



Hemisphere Resources Limited

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QUARTERLY ACTIVITY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2011

HIGHLIGHTS

Yandicoogina South Iron Project:

- Heritage clearance obtained for further drilling;
- Drill rig mobilised to the project, and a total of 834 metres of Reverse Circulation drilling completed;
- Assay results pending.

Mt Goldsworthy Iron Project:

- Ground gravity work completed, infilling a previous survey to 200x100 metre-spacing with 1,170 additional gravity stations;
- Gravity and aeromagnetic modelling yield a number of anomalies for drill-testing;
- Heritage clearance request submitted to native title claimants group.

Hancock Range Iron Project:

- Awaiting clearance to enable further drilling.

Sandstone Uranium Project

- Baseline radiometric survey completed to collect pre-disturbance radiation readings, requirement of the Radiation Management Plan.

Eucla Tenement Applications:

- Significant land-holding of 6 tenements comprising a total of 2,725km² pegged in Eucla Basin.

EXECUTIVE SUMMARY

Hemisphere continued to develop and advance work programs on a number of projects during the Quarter.

At **Yandicoogina South (E47/1904)**, heritage clearances were obtained to drill potential extensions to the existing Channel Iron Deposit ('CID') resource, and to investigate potential bedrock mineralisation in the Weeli Wolli Formation. A total of 834 metres of Reverse Circulation was drilled, samples were submitted to the laboratory, and assay results are pending.

At **Hancock Range (E47/2110)**, a heritage clearance report was provided by the Traditional Owners' group. Further heritage work is required to gain access to a significant part of the tenement and this will be completed in 2012.

At **Mount Goldsworthy (E45/3376)**, an infill ground gravity survey was completed, to complement a survey conducted by a previous tenement holder with the addition of 1,170 ground gravity stations on a 200x100 metre grid. The surveys were combined and used for gravity inversion modelling to generate gravity anomalies, while previous aeromagnetic surveys were remodelled and used to generate magnetic anomalies. By combining the two sets of anomalies, areas for potential drill-testing were identified, and application was made to the native title claimants group for ground clearance surveys.

At **Sandstone (E57/781)**, a baseline radiometric survey was completed over the uranium anomaly identified from MMI sampling during 2010. This survey is a requirement prior to any exploration drilling, to build up a database of pre-disturbance background values that can be compared with values after drilling.

The Company pegged a significant land-holding of 2,725km² in the **Eucla Region (E69/3000 to E69/3007)**, covering large, regional scale structures and magnetic anomalies over previously under-explored ground in the Eucla Basin. This ground provides future exploration projects once granted, with work targeting potential for world-class Iron Oxide Copper-Gold (IOCG) mineralisation systems.

The Company also continues to assess other projects that have potential to add shareholder value.

Pilbara Iron Projects

Hemisphere has a portfolio of tenements within the Pilbara iron province of Western Australia (Figure 1). The recently acquired Mt Goldsworthy Project enhances the Company's Iron portfolio.

Yandicoogina South – (Hemisphere 100%)

Yandicoogina South is located 6km south of Rio Tinto's major Yandicoogina Iron Ore mine. Drilling during 2010 demonstrated the presence of high grade channel iron mineralisation over a strike length of 800 metres. The deposit is open to the south and south west and Hemisphere is actively testing the target area. A mining lease application has been submitted over the Project.

An Indicated JORC-compliant maiden resource of 4.3 million tonnes at 55.8% Fe (50% Fe cut-off), 7.7% SiO₂, 3.3% Al₂O₃, 0.07% P and 8.9% LOI was reported in 2011. Inclusive within this is a continuous higher grade zone of 1.9 million tonnes at 58.0% Fe, 5.8% SiO₂, 2.8% Al₂O₃, 0.08% P, and 8.1% LOI. Preliminary metallurgical testwork results have shown that the high grade, high quality portion has DSO capacity.

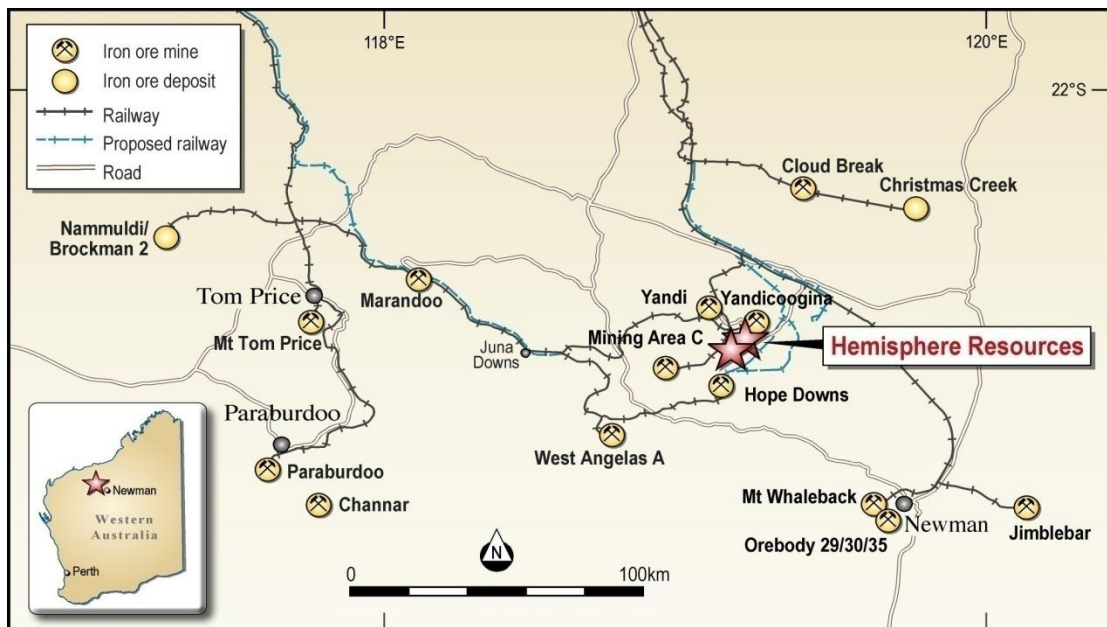


Figure 1: Location of Central Pilbara Iron Projects – Yandicoogina South & Hancock Range.

During mid-September the heritage clearance report was provided by the native title claimants group for ground surveys completed in June. The proposed drilling program was modified to take into account the avoidance areas, and a drilling rig was mobilised to Yandicoogina South.

Reverse circulation drilling in-filled parts of the current CID resource; tested outcropping Weeli Wolli bedrock mineralisation located south of the current resource; and investigated a tributary channel running south of the main Yandicoogina river channel (Figure 2).

A total of 834 metres was completed, and samples were submitted during late September with results expected by November. Drilling showed the bedrock mineralisation generally lacked significant depth, and the tributary channel mineralisation was not as thick as that encountered on the main resource.

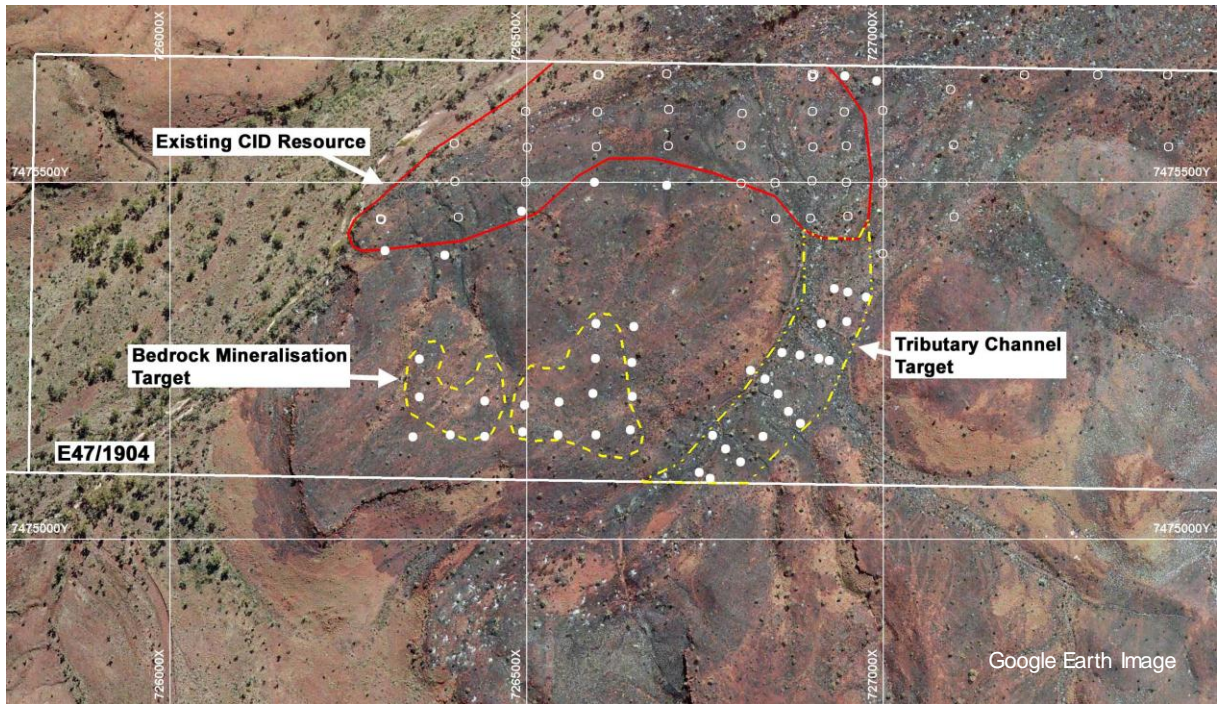


Figure 2: Areas Evaluated during September, showing completed drillholes in the bedrock and tributary channel targets, and historical drilling within the existing CID Resource extents.

Hancock Range – E47/2110 (Hemisphere 100%)

Hancock Range is located 1.8km south of Hemisphere’s **Yandicoogina South Project (E47/1904)**, approximately 15km north east of Mining Area C (BHPB) and some 5km north of the recently established Hope Downs Operation (Hancock/RIO) in the Pilbara region of Western Australia.

The Hancock Range Iron Project is located 5km north of Hope Downs and overlies the Brockman Iron Formation, the host rock to significant iron ore mineralisation in the Pilbara Province. Initial diamond drilling for stratigraphic purposes also tested for iron mineralisation in the Joffre and Dales Gorge Members. Initial drilling has confirmed the stratigraphy and further drilling is currently planned.

Heritage work was conducted during June to clear an access corridor along the northern part of the tenement, following the crest-line for ease of access. The subsequent report has shown a significant number of heritage sites along the proposed route. Further heritage work will be required during 2012 to gain access for drilling to proceed.

Mt Goldsworthy Project – E47/3376 (Hemisphere 100%)

The **Mount Goldsworthy Project** is located 5km north of the historic Mt Goldsworthy Iron Ore mine, 45km east of Atlas Iron's Pardoo operations and 105km from Port Hedland. The BHP Billiton Port Hedland to Yarrie railway line passes along the southern boundary of the tenement. Hemisphere understands that this railway has been declared open to third parties subject to commercial negotiations with BHP Billiton.

The favourable rock unit on the project is the Nimingarra Formation which locally hosts Yarrie, Shay Gap, Nimingarra and the Mt Goldsworthy mines. Hemisphere is exploring for DSO hematite and will be targeting drill sites by applying gravity surveys to highlight favourable parts of the Nimingarra.

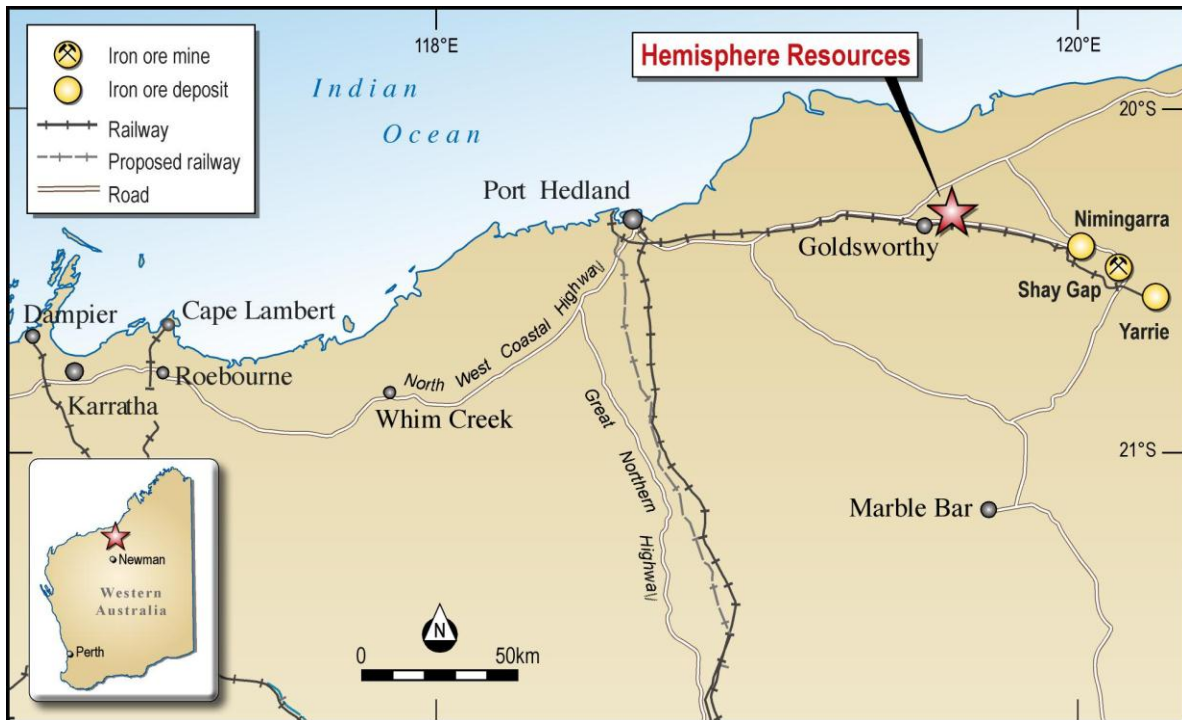


Figure 3: Location of Mt Goldsworthy Iron Project.

The Goldsworthy tenement E45/3376 was granted in April 2011. The previous holder had acquired a significant amount of geophysical data, including aeromagnetic data and ground gravity data. On reviewing the data, the Company decided to improve the ground gravity resolution by infilling part of the survey area, allowing greater detail and smaller targets to be identified.

In June the eastern third of the tenement was in-filled to a 200x100 metre grid, with the acquisition of a further 1,170 ground gravity stations. During the Quarter the geophysical survey data was processed, modelled, and reviewed, yielding gravity and aeromagnetic anomalies.

Combining these to identify magnetic lows that coincide with gravity highs over concealed Nimingarra Iron Formation has yielded a number of potential iron mineralisation targets for drill testing.

A Program of Works was submitted for Government approval, and submission has been made to the native title claimant group to facilitate heritage surveys.

Eucla Region – E69/3000 to E69/3007 (Hemisphere 100%)

In August the Company applied for a significant land holding over parts of the Eucla Basin, under a wholly-owned subsidiary company Eucla Exploration Pty Ltd. It is anticipated the tenements will be granted during 2012.

The tenement applications focused on gaining title over large-scale regional structures and aeromagnetic anomalies, with a view to future project generation and assessment for IOCG-hosted mineralisation.

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Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Hassall, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Hassall is a full-time contract employee of Hemisphere Resources. Mr Hassall has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hassall consents to the inclusion in the reports of the matters based on his information in the form and context in which it appears.