

Quarterly Activity Report March 2011

Highlights

Mauritania Gold

- Drake holds substantial land position with seven exploration permits and nine applications covering 11,323 km² in this underexplored sector of the West African Craton
- Drake has completed a 2,000 metre drill programme at the Conchita Prospect, there the company has previously reported gold grades ranging up to 437 g/t
- The high gold values are associated with poorly exposed quartz veins which can be traced in excess of 2 km along strike.
- Drake's permits include the interpreted southern extensions of the Tasiast and Tijirit greenstone belts (Tasiast gold mine 18 Moz).
- Drake has commenced a detailed airborne magnetic survey over the interpreted greenstone belt extensions, and has completed a substantial soil sampling programme

Sweden copper-gold-zinc

- First pass resource estimate continuing for the Johannes Lucas deposit;
- Gravity survey targets defined along strike from the Falun mine
- Drilling commenced at seven targets in five exploration permits for copper-zinc-gold-silver mineralisation in Drake's 100% permits in central Sweden

Finland copper-zinc

- Two joint ventures have been established with Panoramic Resources Ltd over prospective sections of the Pyhasalmi-Vihanti, copper-zinc belt, a major base metal region in Finland.
- High ranking targets defined from a major airborne electromagnetic survey
- Drilling of targets to commence in the June quarter

About Drake

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

In the five years since listing on the ASX, Drake has established a robust portfolio of projects. Drake's competitive advantages include a major and strategic landholding for gold in the highly productive West African craton, 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 projects in West Africa and Scandinavia. Drake has assembled an extensive package of gold exploration permits in the emerging gold province in Mauritania.

Until recently, Mauritania has seen little systematic gold exploration compared to other countries in the region, despite the Tasiast Mine (Kinross) emerging as one of the major gold mines of West Africa.

Drake considers that copper, zinc and gold ores remain within the historic Falun Mine area in Sweden and has put in place a program to assess the economic potential of remaining ore and new ore bodies.

Drake also manages an alliance and 2 joint ventures with Panoramic Resources Ltd in Finland, searching for copper-zinc deposits. New generation geophysics is defining high quality drill targets in the region.

OPERATIONS

MAURITANIA GOLD (DRAKE 100%)

Drake has assembled an extensive package of gold exploration permits in the emerging gold province in Mauritania. Drake currently holds 7 granted, or approved for grant, permits covering 6,745 km², and a further 4 applications covering a further 4,578 km².

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

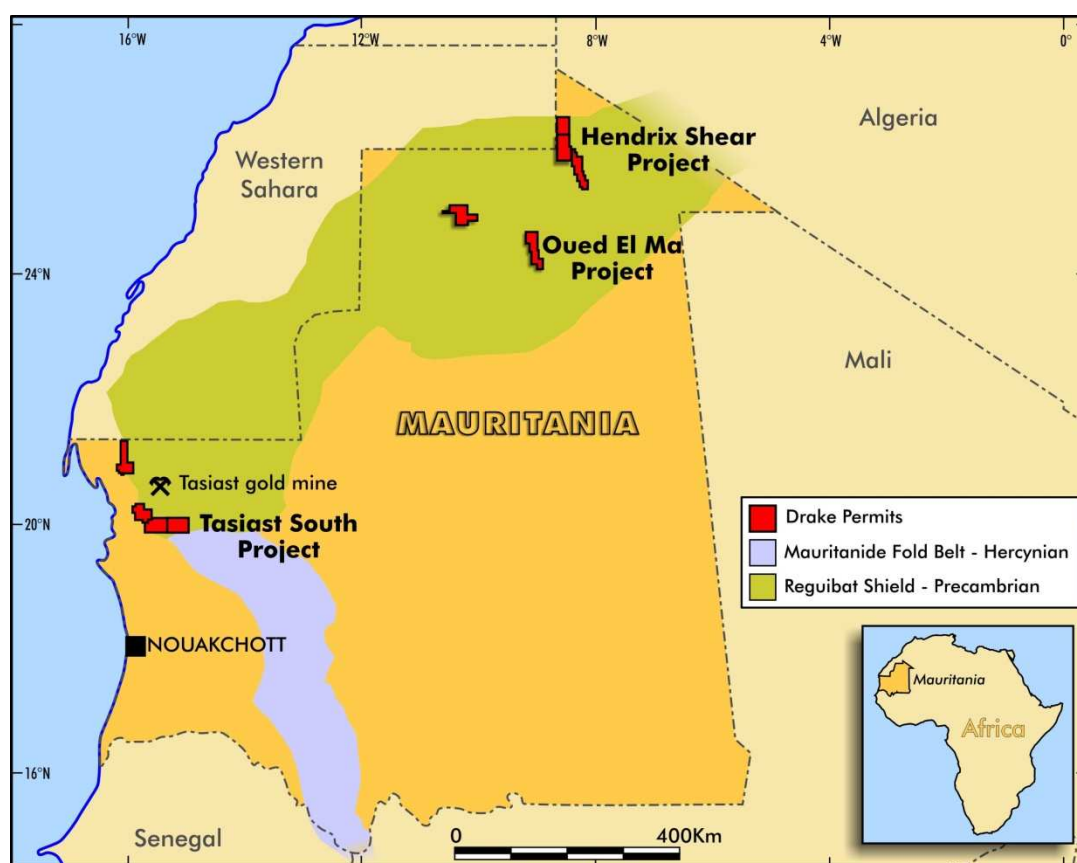


Location of the West African province

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 Burkina Faso, Ivory Coast, Mauritania, Senegal, Niger, Sierra Leone and Liberia.

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.



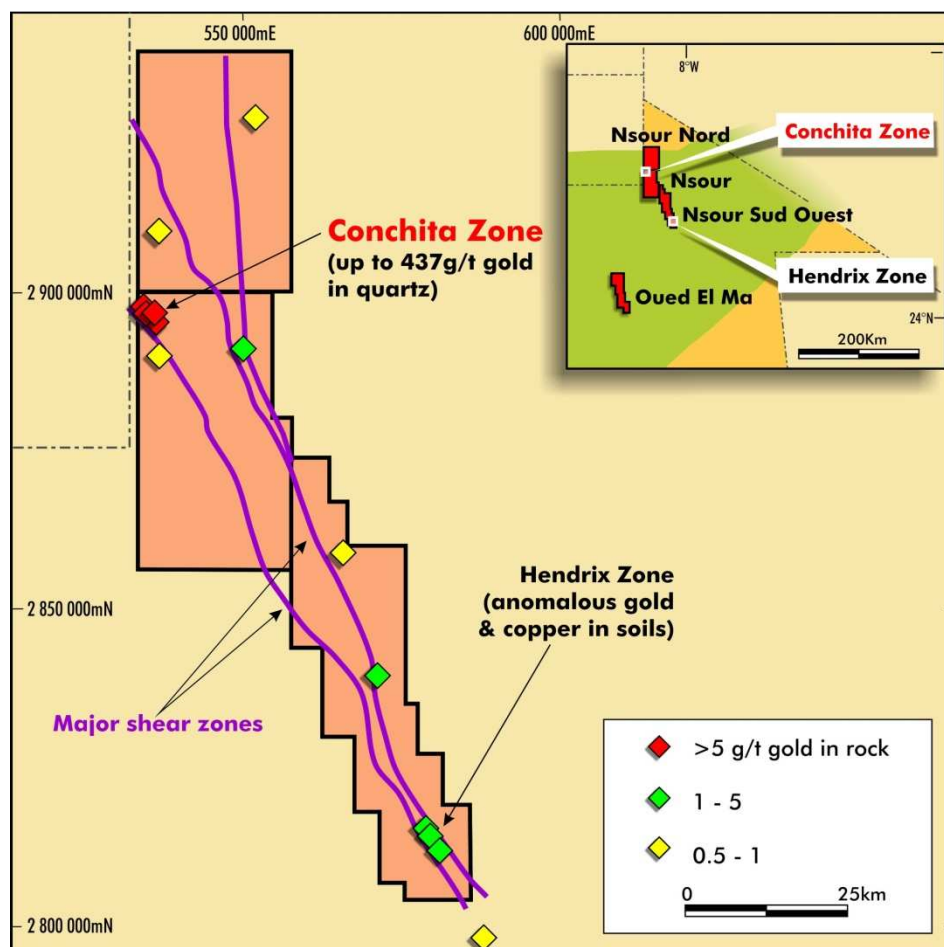
Drake permits and applications in Mauritania

Hendrix Shear Project

Drake has commenced its first round of exploration on 3 gold exploration permits awarded to it in late 2010 over 2,900 km² in the Reguibat Craton of northern Mauritania.

Drake's programme consisted of reconnaissance mapping and sampling of rocks and soils. This work located a number of areas with anomalous gold values. In one area, the Conchita Prospect, high to very high gold values were obtained in poorly outcropping and sub-outcropping quartz veins.

Of 12 samples collected by Drake of poorly outcropping quartz veins over a strike length of +4 km, 5 assayed greater than 5 g/t gold, and all but 2 assayed greater than 1 g/t gold. 2 samples returned spectacular grades of 437 g/t and 31.3 g/t gold. These results are based on screen fire assaying, a technique designed to minimise the impact of coarse gold.



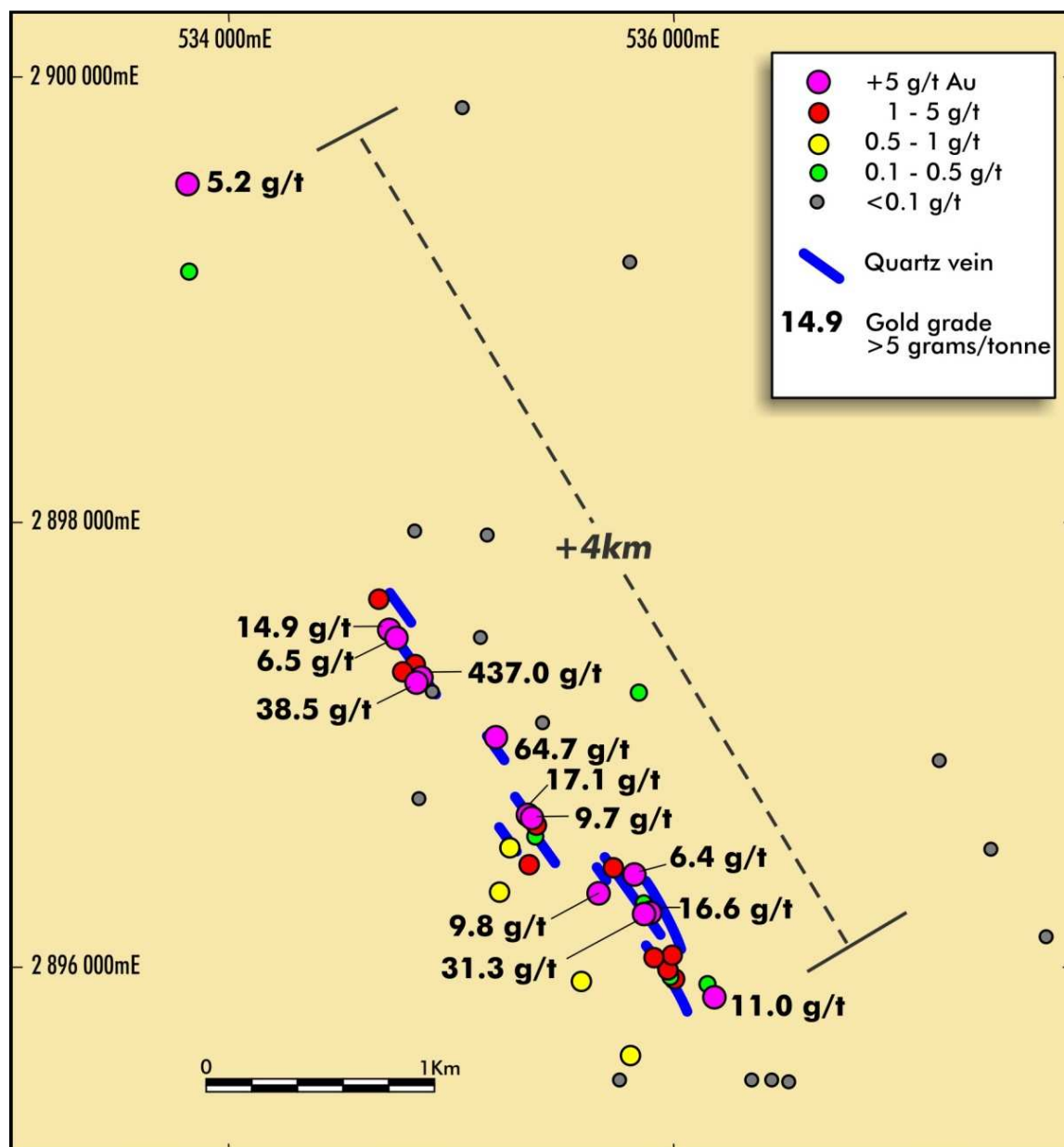
Drake permit and application holdings in the Conchita area.

Some samples from the area had also been collected by a previous explorer, and also by BRGM as part of the PRISM regional mapping and sampling aid programme in Mauritania. In total 35 samples have been collected from the Conchita quartz veins. Of the 35 rock samples taken on the vein system, 23% returned greater than 10 g/t gold, 37% greater than 5 g/t gold, and 77% returned greater than 1 g/t Au.

Five shallow trenches approximately 400m apart were excavated to approximately 1m depth by a previous explorer over some of the veins. The trenches located solid quartz veins of approximately 40 cm width surrounded by narrower cm-scale veins.

Drake has completed a programme of 2,000m of reverse circulation drilling at the Conchita Prospect. The Prospect had not been previously drilled. Assays for the drilling are anticipated later this quarter.

Drake has also completed a substantial soil sampling programme at the Conchita Prospect, totalling 3,155 samples. Assay results are anticipated later this current quarter.



Conchita Prospect – surface rock sampling results



Reverse circulation drilling at the Conchita Prospect.



Sample splitting in the drilling programme

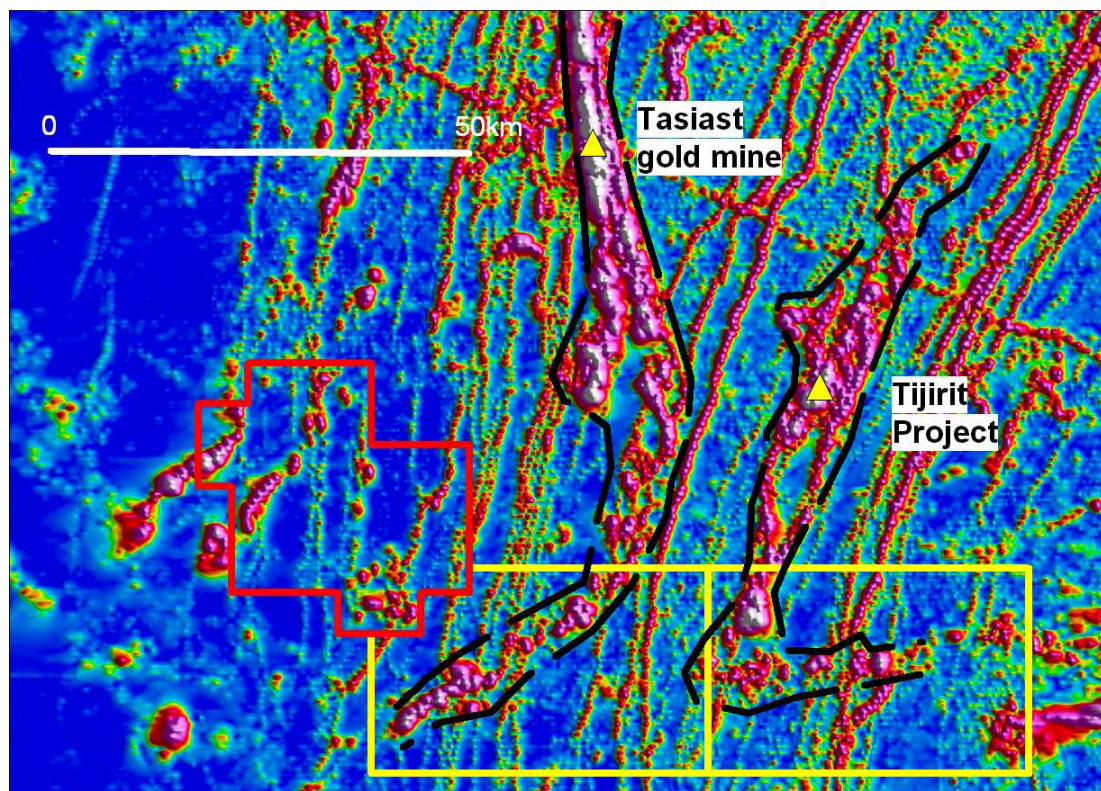
Tasiast South Project

Drake has been granted two permits containing the interpreted southern extensions of the Tasiast greenstone belt (Tasiast gold mine 18 Moz).

Mauritanian government airborne magnetics strongly suggests that the greenstone belt that hosts the Tasiast mine extends into Drake's permit.

Drake understands that there has been no past exploration for gold within this permit. However, exploration by previous explorers between the Drake permit and Tasiast suggests the greenstone belt contains gold mineralisation along strike from the mine.

In addition Drake has been awarded a permit that adjoins Gryphon Minerals Limited's Tijirit Project. This Project has received limited drilling, but intersections to date include 6m @ 17.63g/t Au, 6m @ 10.47g/t Au, and 2m @ 24.90g/t Au. Drake's permit commences 20 kilometres south of drilled mineralisation. Again there is no reported gold exploration in the Drake permit.



Magnetics image showing Tasiast South permits (yellow), application (red), plus interpreted Tasiast and Tijirit greenstone belt extensions (black dashed lines)

Drake has begun a high-resolution airborne magnetic geophysical survey at its 100% Tasiast South Project. The airborne magnetic survey, to be flown by Xcalibur Airborne Geophysics Ltd from South Africa, comprises four blocks totalling an area of 655 km².



Soil sampling in the Tasiast South permits

Over 11,000 line km will be flown using a horizontal gradiometer system on 75m spaced lines with a nominal flying height of 30m.

The survey is expected to take three weeks to collect, with final data expected to be available in late May.

This high-resolution survey will provide detailed geological and structural data over Drake's Tasiast South Project. To date only regional, 650m spaced magnetics has been available over the Drake licences and the new detailed survey will highlight geological and structural targets, known to be the focus for gold mineralisation in the West African gold province, for follow up drill testing.

Drake has also completed a substantial soil geochemistry programme over the interpreted greenstone belts, collecting 4,166 samples.

Assays are anticipated within the current quarter.

SWEDEN PROPERTIES: ROYAL FALCON MINING JOINT VENTURE

Drake Resources has a joint venture with Royal Falcon Mining LLC covering the Falun and Bersbo Projects in Sweden.

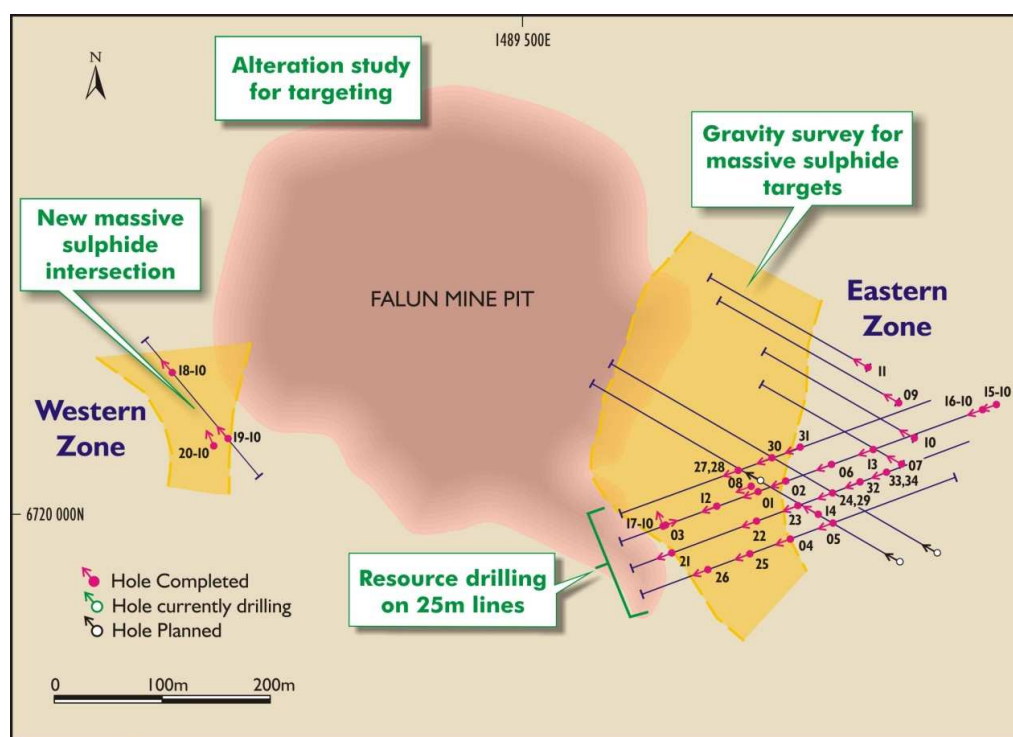
During the quarter a review of the exploration of the previous year was undertaken. The results of this review have led:

- (1) to the initiation of a revision of the geological model of the eastern copper gold zone at Falun (currently in progress);
- (2) to the relinquishment of licences in the Bersbo South East project;
- (3) to the relinquishment of all licences except Bersbo nr 2 in the Bersbo project; and
- (4) A new programme of exploration developed and submitted to the joint venture operating committee.

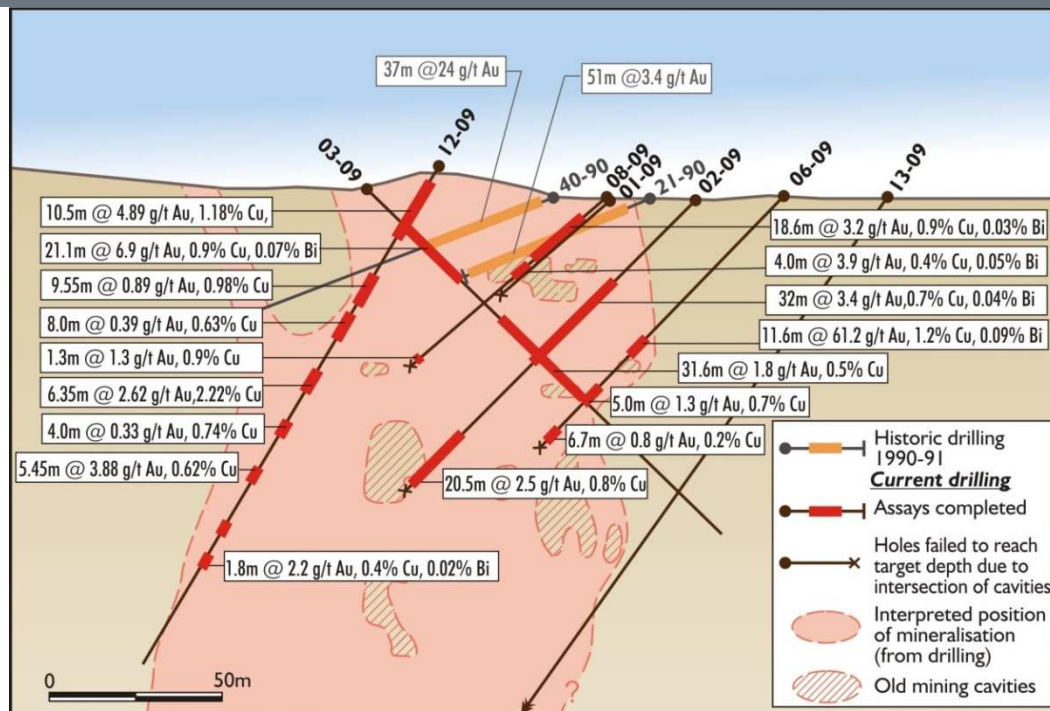
Falun

Eastern Copper Gold Zone

The 33 hole drill programme in the Eastern Copper-Gold Zone has demonstrated the presence of local high grade gold close to surface and its continuation to approximately 200m depth.



Falun - 2010 programme



Falun - Drilling Results
Drill section 075N

The joint venture has continued to investigate the area between Drake's near-surface drilling and the area of gold mining at the 350m level. The company has recently accessed the remaining drill core from when the mine operated.

Work on the first resource for the gold-copper mineralisation has continued.

Gravity Survey

The host sequence of Falun cannot be easily traced using aeromagnetic or airborne EM data due to cultural effects. However, the mineralised mine sequence can be followed in drilling around the old mine, and also by the presence of small copper and zinc occurrences.

Due to the massive, and dense, nature of massive sulphide mineralisation gravity has been applied successfully in the discovery of orebodies of this type elsewhere in the world. Consequently, at Falun, it is anticipated that ground gravity would be able to discern potential orebodies within the host sequence.

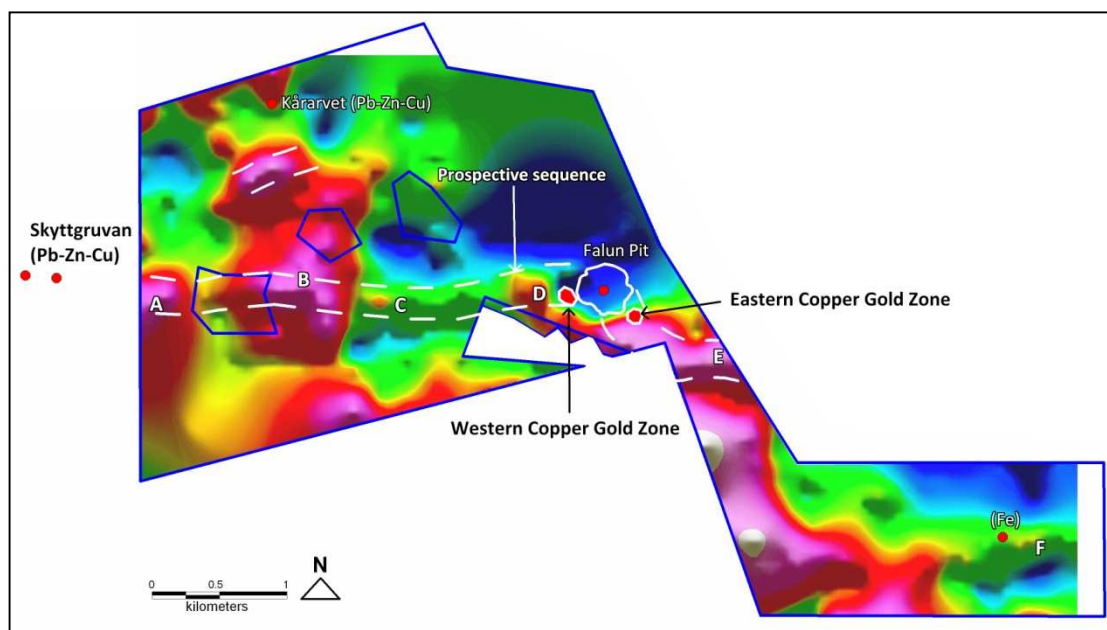
The survey was completed by SMOY, of Finland, using a Scintrex CG3 gravity meter coupled with a Topcon GR-3 VRS for positioning of data points. The lines were nominally 200 metres apart and data was collected at stations every 100 metres.

The resulting data show a distinctive residual gravity trend running westward from Falun (see Figures) that appears to link up with the Skyttgruvan deposit to the west. Along this ridge there are a number of discrete residual gravity highs that are of potential interest

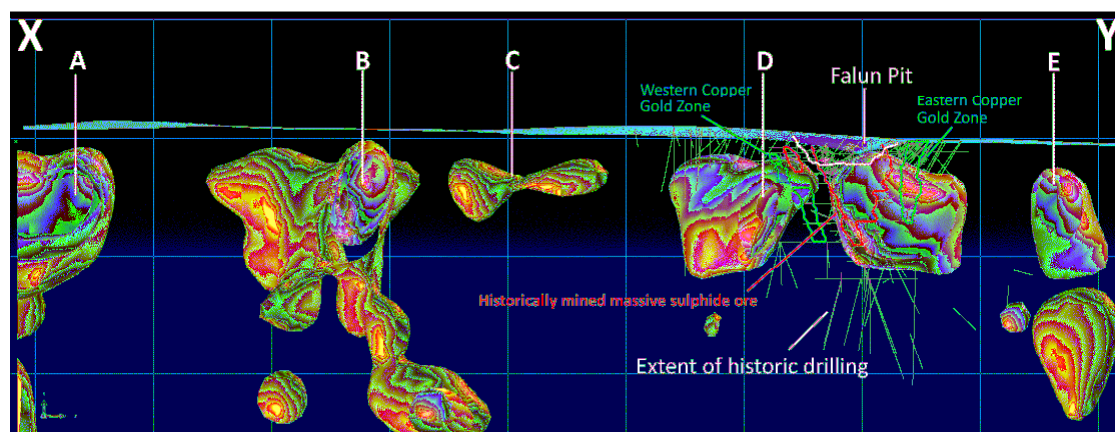
(anomalies A to C). Nearest the mine, a larger residual gravity anomaly lies close to previous drilling that intersected the mine sequence base metal mineralisation and alteration (anomaly D).

Furthermore, to the south east of the mine, a further residual gravity anomaly shows great potential (anomaly E). Previous drilling in the area shows that the gravity high is coincident with typical mine sequence alteration. A surface drill hole, drilled in 1971, intersected siliceous alteration as found at the Falun mine, throughout all of its 753 metres length. Traces of copper mineralisation were found at 550 and 600 metres depth down the hole.

In the easternmost reaches of the licence a residual gravity anomaly (F) lies coincident with a VTEM anomaly delineated in previous exploration.



Gravity with 5 km high pass filter. Letters denote anomalies in Figures below



Gravity anomalies (D and E) near the mine are already known to contain skarn and alteration assemblages along with minor mineralisation and represent targets for future drilling.

A new permit, Skyttgruvan nr 2, was granted by the Sweden Mines Inspectorate. This licence abuts Falun nr 100 to the west and covers the Skyttgruvan base metal deposit. This application also covers the extension of a gravity trend that was highlighted in a survey completed in the last quarter. This trend extends from the Falun deposit and can be traced along strike into the Skyttgruvan application.

The Oxberg nr 2 licence was extended for a further three years.

SWEDEN PERMITS (DRAKE 100%)

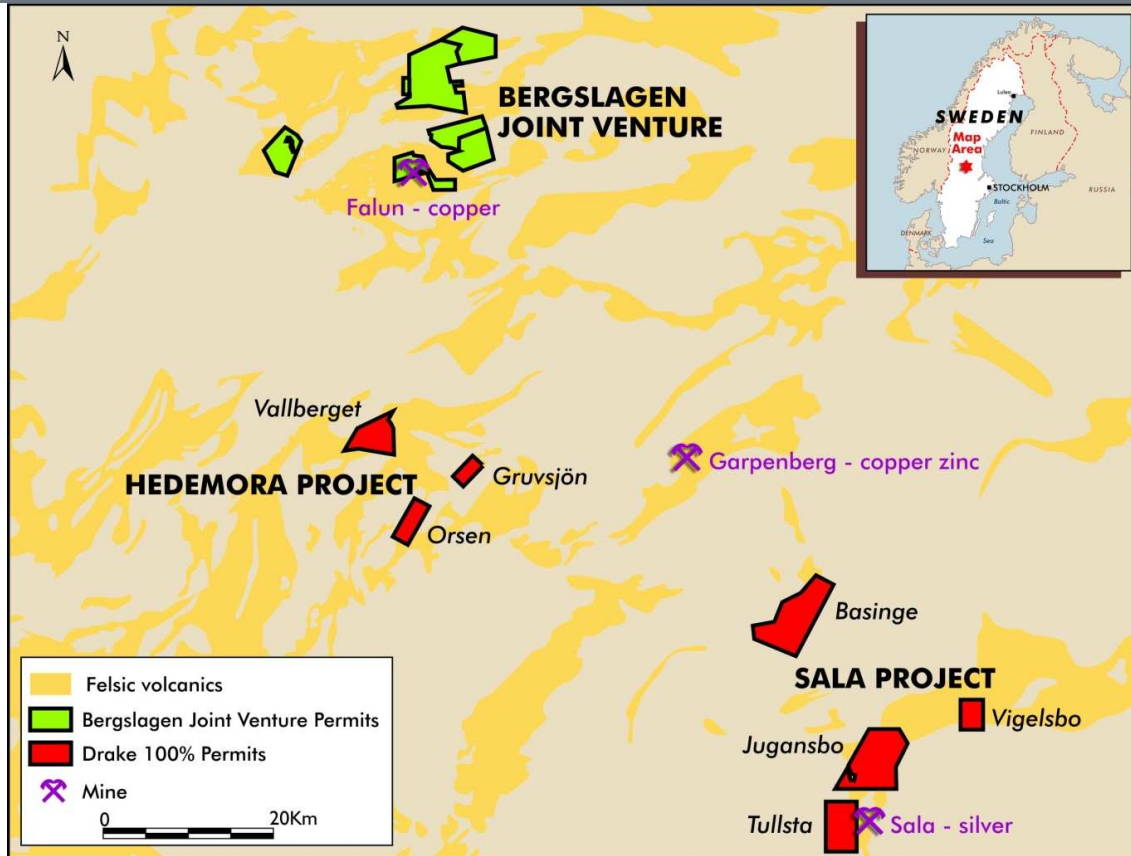
Drake has commenced drilling on five of its wholly owned and joint venture projects in the Bergslagen District of Sweden.

The Bergslagen District is host to a number of historic and current mines, including Sala, Falun (currently being explored by Drake), Garpenberg and Zinkgruvan.

Drake's permits in the district include the Hedemora Project (Vallberget and Orsen permits) and the Sala Project (Bäsinge, Jugansbo and Vigelsbo).

A total of 1,250m of diamond core drilling is planned in 10 holes, including eight holes designed to test base metals targets on four of Drake's 100% owned properties.

An additional two holes will test high-quality geophysical (VTEM) targets on Northern Minerals' Vallberget licences where DRK is exploring under an option agreement.



Hedemora and Sala Projects, Sweden

Targets in the Sala Project include:

- At Bäsinge, Drake is targeting high-grade copper-cobalt mineralization associated with historical workings
- On the Jugansbo and Vigelsbo licenses, Drake is following up anomalous till and boulder sampling which has defined a zone of high grade silver anomalism associated with carbonates analogous to the Sala deposit, where in excess of 200 million ounces of silver were produced with grades up to 3,000 g/t Ag.

In the Hedemora Project:

- A strong VTEM anomaly associated with historical workings will be drilled on the Vallberget permit
- At Orsen, Drake is targeting iron and iron oxide Cu-Au targets associated with an intense magnetic feature, historical workings and anomalous till and bedrock geochemistry.

Drilling is anticipated to continue until the end of May.

SCANDINAVIAN ALLIANCE WITH PANORAMIC RESOURCES LTD

Drake has 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.

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.

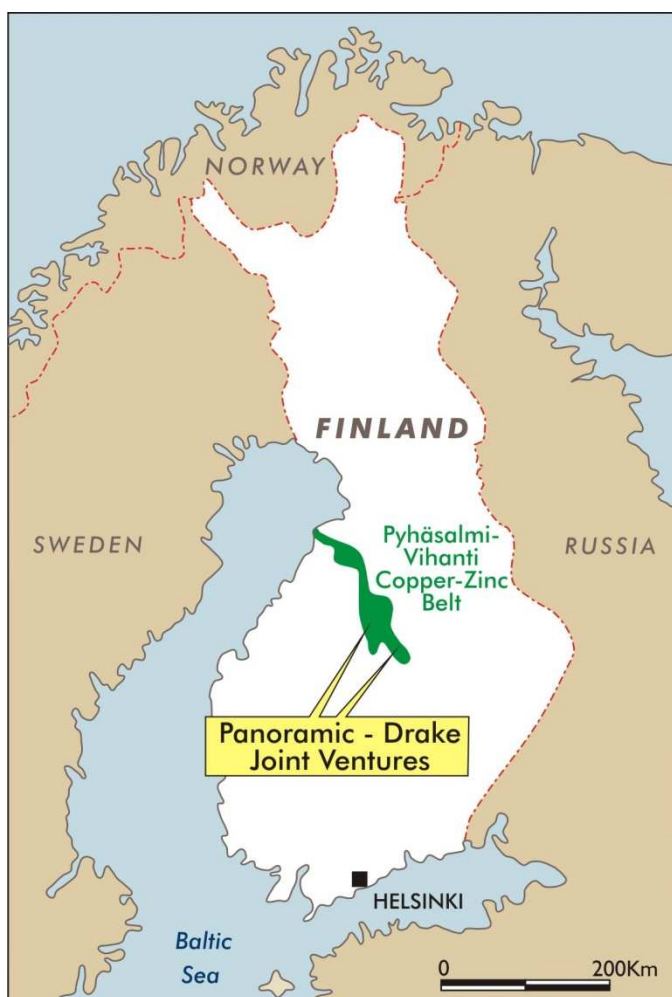
The alliance will be for an initial period of three years, but may be extended or terminated by mutual agreement.

Finland, Kangasjarvi and Savia Joint Ventures

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.

A detailed, 2,675 line kilometre, airborne electromagnetic (VTEM) survey that was flown over the two JV areas in 2010, and detailed interpretation of this high quality dataset commenced during the December quarter. Outcomes from this interpretation have included:

- Ten high priority copper-zinc targets were identified for follow up
- On five of these targets, ground EM surveying was required to better resolve the geophysics for modelling; this ground EM survey was completed during the quarter
- Ten holes have now been modelled and drill plans designed to test these high priority targets

Seven of the priority targets have now been permitted for drill testing.

A drilling contractor has been appointed, and drilling is expected to commence in the second half of May.

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%.

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.

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.