

Quarterly Activity Report September 2009

Highlights

The first assays from the drilling programme at Falun, Sweden, have confirmed presence of high grade gold reported previously in historic assays. Selected intercepts include

- 11.6 m @ 61.2 g/t gold, 1.2% copper and 0.09% bismuth from 57.0 m (Hole 06-09); including 0.75 m @ 887 g/t gold, 5.92% copper and 0.7% bismuth;
- 21.4 m @ 6.8 g/t gold, 0.9% copper and 0.07% bismuth, from 16.6 m (Hole 03-09); including 0.6 m @ 91.4 g/t gold, 1.6% copper and 0.8% bismuth; and
- 32.8 m @ 1.8 g/t gold, 0.5% copper and 0.02% bismuth, from 51.8 m (Hole 03-09)

High grade gold intercepts were first reported by Drake in historic, near-surface drilling. The intersections include:

- 20/1990: 15.2m @ 9.3 g/t Au (7.0 g/t cut to 30 g/t)
- 40/1990: 37m @ 23.6 g/t Au (3.5 g/t cut)
- 41/1990: 12.9m @ 23.5 g/t Au (3.9 g/t cut)

This mineralisation forms part of the Eastern Copper-Gold Zone, which has a length of 400 metres, is up to 200 metres wide, and extends below 400 metres depth

The Falun copper-gold-zinc project is held by Drake Resources and is a joint venture with Royal Falcon Mining LLC.

Two prospective and exciting new regional exploration targets have been identified near the historic Falun Mine in Sweden, following further investigation of high priority VTEM geophysical anomalies

- The Holtäkt target is a strong conducting body with a minimum length of 450 metres
 - The VTEM anomaly is coincident with a magnetic anomaly
 - The target appears to source copper-bearing boulders
 - Holtäkt is along strike from the Svärdsjö base metal mine, which produced base metals up until 1992
- Hagged target has a minimum length of 250 metres
 - Same horizon as the Holtäkt target and Svärdsjö base metal mine
 - The VTEM target is also coincident with a magnetic anomaly

About Drake

Drake Resources (ASX: DRK, "Drake") is a base metals and gold/silver explorer with advanced projects in Sweden and Australia.

In the four years since listing on the ASX, Drake has established a robust portfolio of projects. Drake's competitive advantages include a premier position in the world-class Falun copper-zinc belt in Sweden, an experienced technical team with a successful track record, and a pipeline of projects and opportunities.

Drake's objective is to become a successful and profitable exploration and mining company. The Company aims to achieve this goal by pursuing exploration and mining opportunities and exploring high quality projects in a technical, cost-effective manner.

Currently, Drake is focused on advancing its Scandinavian projects. Drake considers that copper, zinc and gold ores remain within the historic Falun Mine area and have commenced drilling to assess the economic potential of remaining ore and new ore bodies.

Initial interest at Falun, Sweden is concentrated on two un-mined copper-gold systems. These have only been partly tested by past exploration, but some of the last exploration before the mine closed identified strong gold-copper mineralisation close to surface.

Drake now holds 17 permits in joint venture with Royal Falcon Mining, and 9 permits in its own right.

- **The Domängruvan copper-zinc sulphide deposit is one of these old mines, and is highly prospective for massive and disseminated sulphide mineralisation**
 - **The old workings were mined for sulphur in the First World War to 20 metres depth but remains open along strike and at depth**
 - **Assay samples taken from the waste dumps and surrounding areas gave the following ranges for copper and zinc:**
Copper: 0.03 – 4.4% Cu
Zinc: 0.8 – 6.1% Zn
 - **Domängruvan is a combined VTEM and magnetics anomaly**
 - **The area has been occupied by the Swedish military since the First World War, and no exploration has been permitted for almost a century**

Drake entered subscription agreements to place 5,535,445 shares at 18 cents per share to raise \$996,380.

Drake has concluded the sale of the Mt Carrington Project to Rex Minerals Limited (“Rex”). Under the terms of the Agreement, Rex has:

- **Made a final payment of \$250,000; and**
- **Allotted 2,000,000 Ordinary Shares in Rex to the Company.**

CORPORATE

Drake entered subscription agreements to place 5,535,445 shares at 18 cents per share to raise \$996,380. The Placement has been made to sophisticated investors pursuant to Section 708A of the Corporations Act of 2001.

Drake has concluded the sale of the Mt Carrington Project to Rex Minerals Limited (“Rex”). Under the terms of the Agreement, Rex has:

- **Made a final payment of \$250,000; and**
- **Allotted 2,000,000 Ordinary Shares in Rex to the Company.**

In addition, Rex is to assume the bond and liabilities associated with the mining leases and exploration licences.

Drake, therefore, currently holds the following assets:

- **The portfolio of properties in Western Australia (Drake 70-100% interest), and Sweden (Drake 100% interest)**
- **3.5 million shares in Aura Energy Ltd**
- **2 million shares in Rex Minerals Ltd**

OPERATIONS

SWEDEN PROPERTIES: ROYAL FALCON MINING JV **(DRAKE CURRENTLY 100%)**

Drake Resources has continued the management of exploration of the Falun and Bersbo Projects in Sweden. The Projects now comprise 17 separate exploration permits in the Bergslagen Province west of Stockholm.

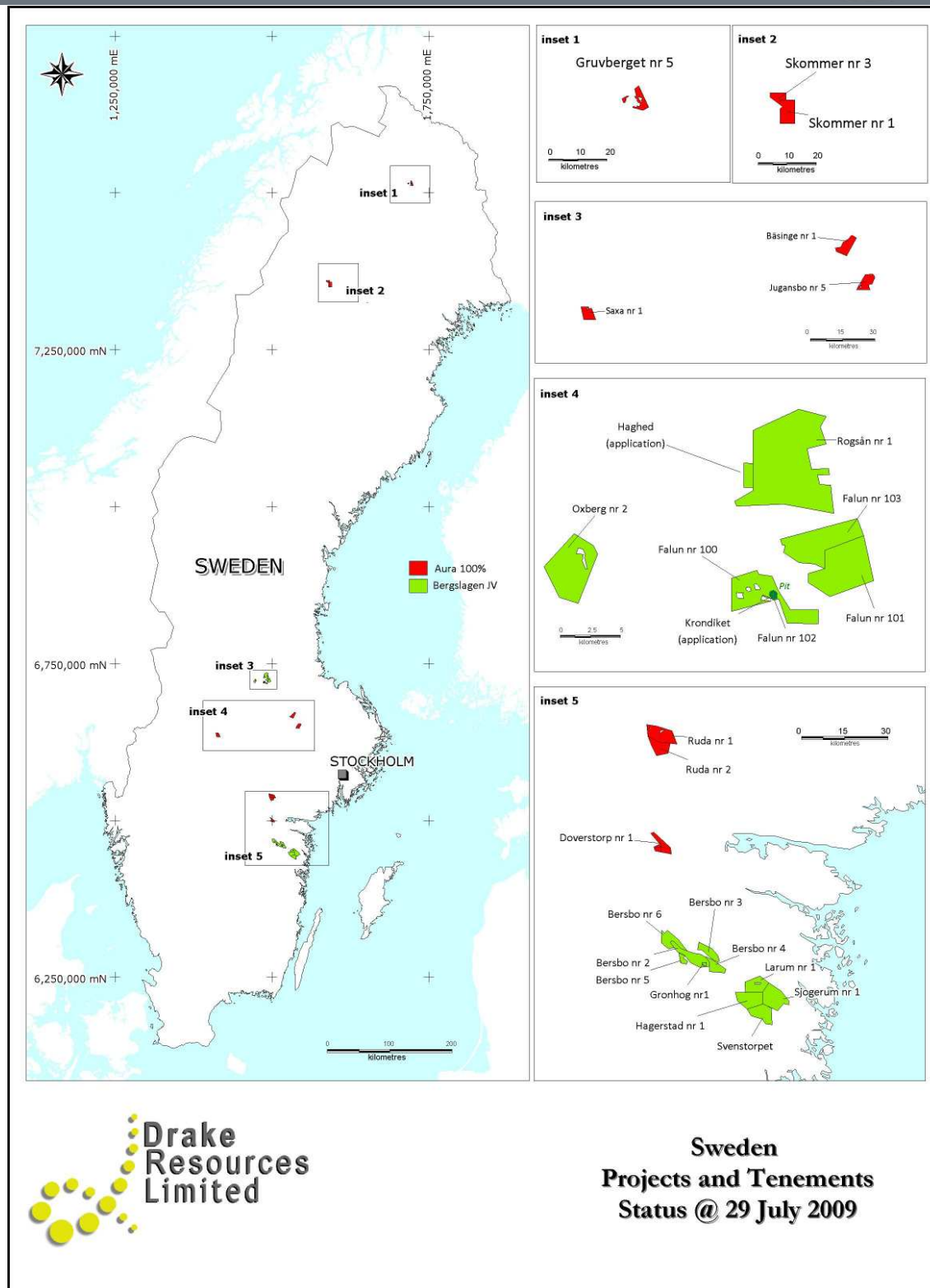
Royal Falcon Mining LLC (Royal Falcon) is a strategic alliance company established to acquire, explore, develop and manage mineral projects. The alliance partners are Golden Rim Resources Ltd and PAL Technology Services LLC, a member of the Royal Group of Companies of Abu Dhabi, United Arab Emirates.

- 1) Royal Falcon must spend US\$3 million to earn a 51% interest in the Falun and Bersbo Projects. Royal Falcon can withdraw from the agreement after spending a minimum of US\$1.0 million; Drake retains a 100% interest in the Projects until the US\$3 million is expended.
- 2) Royal Falcon can elect to spend a further US\$3 million to earn an additional 24% interest in the Falun and Bersbo Projects.

Drake has established an office at the historic mine site in Falun, in order that we can effectively manage the drilling operations.

The first drilling campaign commenced in late August.





Current Drake exploration permits in Sweden

The Falun copper-zinc mine

Falun was first mined around 700AD, and was the largest copper producer in Europe during the 17th and 18th centuries. Mining finally ceased there in 1992. Records show that more than 35 million tonnes of high-grade ore were mined containing on average 1-3% Cu, 2-6% Zn and 1-7 g/t Au. Falun is regarded as one of the World's great, massive sulphide mineralising systems.



Sweden - Falun Location Map

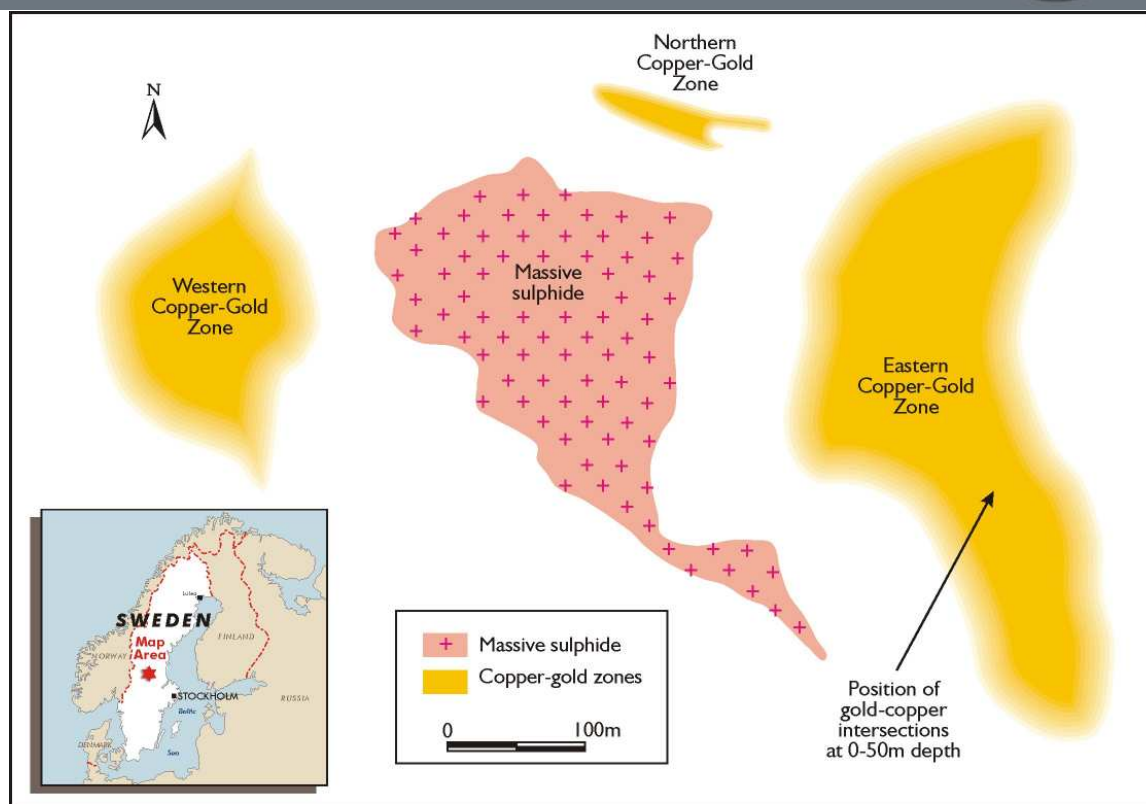
At Falun, there are two main ore types. The bulk of the mined orebody was made up by pyritic copper-zinc-gold massive sulphide ores. In addition high-grade pods of siliceous copper-gold ore occur in what is interpreted to be the footwall alteration zone.

There has been no exploration at the Falun mine for almost two decades. A review of the last exploration work undertaken at the mine shows that the approach was primarily limited to *ad hoc* drilling around the edges of the orebody for extensions of the massive sulphides.

Drake has recently recovered the assays for 985 historic drill holes that were completed when Falun was in operation. The company is continuing to evaluate this extensive database, but already it has highlighted the potential for gold and copper at the old mine site.

Only drilling undertaken in the last few years of operation was assayed for gold, and consequently Drake has a limited picture of the potential for gold across this extensive ore system.

Drake has continued to focus on the largely un-mined copper-gold orebodies at Falun. These have considerable volume both east and west of the main massive sulphide body. They received only limited testing by the miners who were mainly interested in the massive sulphide ores.



Falun Copper-Zinc Mine, 145m Level

The Eastern Copper-Gold Zone

The Eastern Zone is an area that adjoins the main pit in the massive sulphide deposit. It was partly mined between 100 and 300 years ago. It is anticipated that mining practices at that time would have only extracted copper ores with in excess of 2-3% copper. Considerable mineralisation is anticipated to remain in the ground at lesser grades. Local drill intersections exceed 7% copper.

There is little information or assays for gold in this zone, but Drake's ongoing work demonstrates that parts of the Zone contain grades of 3-6 g/t gold.

The extent of the Zone has been partly defined by past mining and drilling. It extends for at least 400 metres in a north south direction. It is open to the south, and may link up with more mineralisation further to the north.

The Zone has been detected to 550 metres depth, and old mine reports suggest that it may extend to 1100 metres depth. Declines and shafts at the mine, which are still open and offer potential access, extend down to 600 metres depth.

Drill rig on site at the Falun Eastern Copper-Gold Zone

The near surface gold-copper mineralisation

Some of the last drilling completed in the Johannes-Lucas area of the mine, in 1990 and 1991, was systematically assayed for gold. The results from this earlier work are very encouraging.

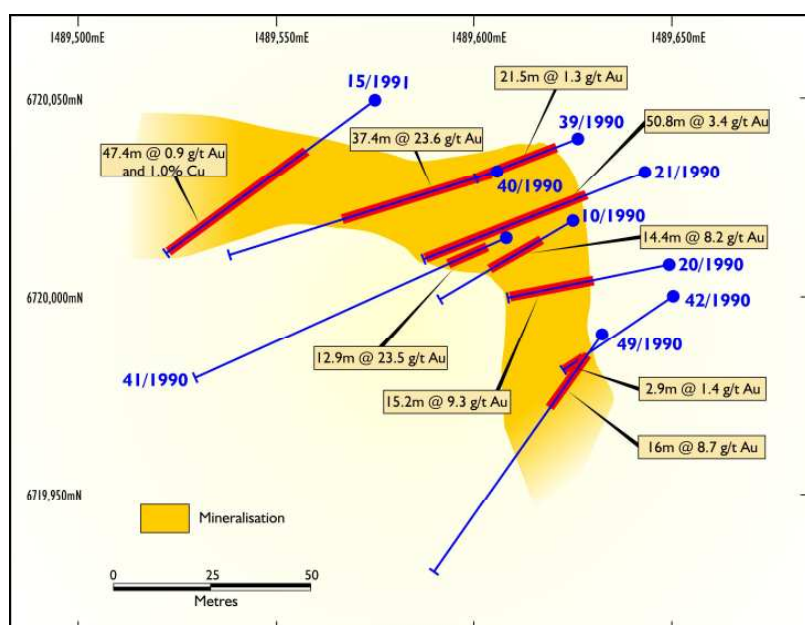
Table 1: Gold and copper intersections in the Johannes-Lucas area of the Falun mine

	From	To	Intersect (m)	Gold (uncut)	Gold (cut, Note 2)	Copper (%, Note 1)
10/1990	9.5	23.9	14.4	8.2	7.7	1.0
20/1990	29.2	44.35	15.2	9.3	7.0	1.4
incl.	33	41.5	8.5	14.9	10.8	1.2
21/1990	11.2	62	50.8	3.4	2.9	0.5
incl.	36.6	44.8	8.2	13.8	10.2	0.7
39/1990	7.6	29.1	21.5	1.3	1.3	0.2
40/1990	3.5	40.9	37.4	23.6	3.5	0.5
incl.	15.3	35	19.7	43.8	5.7	0.6
41/1990	5.4	18.3	12.9	23.5	3.9	0.5
and	86.1	86.5	0.4	2.8	2.8	6.4
42/1990	29.5	32.4	2.9	1.5	1.5	0.5
49/1990	7.6	23.6	16.0	8.7	6.2	0.8
15/1991	23.1	70.4	47.3	0.9	0.9	1.0
incl.	23.1	44.8	21.7	1.4	1.4	2.0

1. Majority of samples not assayed for copper; copper averages are therefore understated
2. Gold grades cut to 30 g/t

Several holes either start or end in mineralisation.

The drilling indicates that this part of the Eastern Copper-Gold Zone, near to the current surface, is a continuous shoot of mineralisation at least 150 metres in length and between 10 and 40 metres in width. Gold grades are strong throughout much of this shoot, and are locally very high, as indicated by the 1.2 metres intersection at 656 g/t (uncut). Because several holes started or ended in mineralisation these widths may be greater.



Uncut gold and copper intersections in the near-surface part of the Johannes-Lucas section of the Falun mine

Falun - Drilling Surface Plan

Current drilling programme

Drilling at the Falun copper-gold-zinc deposit is now well underway. To date, eleven sites have been drilled for a total of 1360 metres.



Placing drill core into core trays

The Eastern Copper-Gold Zone has two initial targets; the depth extent of the siliceous copper ore and the gold-copper mineralisation of the Johannes Lucas area.

Seven holes along two traverses across the Johannes Lucas zone have been completed. A further hole is planned to test the depth extent of this shallow mineralisation. Four holes have also tested the depth extent of the siliceous copper ore.

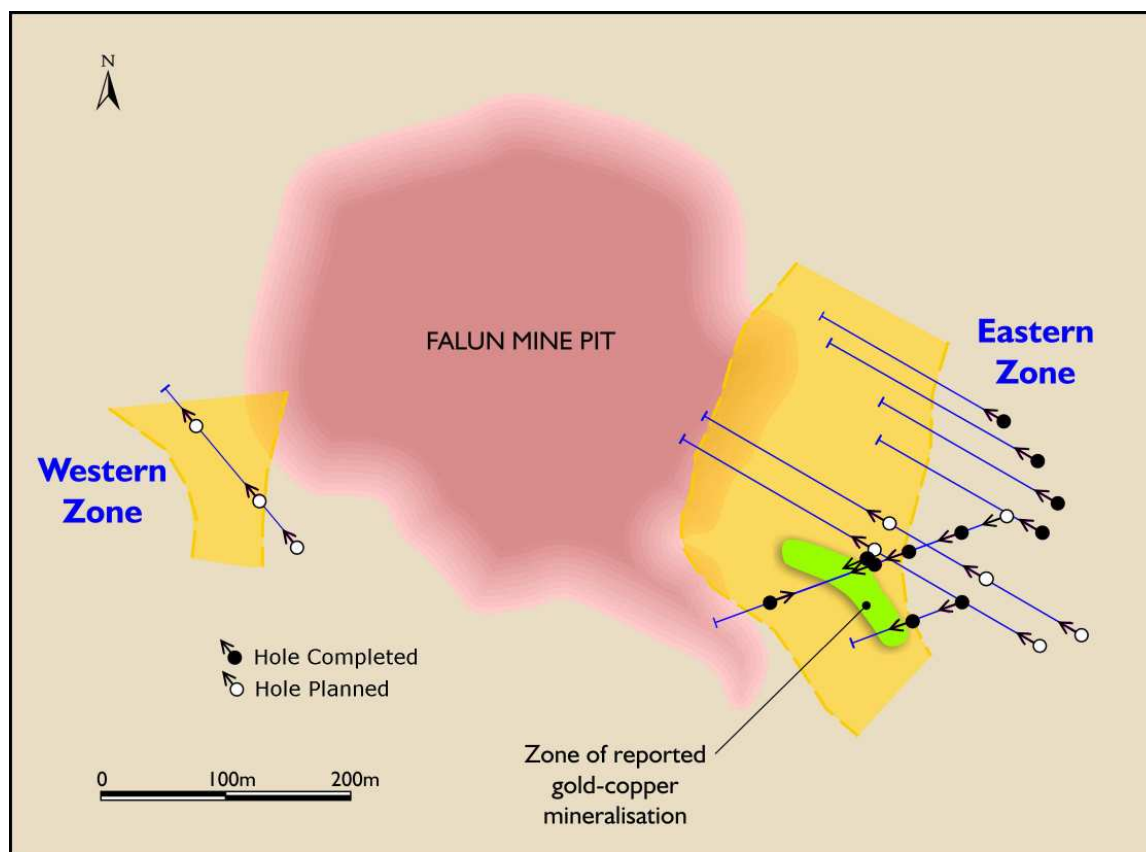
The majority of these holes have intersected zones of disseminated pyrite and chalcopyrite. Localised zones of massive sulphide (up to 1 m intersections) composed of chalcopyrite and pyrite with rare sphalerite are dispersed within the disseminated zone. Veins with chalcopyrite, pyrite and bismuth are typically gold bearing. The vein gangue mineralogy is composed predominantly of quartz, biotite and gedrite.

The assays received for the first two drill holes in the Johannes Lucas gold-copper area have been received, and provide considerable support that the previous gold assays are valid. All intercepts for these holes are listed in Table 1 and depicted in the drill section.

Table 1. Summary of New Falun Drilling Intercepts

Drill hole	From (m)	To (m)	Length (m)	Gold (g/t)	Copper (%)	Bismuth (%)
DDH03-09	16.62	37.76	21.14	6.91	0.92	0.07
<i>Including</i>	28.30	28.80	0.60	91.40	1.56	0.78
	51.76	85.80	31.61	1.77	0.48	0.02
DDH06-09	57.00	68.55	11.55	61.16	1.22	0.08
<i>Including</i>	62.70	63.45	0.75	887.0	5.92	0.65
	78.55	83.55	5.00	1.27	0.66	-
	94.58	101.28	6.70	0.83	0.23	-

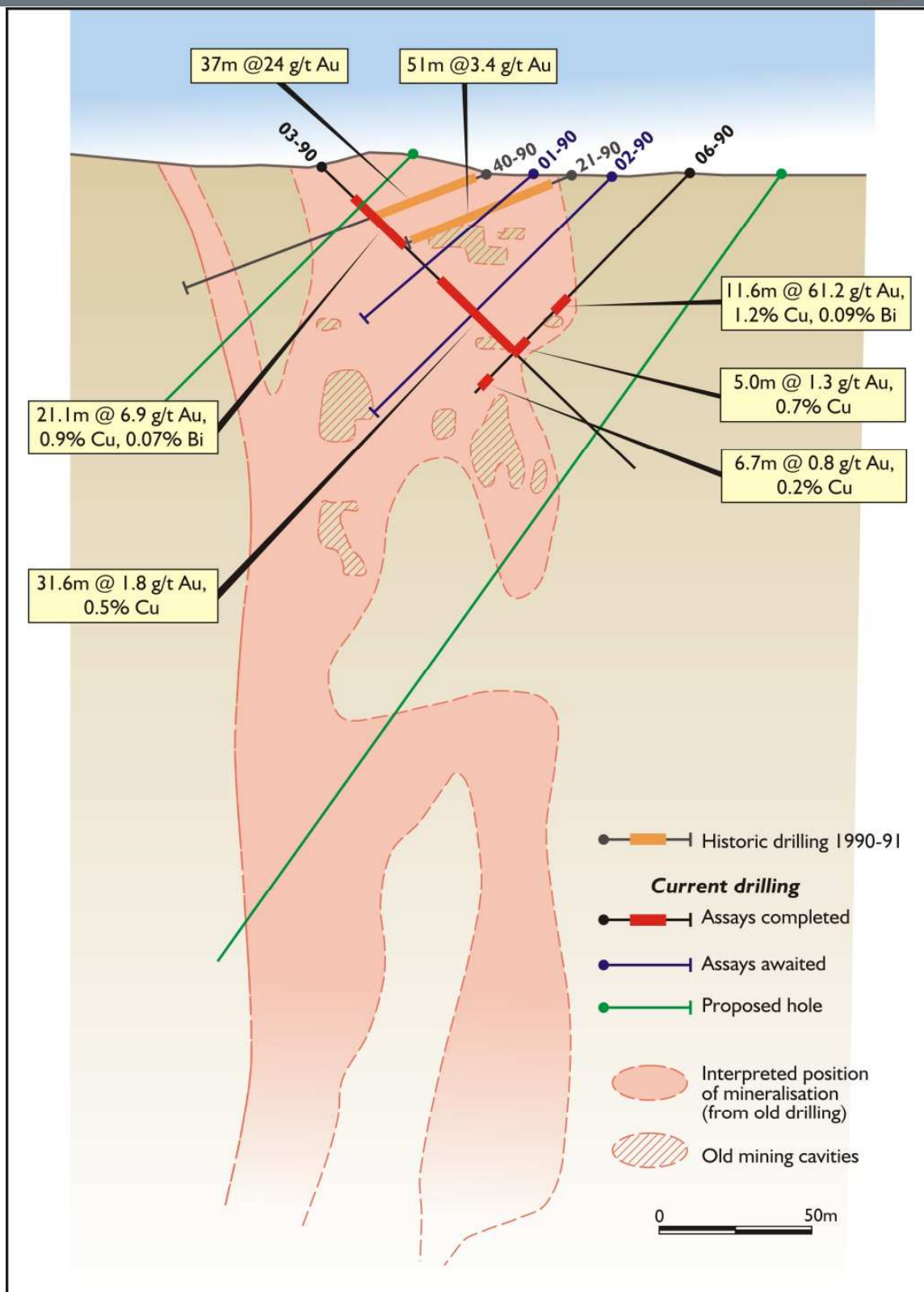
These intercepts has been calculated using a 1 g/t Au equivalent cut off and maximum of 2 metres of internal waste. No top cuts have been made. Au equivalents based on the metal prices of 22 October, namely a gold price of US 1058 / oz and a copper price of US 6565 / t.



The exceptional grade in Hole DDH06-09 is contained within a 0.75 metre intersection at 887g/t gold.

Seven of the holes completed have been dispatched for analysis.

A further seven holes are yet to be completed.

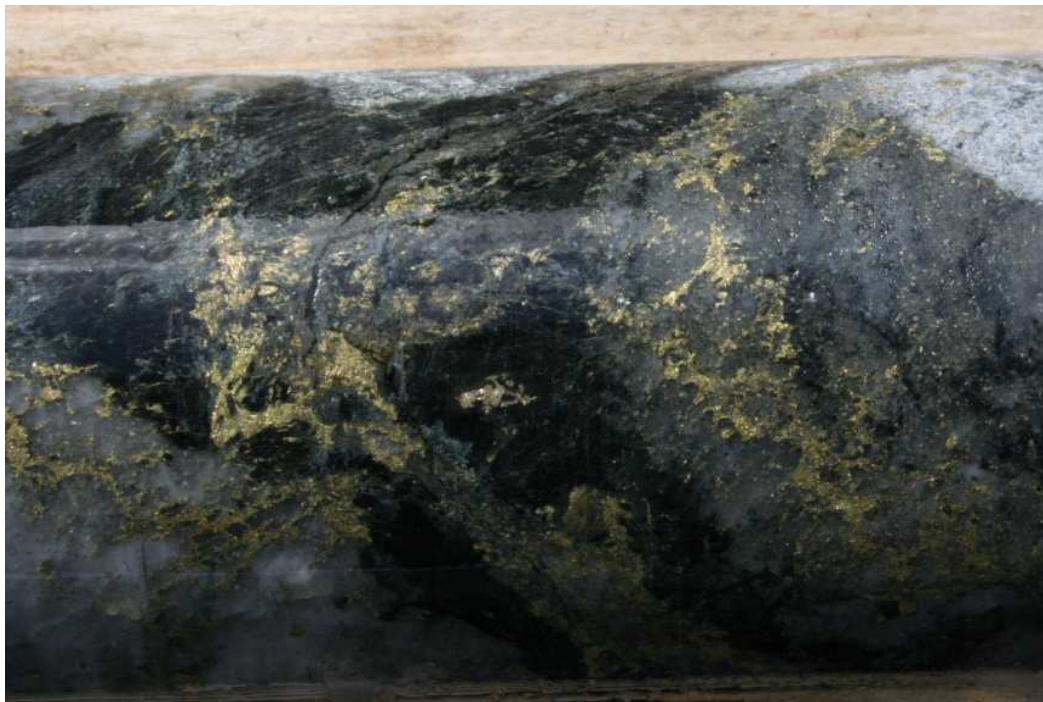


Falun - Drilling Results

The overall drilling programme comprises twenty diamond holes, for a total of 3,600 metres, testing the large volumes of remnant mineralization in the Eastern and Western copper-gold ore bodies at Falun. Drake has advised the market of the potential of this mineralisation in releases earlier in 2009.



Project Manager Grant McLatchie, Geologist Anthony Lawther, and Golden Rim Resources Ltd Managing Director, Craig Mackay, in Drake's core facility at Falun



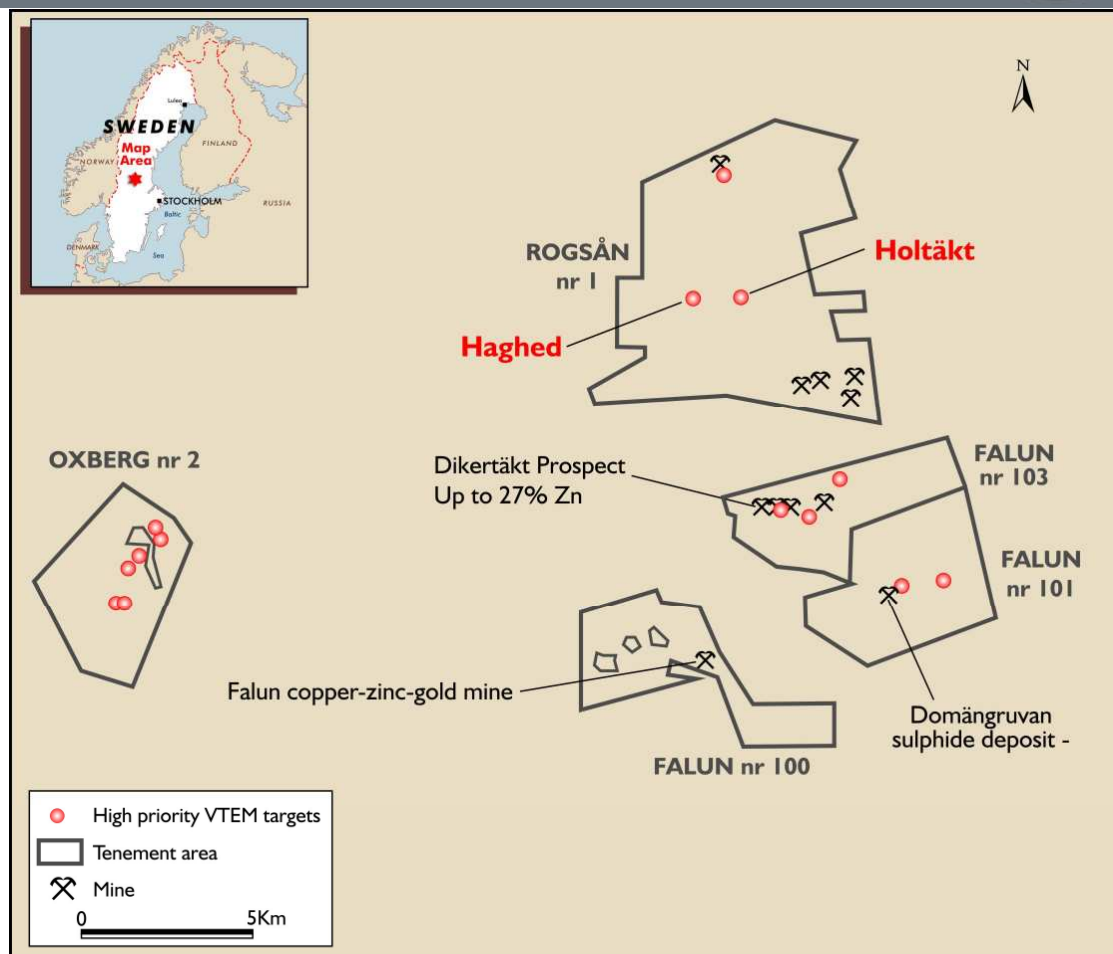
Chalcopyrite (copper sulphide) and pyrite (iron sulphide) in Falun drill core



Sulphides in Falun drill core

The Falun District Project

The Falun District Project comprises four permits within 20 kilometres of the city of Falun: Rogsån, Falun 101, Falun 103 and Oxberg.



Falun District - Program

The Falun Project exploration licences and immediate targets

Rogsån

Drake has taken advantage of the Northern Hemisphere summer to carry out field investigations around the geophysical targets generated in the VTEM survey completed in 2008. The VTEM airborne electromagnetic method is a very successful technique in identifying buried sulphide deposits. Examples of major mines discovered by electromagnetic techniques are Hellyer in Tasmania and Kidd Creek in Canada amongst many others.

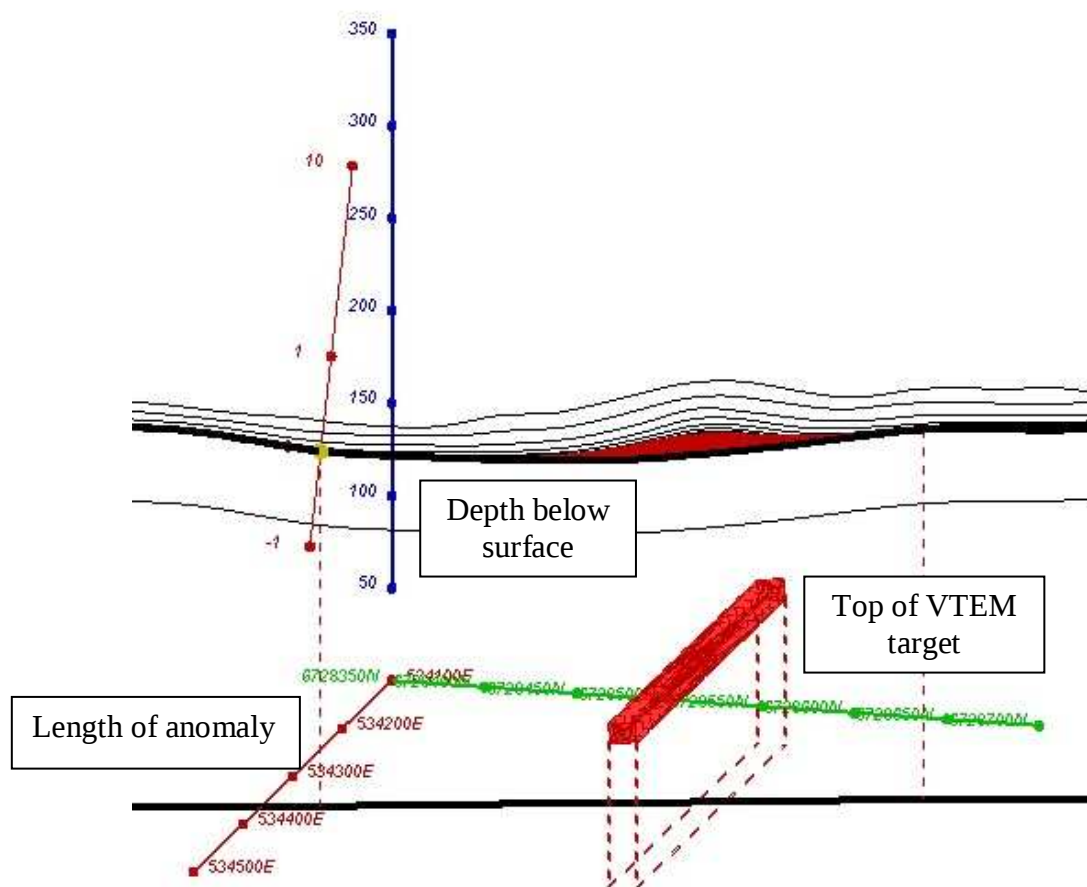
The VTEM survey identified two strong conductor targets in the Rogsån permit. These occur approximately 10 kilometres north of the large Falun copper-zinc-gold deposit where Drake has its operations base.

The copper-zinc-gold massive sulphide deposits in this province of Sweden occur at particular horizons within volcanic belts. The two targets in the Rogsån permit occur in the next volcanic belt north of that containing the large Falun deposit.

The volcanic belt in the Rogsån permit contains several small copper and zinc occurrences. In addition the Svärdsjö base metal mine, which was mined up to 1992, is 14 kilometres along strike to the east in the same belt.

Holtäkt target

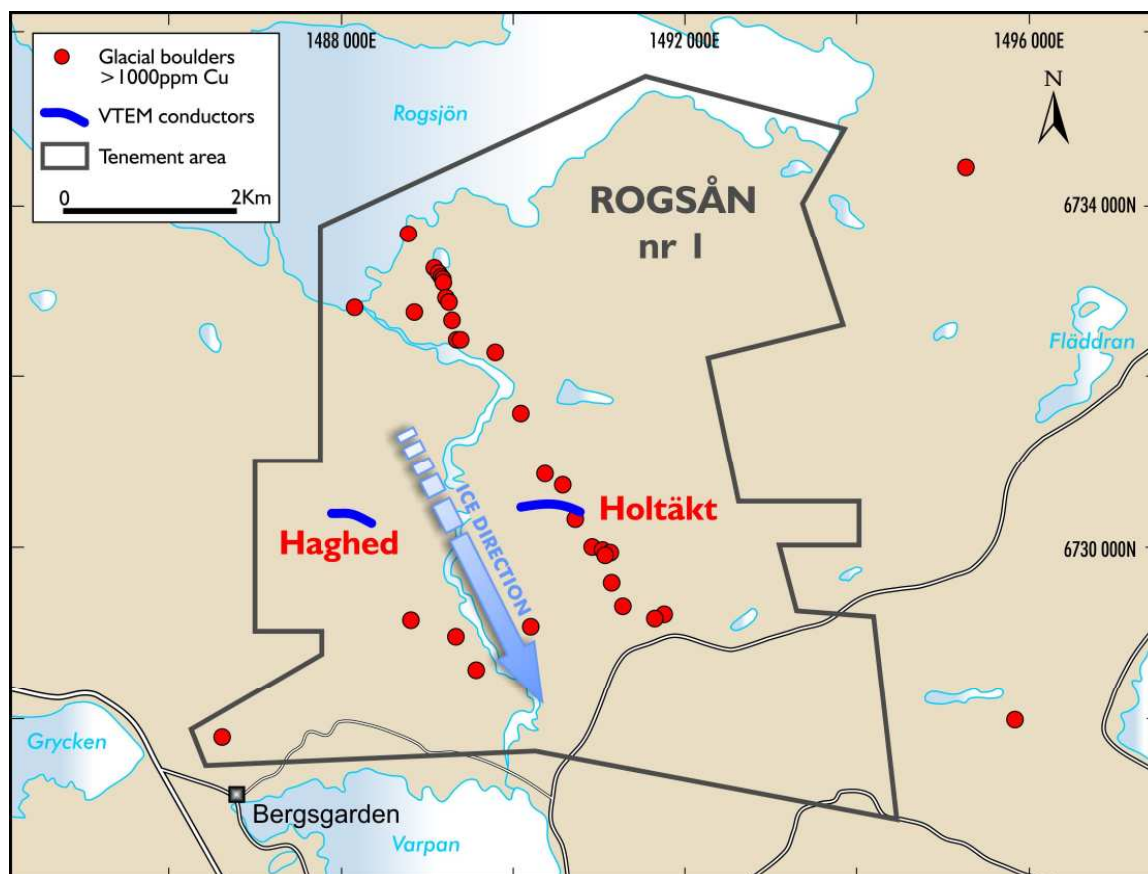
The Holtäkt target is a strong combined VTEM and magnetic anomaly. Both the VTEM and magnetic anomalies occur across 5 flight lines, implying a strike length of at least 450m.



The Holtäkt target appears to source copper-rich boulders, suggesting that copper mineralisation may occur in the vicinity of the VTEM anomaly.

Drake and its partner, RFM, are planning to drill test Holtäkt later in 2009.

Holtäkt target: provisional drill hole site and drill trace to intersect target



Falun District - Rogsån VTEM Targets

Copper-bearing glacial boulders in the vicinity of the Holtäkt and Hagged targets (red dots)

Hagged target

The Hagged target is a moderate to strong VTEM anomaly coincident with a moderate magnetic signature.

The anomaly extends across three survey lines, indicating a strike length of up to 250 metres. A small

tungsten occurrence occurs about 600m to the west.

The top of the geophysical body is modelled at approximately 100 metres below the surface.

Both the VTEM and magnetic models suggest steep dips, and it is anticipated that the target body is near vertical.

The Hagged target occurs in a heavily forested area cut by small streams with no evidence of culture. Glacial till is present at the surface.

Domängruvan

The VTEM electromagnetic survey defined two main targets at Falun East, at Domängruvan and Kvictjarn in the Falun 101 permit. This permit contains the Domängruvan massive sulphide occurrence, which is a historic mine that closed in 1917.

Domängruvan was mined primarily for pyrite during the First World War. Development and drilling at the time reached depths of only 20 metres. The records of this mining, retained by the Mines Inspector's office in Falun, indicate that the material mined contained massive and disseminated sulphides.

The quartz-pyrite-chalcopyrite-sphalerite rocks appear to be increasing in strike and width between the surface and 20 metres depth. There has been no drilling below this depth.

Material on the waste dumps indicates that pyrite is the dominant sulphide, but sphalerite and chalcopyrite are also present.

This area has been occupied by the Swedish military since the First World War, and no exploration has been permitted since then. This highly prospective zone has therefore not been subject to any recent exploration technologies, including geophysical surveys to detect mineralisation at depth.

The VTEM target at Domängruvan is located to the northeast of the old workings. A magnetic anomaly is coincident in part with the VTEM anomaly.

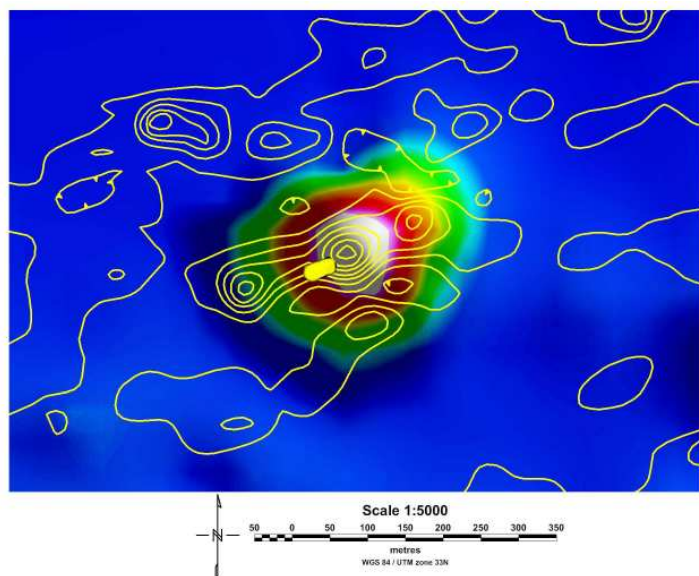
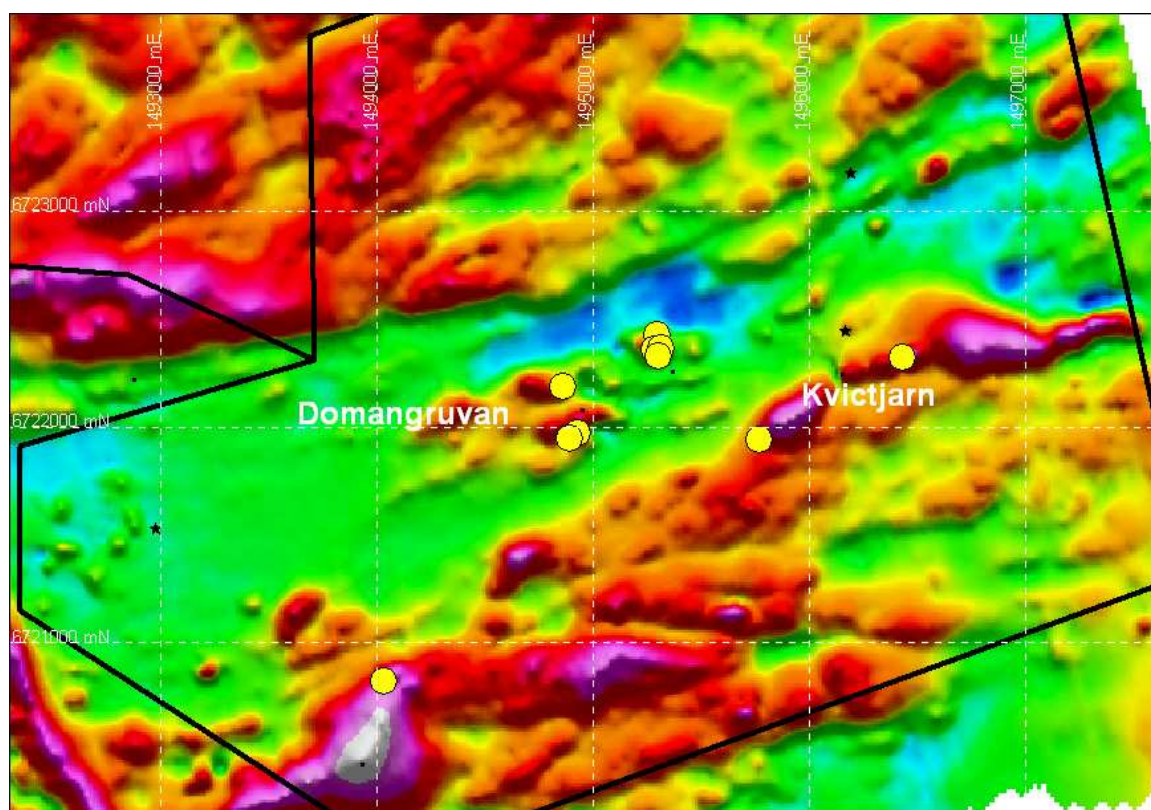


Image of the Domängruvan VTEM anomaly, with magnetic contours in yellow

Systematic rock chip and waste dump sampling near Domängruvan has identified an area of 1800 by 800 metres where five old workings show anomalous metal content. Copper contents vary between 0.05 and 4.4%, zinc between 128ppm and 6.1%, and silver between 0.3 g/t and 9.9 g/t.

Follow up rock chip sampling defines a zone of at least 1000 metres strike, to either side of the sulphide deposit with anomalous zinc (138-493ppm, and copper (86-550ppm).



Copper at greater than 200ppm in rock chip samples (yellow dots) on detailed magnetics for the Falun East area; grid squares 1000 metres

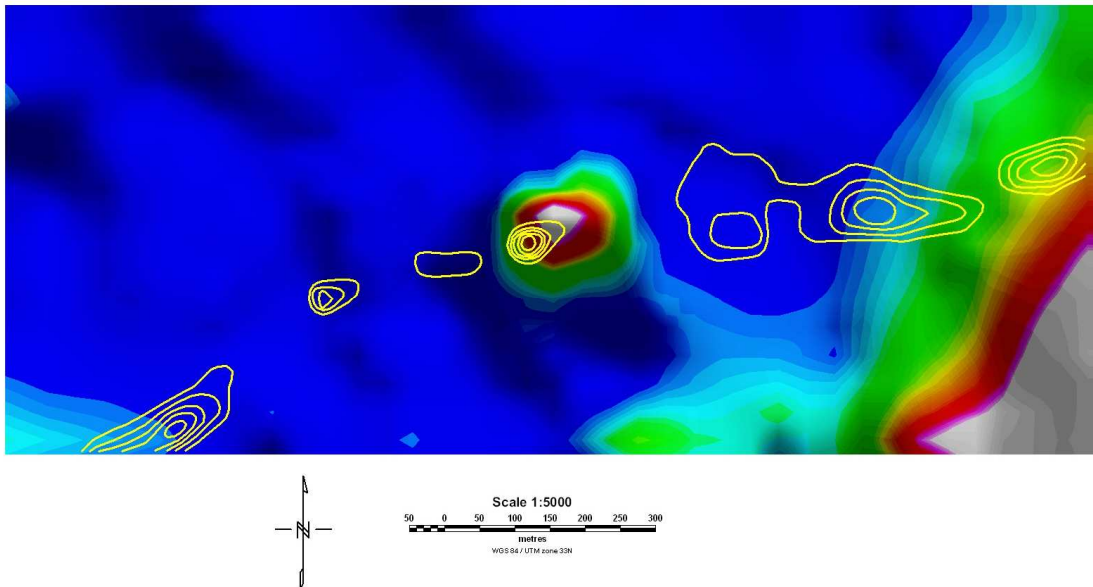
These results are encouraging for the presence of extensive base metal mineralisation over a considerable strike length at Domängruvan. Drake has been granted permits to drill test the mineralised system below and along strike from Domängruvan.

The coincidence of the geochemical, magnetic and VTEM features has led Drake to propose that the Royal Falcon Joint Venture drills this target before the end of 2009.

Kvictjärn

Kvictjärn is a strong VTEM target which is coincident with a moderate magnetic anomaly approximately 1000 metres east of Domängruvan.

The target lies on a less magnetic part of a 1500 metres-long magnetic horizon, and it occurs close to the Kvictjärn iron ore prospect. The iron ore prospect is described as being composed of massive fine-grained to disseminated magnetite.



Coincident magnetic (yellow contours) and VTEM (image) features at Kvictjärn

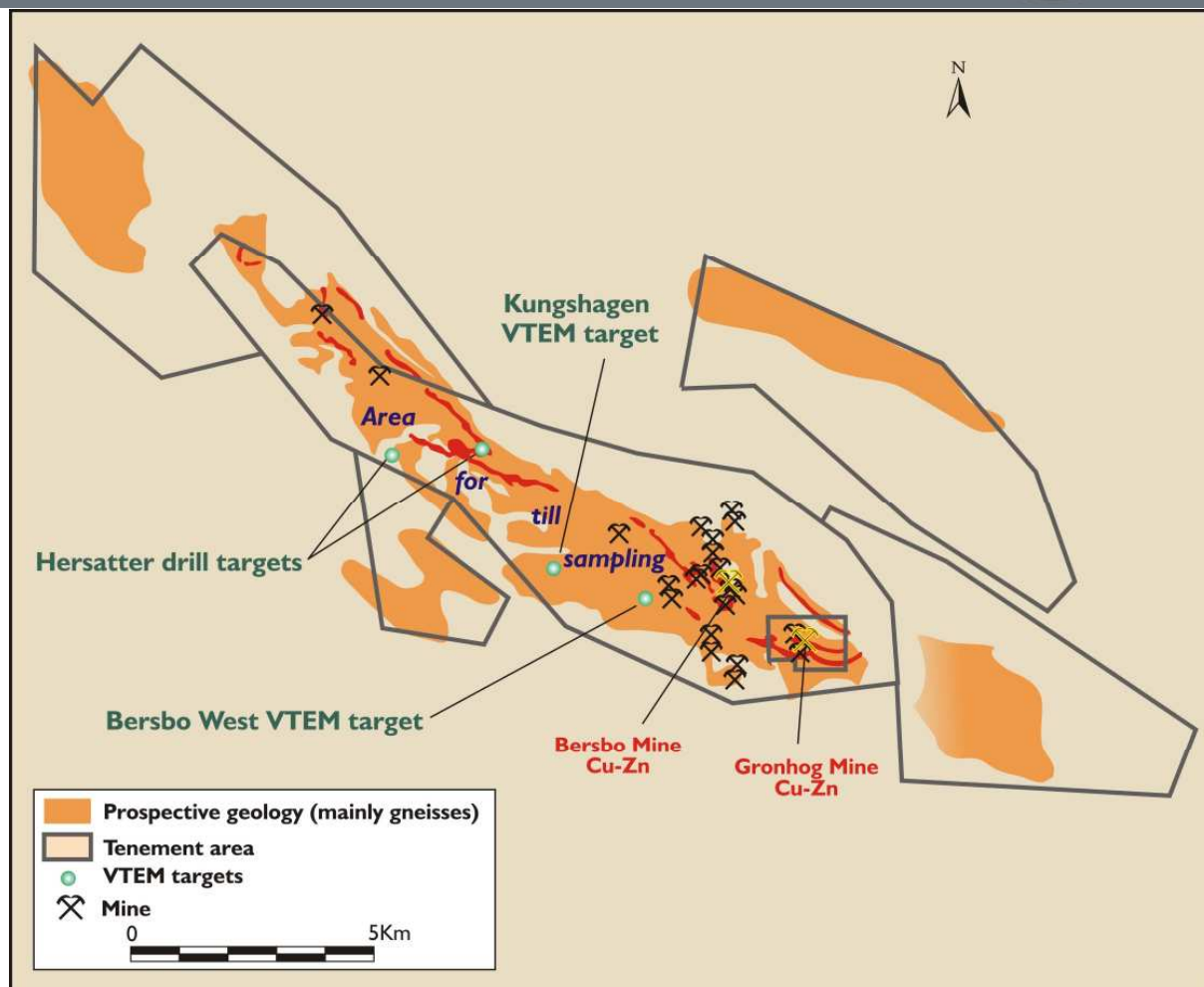
Bersbo

Drake holds 240 square kilometres of the Bersbo massive sulphide belt.

Drake has now secured what it considers to be the most prospective parts of the belt containing the historic Bersbo copper mine in Sweden. Despite Bersbo being the second largest historic copper mine in the Bergslagen Province, the belt has not attracted any modern exploration, and remains effectively unexplored.

A detailed airborne magnetics survey, and ground mapping and sampling, were completed in the 2007 field season. The programme has continued in 2008 with the completion of an airborne electromagnetic survey in the first half of the year, further mapping and sampling, and shallow drilling to sample bedrock beneath the glacial till.

Drill targets are emerging from this work programme, including the drill testing of the Hersatter electromagnetic anomaly.



Bersbo Project VTEM targets, and area of glacial till sampling

Drake has continued the evaluation of the VTEM targets at Bersbo. The company has also commenced a programme of till sampling through the permits to define areas of anomalous geochemistry.

Future exploration programme

Work commenced at Falun in mid-May, and drilling commenced in late August. The initial work programme has included:

1. Updating the three-dimensional model of the mine with the new assay data, and integrating assays and mineralogy in the interpretation of the mine data
2. Siting and permitting the current drill programme.
3. Commencement of this programme.

The Bergslagen Joint Venture plans to complete the current 20-hole drill programme, and then commence the testing of the high priority regional targets at Røgsån and Falun East.

Concurrently glacial till sampling is ongoing at Røgsån and Bersbo.

SWEDEN PROPERTIES: NON-JOINT VENTURE PERMITS

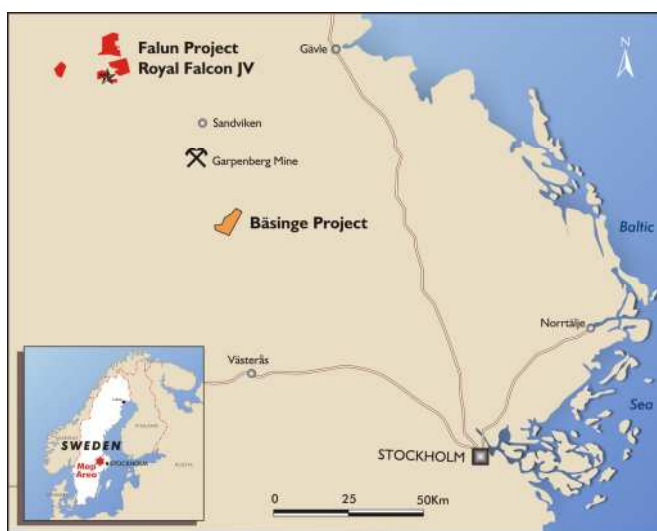
Drake holds eight permits in Sweden that are not within the Bergslagen Joint Venture with Royal Falcon Mining. Work has recommenced on these properties.

Bälinge Copper-Cobalt Project

Field reconnaissance has upgraded the potential of its 100%-owned Bälinge Copper-Cobalt Project in Sweden. The Bälinge Project is located 60 kilometres southeast of Drake's Falun copper-gold project, and 125 kilometres northwest of Stockholm.

The Project is within one of the major massive sulphide belts of Sweden, and is 20 kilometres southeast of Boliden's Garpenberg base metal mine. Garpenberg is one of the major base metal mines of the world, and has been mined since 1300AD. The mine has past production plus reserves of 70Mt at 5% zinc, 2% lead and 100g/t silver.

Historical reports suggest that mining was carried out at Bälinge in 1580 until 1760 with a total production 200 tonnes of Cu, plus cobalt. The ore grades were reportedly 3-5% Cu, and 0.5-1.0% Co, which gives equivalent copper grades of approximately 10% eCu. The main shaft was to 60 metres depth.



Bälinge Location Map

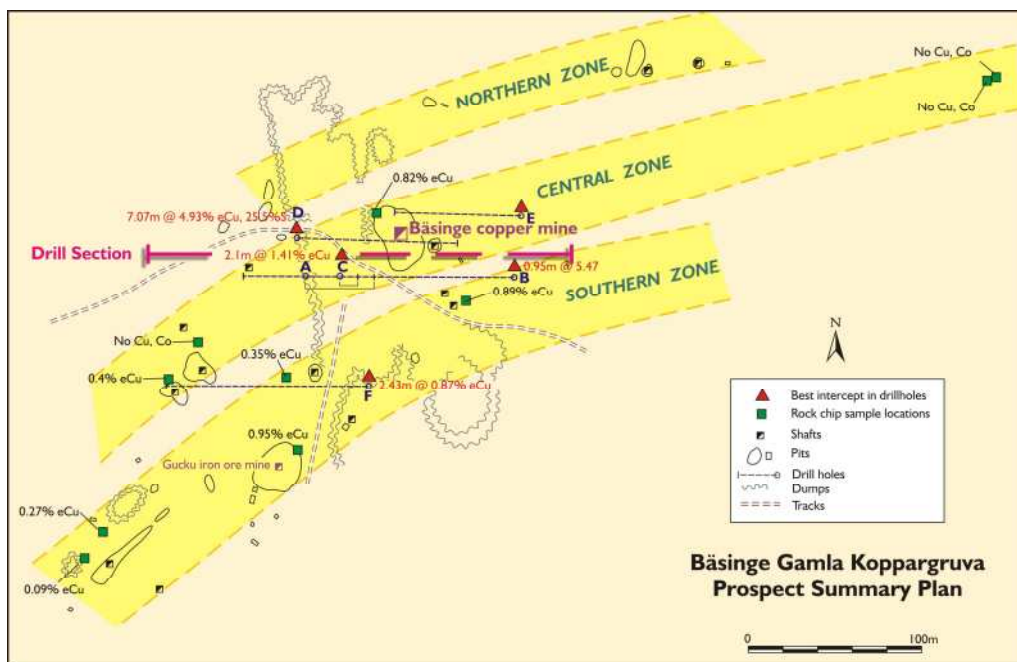
A small drilling programme was completed in the mid-1950s. Doubts remain concerning the effectiveness of this drilling as geophysics suggests that the holes may have been drilled sub parallel to strike. However, good intersections were reported both in the historical assays and Drake's check assays.

Hole A (west of the old workings):	4.5 metres at 3.25% Cu (no Co assays)
Hole B (under the old workings):	1.0 metres at 4.49% Cu, 0.46% Co
Hole D (under and east of workings):	7.1 metres at 2.0% Cu, 0.39% Co

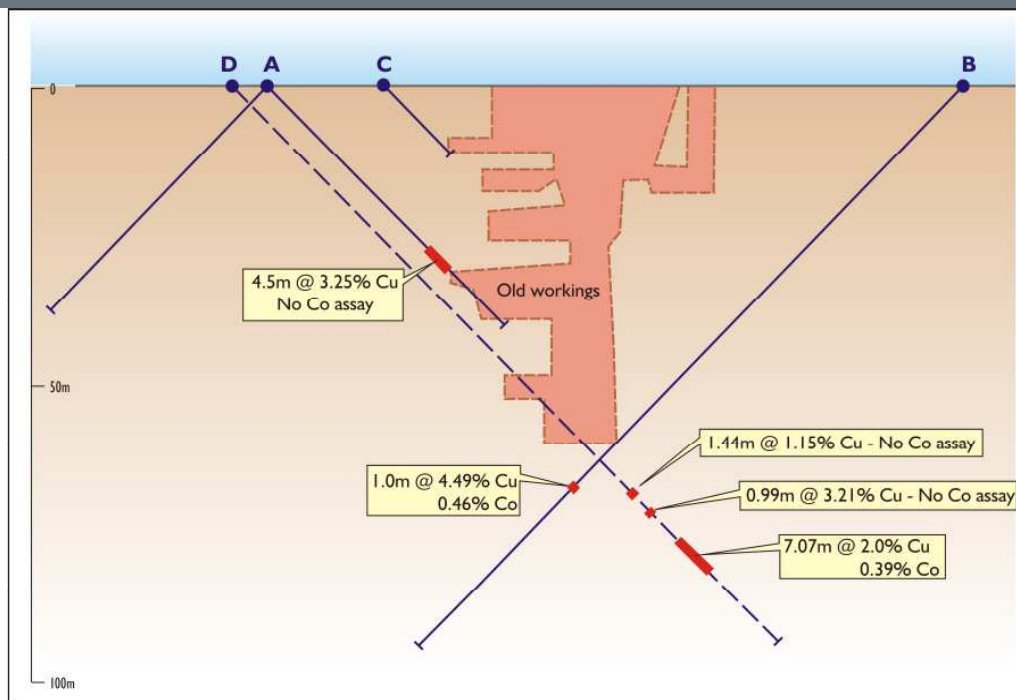
This drilling clearly indicates that high grade Cu-Co mineralisation extends beyond the old workings. There appears to have been no significant exploration in the area since the mid-1950s.

Drake's initial reconnaissance found grades of 0.2-1.0% copper equivalent in samples from old workings over a strike of 250 metres. The magnetic feature associated with the mineralisation extends for at least 600 metres of strike, and that there may be multiple horizons.

Drake plans to complete further reconnaissance, including till sampling to identify and rank other mineralised trends, prior to year's end. Subsequent exploration will include an airborne electromagnetic survey to detect sulphide bodies, and drill testing of the Bälinge copper-cobalt deposit.

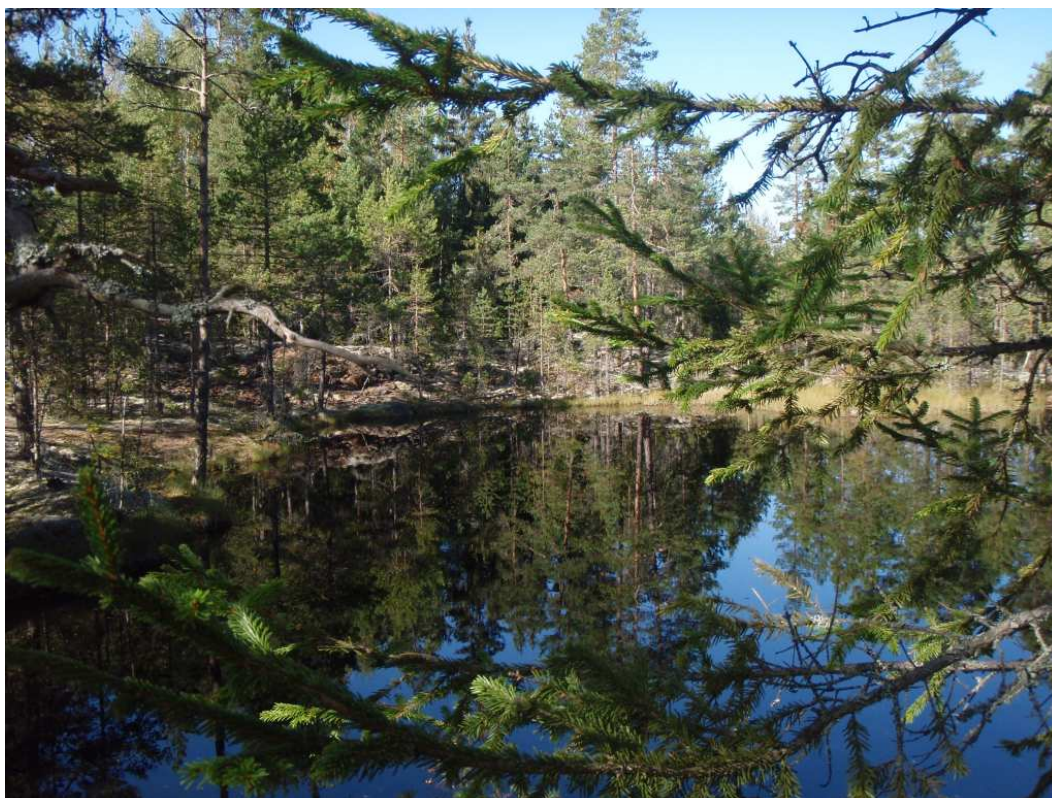


Bälinge Project mineralised trends, drill hole locations, and copper equivalent assays for waste dump samples (eCu grades Cu + 7times Co)



Basinge Copper-Cobalt Deposit - Drill Section

Basinge Project drill section through the old underground mine, with copper and cobalt grades; drill hole is projected from 20 metres north onto this section



Water filled old workings at Basinge Project



Drill hole BH A1 Massive chalcopyrite sulphide



Drill hole BH D 107.36 to 114.43 Massive pyrite and chalcopyrite sulphides with magnetite matrix.

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 is a member of the Australian Institute of Geoscientists, and 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.