

Quarterly Activity Report September 2010

Highlights

Sweden

Falun Eastern Copper-Gold Zone

- Second phase of drilling on Eastern Copper-Gold Zone now completed and all results received
- Geological model has been constructed prior to resource estimation.
- Coffey Mining has been appointed to estimate the resources present in the area of drilling

Massive sulphide discovery at Holtäkt Prospect

- Drilling of the Holtäkt geophysical target intersects semi-massive to massive iron sulphides
- Downhole geophysics infers off-hole conductors above Hole 2 at 180m and 230m

Finland - Panoramic Alliance and Joint Ventures

- Drake and Panoramic have joined forces to explore for base and precious metals, primarily in Scandinavia
- Two joint ventures were established over prospective sections of the Pyhasalmi-Vihanti, copper-zinc belt, a major base metal region in Finland.
- Drake acquired reservations and claims totalling 400km² over both joint ventures
- Major airborne electromagnetic survey completed

West Africa Gold

- Drake Resources now holds an exploration package in excess of 8,000 km² in Mauritania
- Drake's permits and applications are in the Reguibat Shield, the same geological package which hosts the world-class Tasiast gold deposit
- Permits contain promising indications of gold mineralisation.
- Up to 68 g/t gold in rock chip samples from past exploration
- Many square kilometres of soil gold anomalies

About Drake

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

In the five 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 has entered into an alliance with Panoramic Resources Ltd to identify and acquire high potential base and precious metal properties in Scandinavia.

The alliance has generated two joint ventures in the major copper-zinc belt central Finland. The opportunity here is to use modern geophysical methods to search deeper into the earth. A substantial airborne electromagnetic survey has been completed.

Drake has acquired a major landholding in prospective host rocks for gold deposits in West Africa. The 11 Moz Tasiast deposit occurs in Mauritania, but no other resources are known. Drake anticipates that many more gold deposits will be found in the region.

Drake holds exploration permits and applications both in the Tasiast area in the west, and over prospective shear zones in the east of the region.

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.

OPERATIONS

SWEDEN PROPERTIES: ROYAL FALCON MINING JOINT VENTURE (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.

The Joint Venture's first drilling campaign commenced in August, 2009.

During the September quarter the following activities were completed on the Royal Falcon JV:

1. The consolidation of geochemical data from drilling at Falun, and construction of a geological model,
2. Planning of gravity survey in the immediate surrounds of Falu Gruva, and
3. EM follow-up of VTEM anomalies drilled.

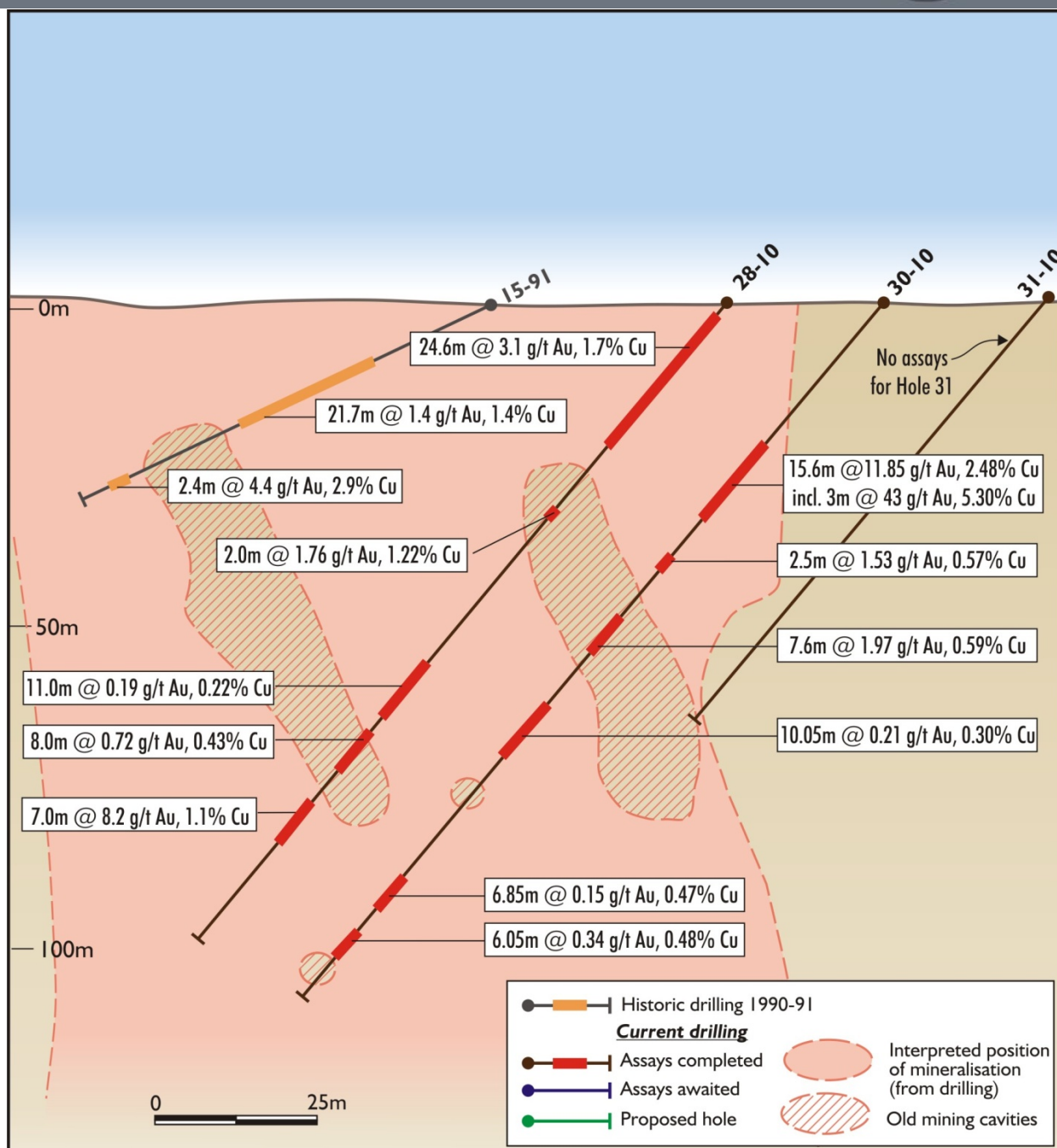


Sweden - Falun Location Map

Falun

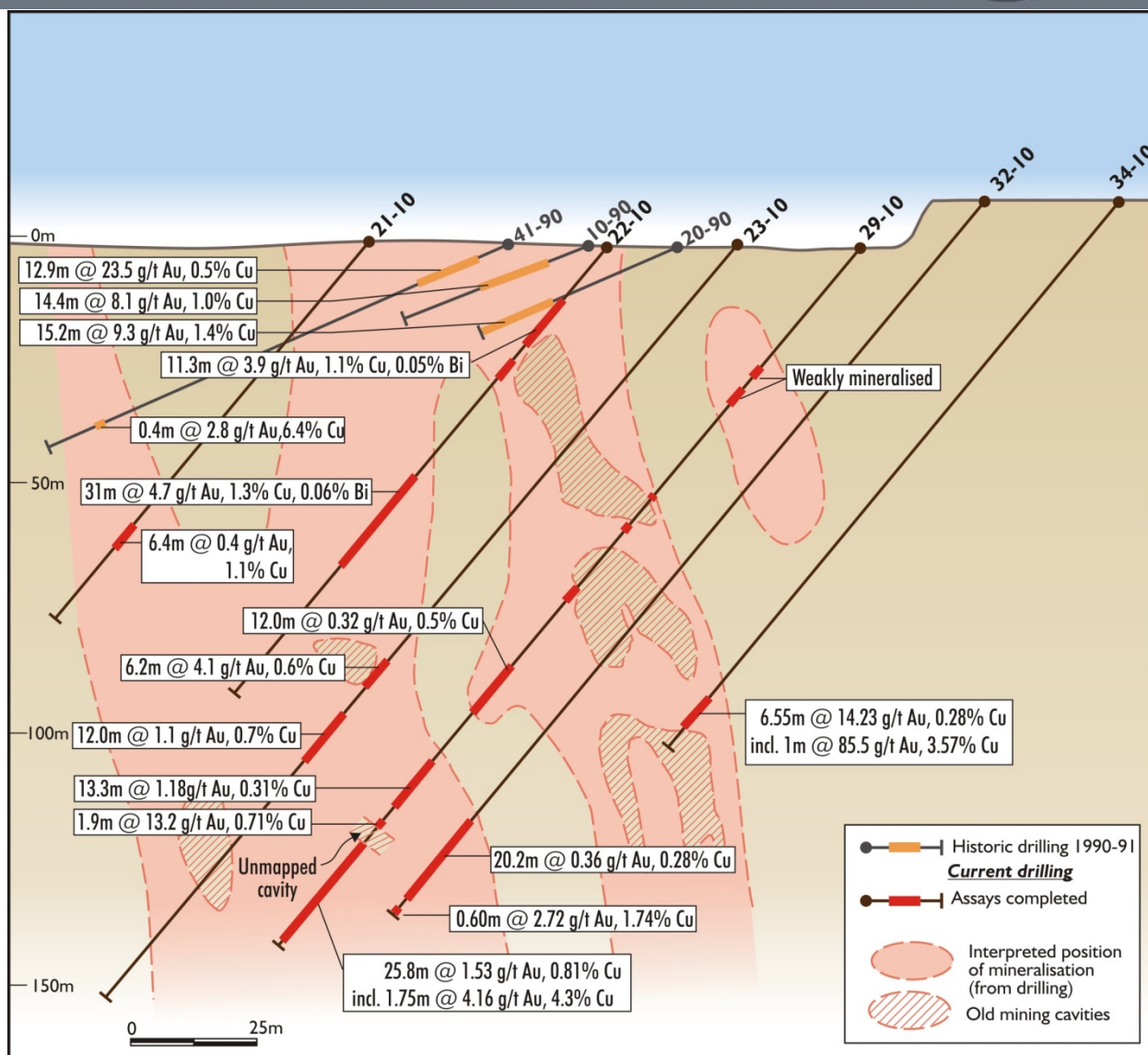
Eastern Copper Gold Zone

The final assay results from the last of the drillholes into the Eastern Copper Gold Zone, from the previous quarter, were received (Table 1.). These results continue to confirm the high grade nature of the Au-Cu mineralisation near surface and the continuation of the system at depth (Figures 1 and 2).



Falun - Johannes Lucas Section 100N

Figure 1. Section 100 showing assays from hole 30.



Falun - Johannes Lucas Section 050N

Figure 2. Section 50, showing the assays from holes 32 and 34.

HOLE #	FROM (m)	TO (m)	Width (m)	Au (g/t)	Cu (%)	Ag (g/t)	Bi (ppm)	Se (ppm)
30								
	29.00	44.60	15.60	11.85	2.48	11.5	104	99
Incl.	30.00	38.60	8.60	19.92	3.34	16.3	167	132
Incl.	34.10	36.10	2.00	56.55	5.71	28.5	89	150
and	52.25	54.75	2.50	1.53	0.57	2.2	45	30
and	63.90	71.50	7.60	1.97	0.59	3.0	186	56
and	81.85	91.90	10.05	0.21	0.30	1.4	21	16
and	116.20	123.05	6.85	0.15	0.47	1.3	9	14
and	127.05	133.10	6.05	0.34	0.48	1.7	99	37
32								
	161.90	182.10	20.20	0.36	0.28	1.6	43	25
and	185.90	186.50	0.60	2.72	1.74	4.2	73	110
34								
	130.80	137.35	6.55	14.23	0.93	10.6	1425	68
and	140.35	141.35	1.00	1.25	0.44	1.7	253	80
Incl.	132.8	133.8	1.00	85.5	3.57	54.3	8560	1

Table 1. Assay results from drill holes 31-34

All intercepts are defined by using a 0.6 g/t Au equivalent cut off and maximum of 6 m internal waste dilution. Equivalents are based on USD prices taken July 6th, 2010 – Au 1190.1 /oz, Ag 17.71 /oz, Cu 6523 /t, and Se and Bi prices taken June 25th from Mining Journal, Se 37 /lb and Bi 8.50 /lb

With the final assay results received a geological model has been constructed covering the drilling to date and historic drilling. Access to archive holes is being negotiated with the Kopperberg Trust to allow re-assay of the historic holes to assist with extending the geological model.

Six holes were tested with downhole electromagnetics (09DDHFN003, 09DDHFN012, 10DDHFN015 – 17, and 10DDHFN026). None of the surveys suggested the presence of significant off-hole conductors.

Greater Falun Project

On the Rogsån licence, to the north of Falun, two VTEM anomalies, drilled in the previous quarter, were tested with downhole EM; Holtäkt and Haghed.

The Holtäkt VTEM anomaly sits within the Rogsån Permit, a volcanic belt located approximately 7km north of the historic Falun copper-zinc-gold mine. A single 240m hole (10DDHH002) was drilled into the anomaly which intersected semi-massive to massive pyrrhotite-pyrite mineralisation

Two zones of mineralisation from 180.8m to 185.9m (5.1m @ 0.23% copper) and 214.2m to 218.8m (4.6m @ 0.23% copper) were observed in the core.

At the Holtäkt anomaly the downhole survey indicates the presence of off-hole conductors at about 180 and 230 metres (Figure 3). Modelling indicates that the conductors are predominantly above the hole and that they have short depth extent.

The mineralisation at Holtäkt is semi-massive to massive pyrrhotite-pyrite with minor chalcopyrite, and the anomaly extends some 450 m. The mineralisation is deformed, as observed in core, and the downhole EM is suggesting that lenses of mineralisation exist off-hole. The drillhole certainly intersected the conductor but more holes need to be drilled to test the metal content along strike and up dip.

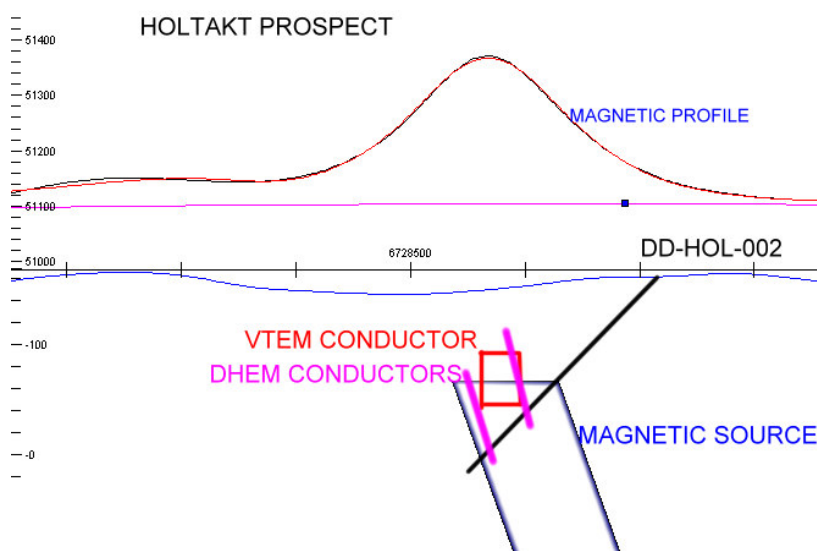


Figure 3. Profile of downhole EM survey at Holtäkt.

The downhole EM surveys, at Haghed, from the two loops indicate a number of conductors that have only been intersected at their edges or are off hole (Figure 4). The modelling is very complex due to the number of conductors but they appear to be above and probably striking to the south-east of the hole. Only weak mineralisation was intersected in this hole with disseminated pyrrhotite and pyrite – maximum base metal result was 922 ppm Cu. This suggests that the target was not fully tested with the single hole.

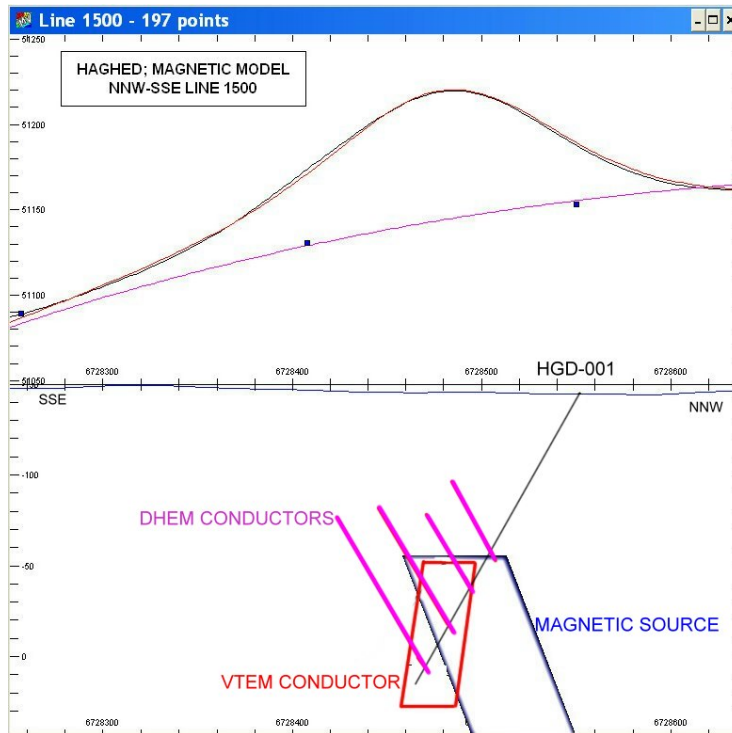


Figure 4. Profile of downhole EM survey at Haghed.

At the Domängruvan prospect two of the six holes drilled were tested with downhole EM. In both holes shallow (close to surface) off-hole conductors were located but these are due to buried cables. There were no other significant conductors detected off-hole. The prospect is deemed to have been adequately tested with no further work warranted.

Bersbo Projects

Follow up ground and down hole EM was completed on holes targeted on VTEM anomalies. Five VTEM targets drilled in the previous quarter failed to intersect any significant mineralisation or alteration; these targets were Bersbo West, Hersätter West, Hersätter Central, Hersätter East and Kungshagen.

Downhole EM was completed on Bersbo West and Hersätter Central while ground EM was undertaken at Kungshagen. At the Hersätter West and East targets ground EM was not completed due to hole collapse.

The Hersätter Central anomaly was covered with ground EM due to the holes being inaccessible. The ground EM showed that the target was adequately explained by the drill holes.

The Hersätter East and West anomalies were not followed up with surface or down hole EM. The lack of significant alteration in either hole downgraded both of these anomalies.

In the Bersbo West and Kungshagen targets off-hole conductors were detected. However, these conductors were modelled as having limited depth and strike extent. No further testing is warranted at either of these targets.

SALA PROJECT (DRAKE 100%)

The historic Sala silver mine operated from the 15th century to 1908. Although records are incomplete it has been estimated that more than 400 tonnes of silver and about 40,000 tonnes of lead was extracted from this mine. Drake has been assembling a portfolio of high potential properties with drill-ready targets in the Sala area.

Vigelsbo

Drake has a 100% interest in an exploration permit application at Vigelsbo, southeast of Falun, Sweden. The Vigelsbo target area is characterized by numerous mineralised boulders, and limited outcrop, containing gold-copper and silver-lead-zinc mineralisation.

The Vigelsbo area is along strike from the historic Sala silver mine 12 kilometres to the southeast. The Sala mine operated from the 15th century to 1908. Records are incomplete, but it has been estimated that more than 400 tonnes of silver was extracted from the mine. The Sala silver mine is thought to be one of the five largest historical silver mines of the world.

The chief interest at Vigelsbo is the presence of a small silica breccia outcrop in the along strike position of known, mineralisation drilled by past explorers to the west of the Drake permit. 1000-1600 metres down-ice from this outcrop, are mineralised glacial boulders containing two styles of mineralisation:

- Gold-copper mineralisation with 7.2-10.2 g/t gold and 1.4-1.5% copper (two boulders)
- Massive sulphide style mineralisation with 52-343 g/t silver, 0.5-4.1 g/t gold, 6.3-17.8% lead and 1.2-12.0% zinc (10 boulders)

The location and size of the mineralisation sourcing these boulders has not been established. These assays are from previous explorers, and were not generated by Drake Resources.



Vigelsbo Location Map

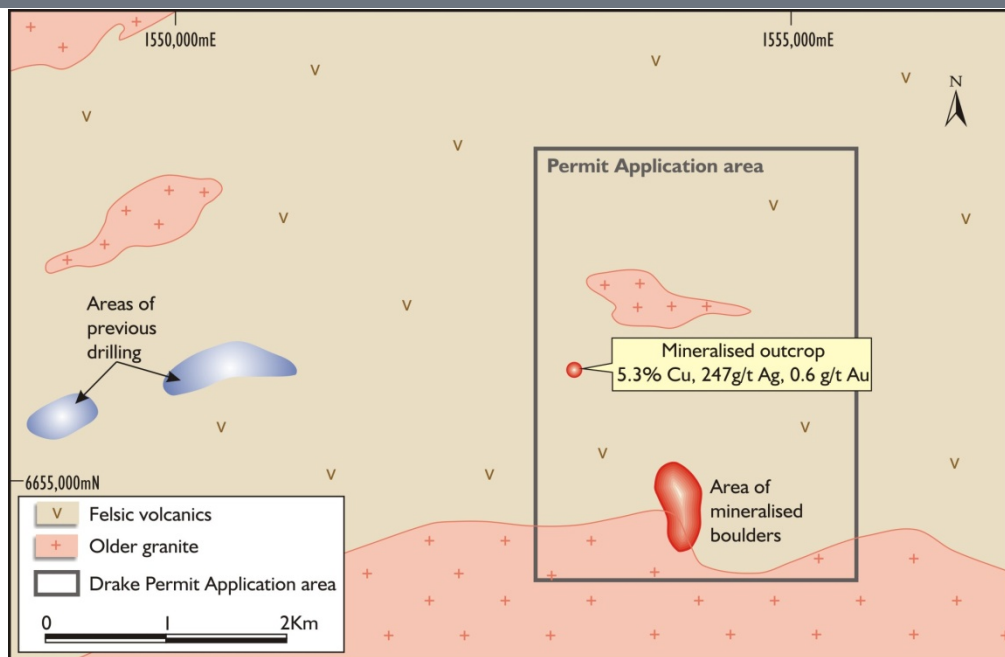
Figure 5: Location of the Vigelsbo permit relative to the Sala Silver Mine

The area is covered by post-glacial sand, gravel and clay but this material is generally thin.

A line of till samples was collected along the old train line 200-600m up-ice of where the boulders were described.

Till samples were analysed using a portable XRF prior to be submitted for lab analysis. High levels of zinc up to 230ppm Zn were detected in samples. The XRF results define a 1000m wide zinc dispersion fan. Background values on either side of the anomalous samples contain 30-40 ppm Zn.

Drake has carried out systematic till sampling during the current quarter. This work will be completed in the next quarter.



Vigelsbo Permit Application

Fig. 6: Location of known mineralisation and mineralised boulders at Vigelsbo

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.

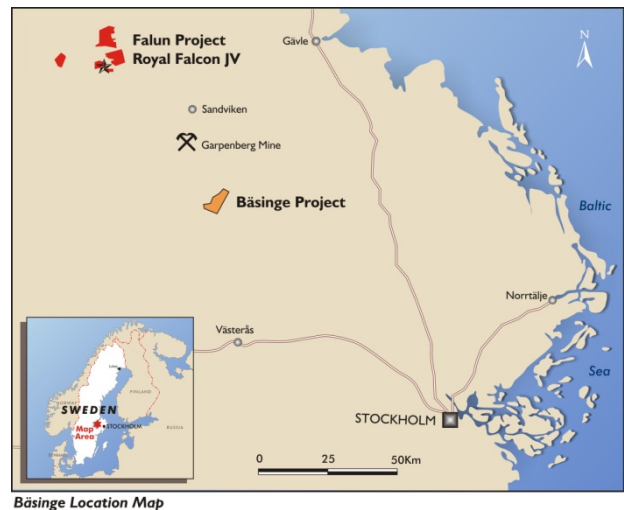


Figure 7: Location of the Basinge permit

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.

A small drilling programme was completed in the mid-1950s. 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 has carried out reconnaissance rock chip sampling and a detailed magnetometer survey. The results of the geochemistry and geophysics are currently being processed and interpreted.

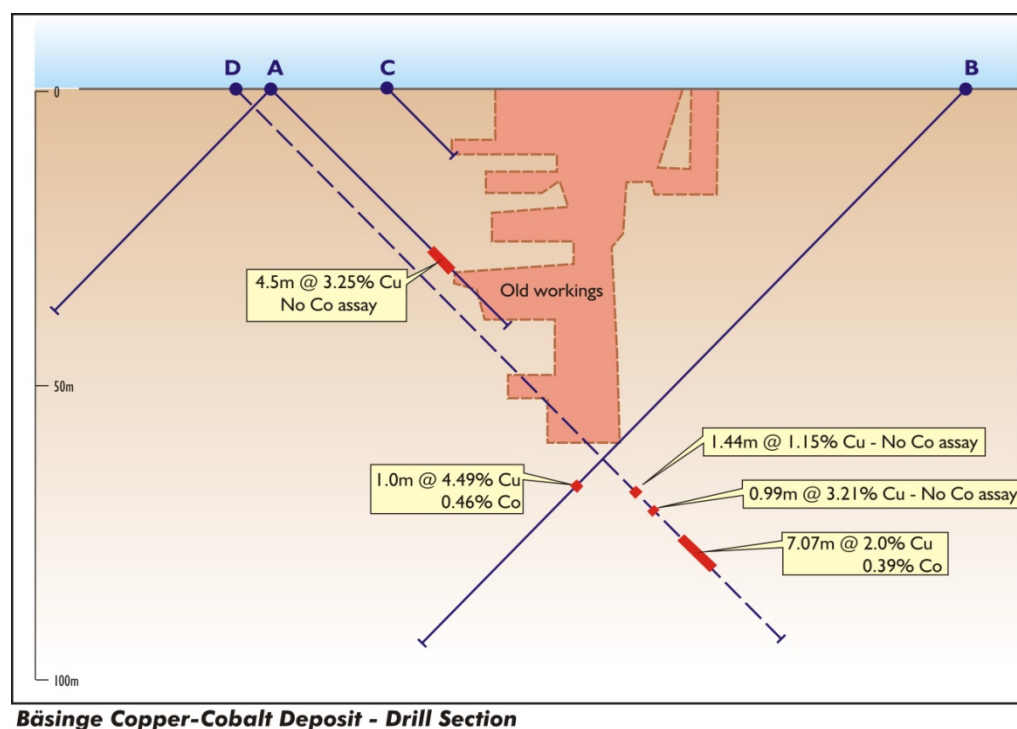


Fig. 8: Bälinge Project drill section through the old underground mine, with copper and cobalt grades; drill hole is projected from 20 metres north onto this section

SCANDINAVIA ALLIANCE WITH PANORAMIC RESOURCES LTD

Drake announced early in the quarter an alliance to identify, explore and develop base and precious metal opportunities with Panoramic Resources Ltd (ASX code: PAN). The primary focus of the alliance is Scandinavia.

Drake has an experienced team of project generators and operators, and an operating base at Falun in Sweden.

Under the alliance terms, Panoramic will have first right of refusal on any projects proposed by Drake. If Panoramic accepts the proposals, each proposal will form a joint venture project and Panoramic has the right to sole-fund exploration to earn a 70% interest in the projects.

Drake can participate in the projects at 30% or 10% or revert to a 2% Net Smelter Return royalty.

The alliance will be for an initial period of three years, but may be extended or terminated by mutual agreement.

With continued support from Panoramic, potential development projects may attract sufficient interest and capital funding to production in a manner that is less dependent on the usual fluctuations in the junior mining sector.

Finland - Kangasjarvi and Savia Joint Ventures (Drake 50%, diluting)

Drake announced in early October that the first outcomes from this Alliance are two Joint Ventures in the highly mineralised copper-zinc belt of central Finland.

The Pyhäsalmi-Vihanti region is the most important zinc mining belt in Finland, with past mining and reserves in excess of 100Mt of ore. The main mine of the belt is Pyhäsalmi, with past production and reserves of 71Mt @ 0.79% Cu, 2.47% Zn, 15 g/t Ag and 0.4 g/t Au.

Pyhäsalmi is an operating, underground mine, and produces three types of concentrates: copper, zinc and pyrite. Copper and zinc concentrates are sold under long-term contracts to smelters in Finland. Pyrite is sold in Europe and Asia. In 2009, 48% of Pyhäsalmi's revenue was from copper, and 31% was from zinc. Cash operating costs are currently C\$36/tonne.

The Joint Ventures cover prospective land south of Pyhasalmi which contains numerous small copper-zinc-silver-gold prospects. The Joint Venture areas have not been subject to modern exploration, and Drake considers that an opportunity exists to define new copper-dominant deposits within these areas.

Drake, on behalf of the Joint Venture, has made applications for approximately 400 square kilometres of prospective geology.

A substantial exploration programme is already underway for the Joint Venture areas. A major VTEM airborne electromagnetic survey has been completed, flying 2675 line kilometres. Drake considers that the new generation electromagnetic methods can see much deeper into the earth than the previously used geophysical methods. Final results from the survey will be available for interpretation in early November.

Finland is a mining-friendly country with a long history of mining activity and metals production. Mining commenced in 1540 and since then about 270 metal mines have been in operation, the main commodities being copper, nickel, zinc, gold, and chromium. The Vancouver-based Fraser Institute ranked Finland as the second most favourable jurisdiction for mining investment in their August survey. The corporate tax rate is 26%.



Figure 9: Location of the Panoramic Joint Ventures in Finland

Prior to 1995 foreign companies were prohibited from holding mineral rights in Finland and mineral exploration and mining was largely dominated by the State controlled Outokumpu company. Finland has not, therefore, been subjected to the cycles of exploration that have occurred in the main Australian metal regions. This represents a significant opportunity for Drake and Panoramic.

MAURITANIA GOLD (DRAKE 100%)

West Africa is becoming an increasingly significant gold producing region. Production has increased by 53% of the past ten years, and the region produced approximately 175 tonnes (5.6 million ounces) of gold in 2008. According to the United States Geological Survey, West Africa had the highest growth in gold resources of any region during the period 1997-2005.

The Birrimian age rocks of West Africa contain some of the world's major gold deposits, and the province has enjoyed a high exploration success rate in recent years. Major new discoveries have been made in Mali, Senegal, Ivory Coast and Burkina Faso, as well as Mauritania. As a consequence gold production is rising rapidly in several countries in the region, including Burkino Faso, Ivory Coast, Mauritania, Senegal, Niger, Sierra Leone and Liberia.

Drake now holds a large package of permits and applications prospective for gold in Mauritania. The total area of this package is in excess of 8,700 km².

Drake's applications cover the Archaean - Lower Proterozoic Reguibat Shield, the same geological package which hosts Kinross Gold's 11 million ounce Tasiast gold deposit.



Figure 10: Location of Drake Resources' gold permits and applications in Mauritania

Drake's field crews have started reconnaissance mapping, rock chip and soil sampling to define targets for drilling on the granted permits. In addition Drake is currently reprocessing and reinterpreting the data to identify targets for ground follow up once the new applications for permits are granted.

Drake Resources' project team includes local and expatriate professionals with strong local knowledge and operational experience in Mauritania and West Africa.

Mauritania has a long history of mining, a favourable and well administered Mining Act, and a government supportive of foreign investment. Until recently, Mauritania has seen little systematic gold exploration compared to other countries in the region.

Drake Resources' management team has an exceptional track record of gold exploration success, and includes key members of the team that built the Acacia Resources/AngloGold portfolio in Australia.

Nsour Sud Ouest

One permit application in the east of the country, Nsour Sud Ouest, covers part of a major shear zone with anomalous gold over several kilometres. Past explorers have defined a zone five kilometres in length from soil sampling, which is open to both north and south.

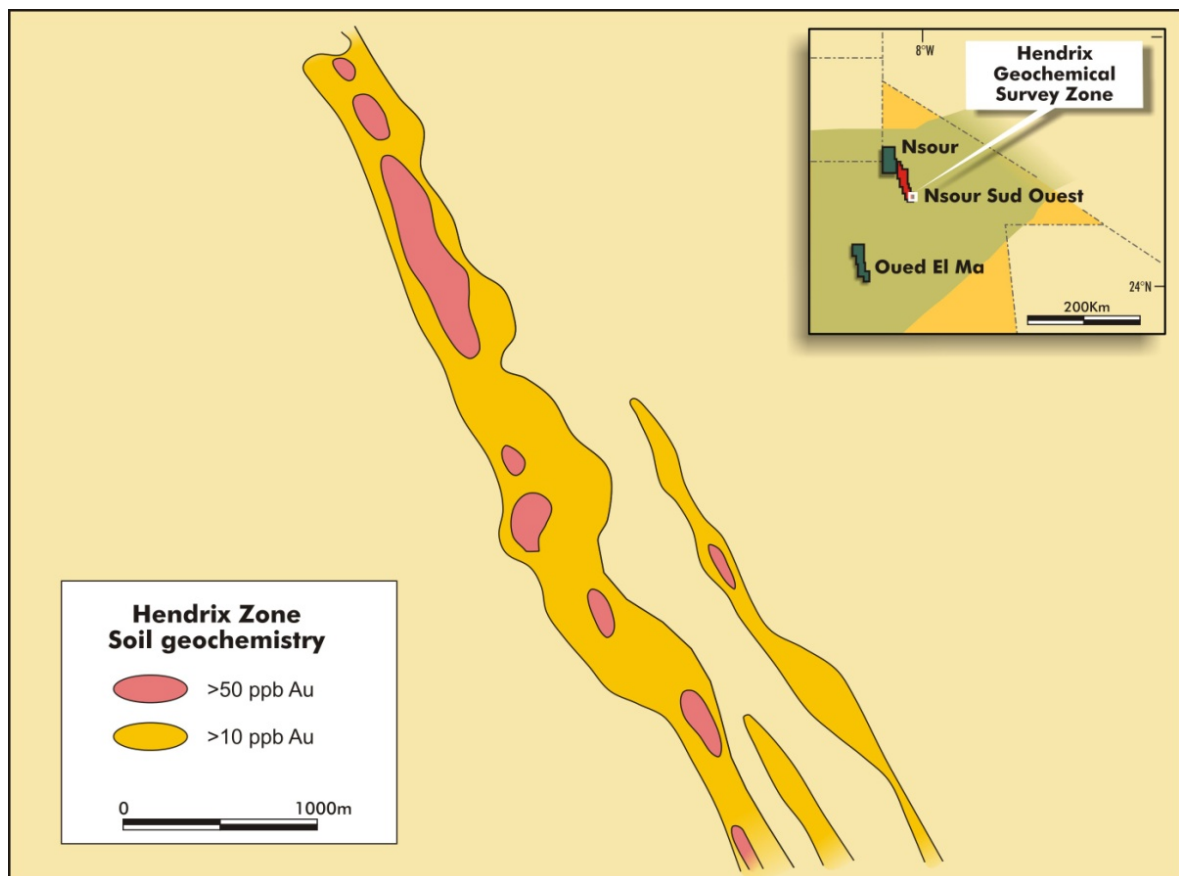


Figure 11: Hendrix Zone gold anomaly, Nsour Sud Ouest application

Nsour permit

The Nsour permit covers the Conchita Florence gold prospect, on which previous work has reported gold values up to 68 g/t in quartz veins. It is Drake's understanding that the prospect has never been drilled.

The Drake team is currently carrying out a programme of mapping and detailed sampling at Nsour. It is anticipated that this work will define drill targets for testing in this northern field season.

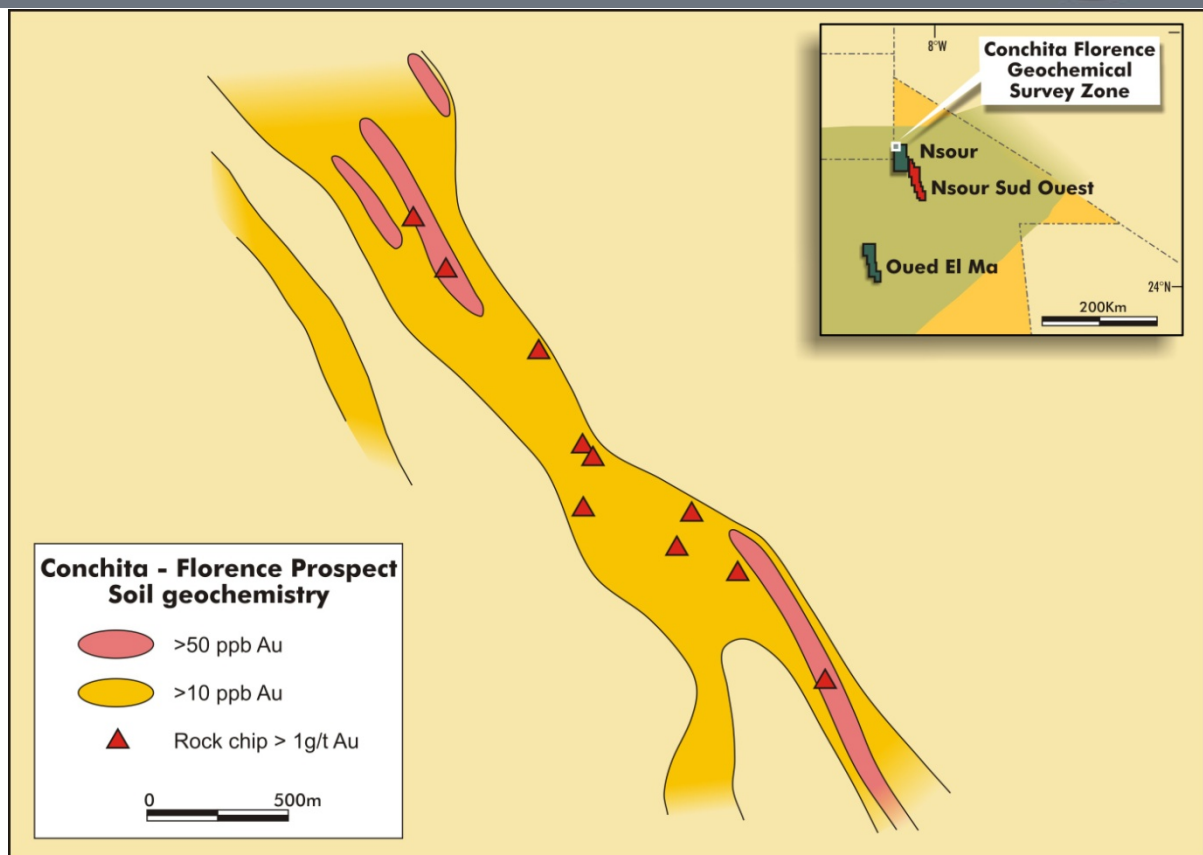
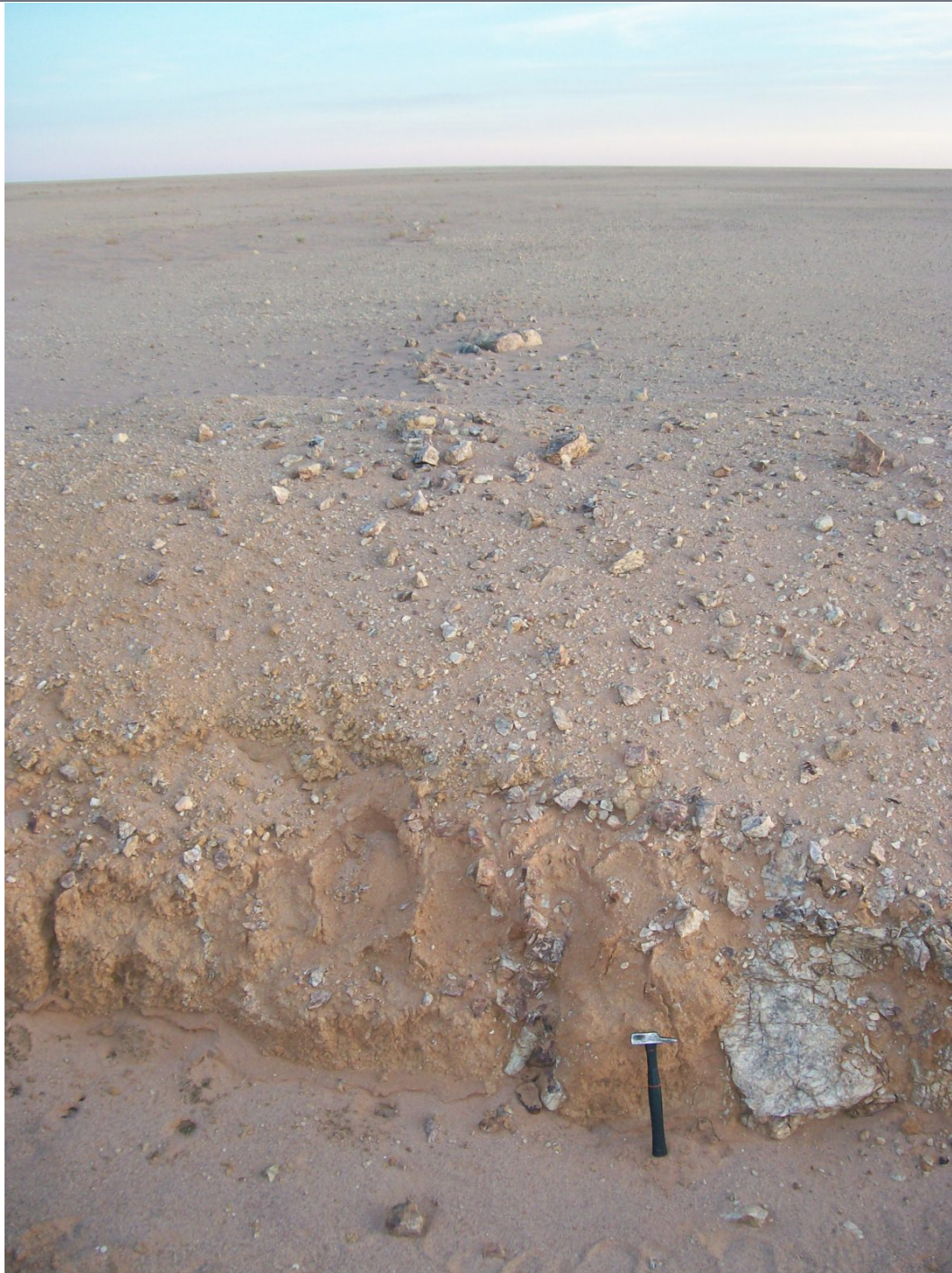


Fig 12. Drake's Nsour permit showing location of high grade gold values reported in regional sampling conducted by previous explorers



Gold-bearing quartz veins in the Nsour permit, Mauritania

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. Dr Beeson is a Member of the Australian Institute of Geoscientists.