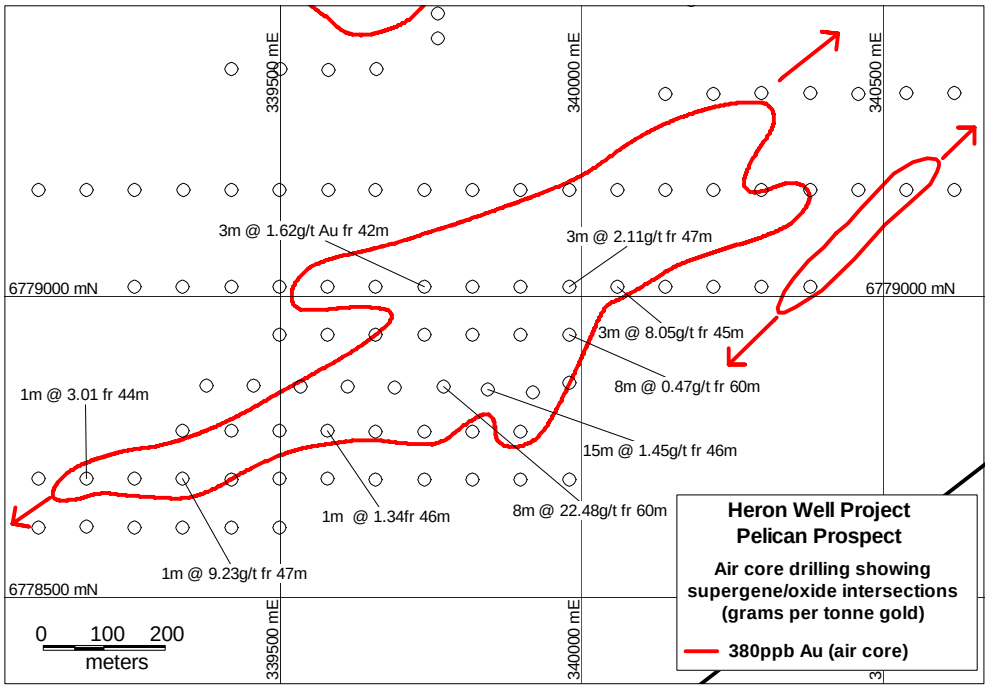
Heron Well Project: Bulk leach gold contours in soil samples,
and areas not followed up by previous explorers

PELICAN

Gold mineralisation at the Pelican prospect occurs within a broad, northeast trending zone of quartz veining and sericite-pyrite-arsenopyrite alteration hosted by a felsic volcanic unit (quartz-feldspar porphyry). The

mineralisation has been traced over a strike length of 1.5km and the zone remains open along strike in both directions. The mineralised structure trends parallel to the strike of the stratigraphy and dips at a shallow angle (approx. 30 degrees) to the southeast.

A zone of supergene/oxide gold occurs at around 40-50m depth, and has been traced over a strike length of approximately 1km. Supergene/oxide intersections in excess of 1g/t are as follows:



Pelican Prospect, Heron Well Project:
aircore drilling results showing gold values in the weathered profile

- HWA037 – 8m @ 22.48g/t Au from 60m
- HWA038 – 8m @ 2.09g/t Au from 52m
- HWA115 – 1m @ 9.23g/t Au from 47m
- HWA117 – 1m @ 3.01g/t Au from 44m
- HWA124 – 3m @ 8.05g/t Au from 45m
- HWA125 – 3m @ 2.11g/t Au from 47m
- HWA166 – 1m @ 2.56g/t Au from 35m
- HWRC003 – 3m @ 2.11g/t Au from 51m

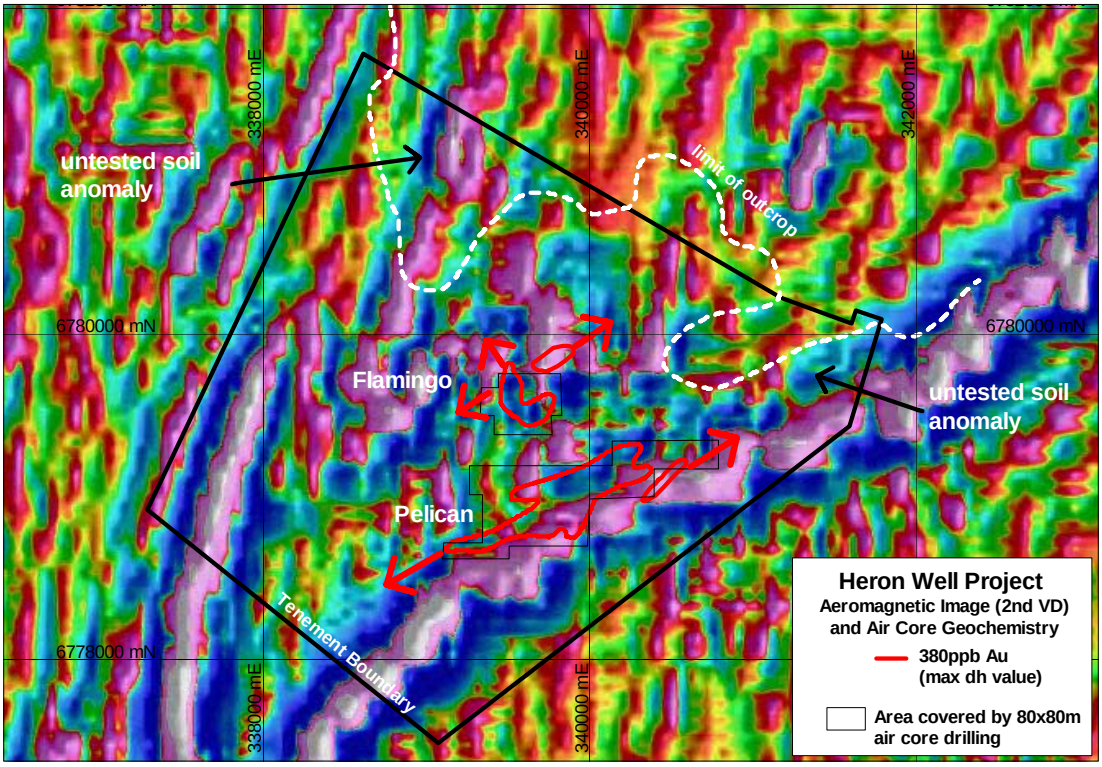
Deeper RC and diamond drilling have tested the mineralised structure(s) below the supergene mineralisation and several narrow, high grade intersections were reported:

- HWRC001 – 1m @ 5.64g/t Au from 104m
- HWRC002 – 1m @ 9.29g/t Au from 111m
- HWRC005 – 1m @ 5.60g/t Au from 110m
- HWRC010 – 1m @ 2.66g/t Au from 94m

The bedrock geochemical anomaly defined by aircore drilling remains open along strike in both directions and aeromagnetic data suggests the felsic host rocks also continue in both directions. Geochemical and magnetic data suggest that the host rocks may be offset to the east at the northeastern end of the zone. The cover thins to the northeast and there is a broad gold geochemical anomaly located approximately 1 kilometre along strike to the northeast.

Four areas around the Pelican anomaly that returned the strongest bottom-of-hole gold geochemical values have not been drill tested. These include the zone at the northeastern end of the Pelican anomaly where four consecutive aircore holes returned bottom-of-hole assays exceeding 100ppb gold. This zone coincides with an offset of the host rock to the east and therefore represents an interesting structural target.

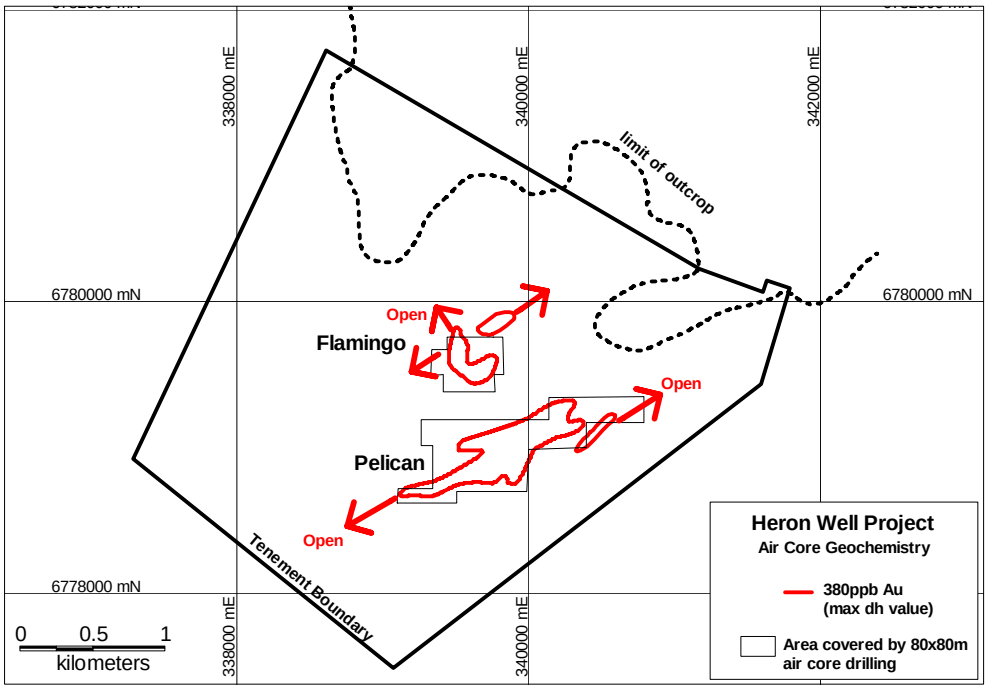
The mineralised structure(s) at Pelican are interpreted to strike northeast and dip to the southeast whereas the host rocks strike northeast and dip to the northwest. Most of the mineralisation identified to date occurs within the felsic rocks. However, no holes have been drilled deep enough to test the down-dip extension of the zone where it is interpreted to crosscut the strongly magnetic dolerite/basalt unit to the southeast. Importantly, iron-rich quartz dolerite is a major host rock for gold mineralisation throughout the Eastern Goldfields. This zone represents a highly prospective target.



Heron Well Project: Second vertical derivative magnetic image and aircore drilling geochemistry

FLAMINGO

The Flamingo prospect occurs at the western end of a broad, east-west trending soil geochemical anomaly. Air core drilling outlined a 200x400m bedrock anomaly, but this anomaly is open to the west and north. The extensive east-west soil geochemical anomaly extends over more than 2 kilometres and the majority of this anomaly has not been tested by drilling. Only one RC hole has been drilled into the 200x400m bedrock geochemical anomaly.



Heron Well Project: positions of potential gold mineralisation

NORTHERN SHEAR ZONE

An untested gold soil geochemical anomaly in the northwestern corner of the tenement is of similar magnitude to the soil anomalies at Pelican and Flamingo. The anomaly straddles a significant north-south trending shear zone. A rock chip sample collected from the shear zone a further 500m to the north and outside of Drake's tenement assayed 16.64 g/t gold. The cover in this area is very thin and the soils are mostly residual.

CURRENT TARGETS

The first phase of fieldwork has highlighted the following areas for continuing exploration:

1. Intersections of mapped structures from the magnetics within or adjacent to the Pelican and Flamingo Prospects, particularly where those structures intersect the mafic unit south of Pelican
2. The untested soil geochemistry anomaly in the northeast corner of the Project
3. The untested shear zone in the northwest of the Project

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.