

HEMISPHERE RESOURCES LIMITED

A.C.N. 122 074 006

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2009

HEMISPHERE RESOURCES LIMITED

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HEMISPHERE RESOURCES LIMITED

Corporate Information

Directors

Paul Boyatzis (Chairman)
Danny Costick (Managing Director)
Mark Elliott

Company Secretary

Philip MacLeod

Registered office

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6 Richardson Street
West Perth WA 6005
Australia

Principal place of business

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West Perth WA 6005
Australia

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Website: www.hemisphereresources.com.au

Auditors

Ord Partners
Level 1, 47 Stirling Highway
Nedlands WA 6009
Australia

Solicitors

Fairweather and Lemonis
Ground floor
1 Havelock Street
West Perth WA 6005

Share Register

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

The directors of Hemisphere Resources Limited submit herewith the financial report of Hemisphere Resources Limited and its subsidiaries ("Consolidated entity" or "Group") for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

| Name | |
|-----------------|------------------------|
| Mr. P. Boyatzis | Chairman |
| Mr. D. Costick | Managing Director |
| Mr. M. Elliott | Non-executive Director |

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

(a). Overview

Hemisphere is focused on exploration in Western Australia. Iron, gold, nickel and uranium are currently being explored for. Exploration for iron is being conducted in the world class Pilbara iron province. Gold and nickel exploration is being conducted in the Eastern Goldfields which is a world class production region for both gold and nickel. Exploration for uranium is being conducted in the Murchison which is a region containing significant uranium mineralisation.

(b). Review of operations:

The Group incurred an after tax loss for the half-year ended 31 December 2009 of \$746,825 (2008: \$425,412).

Iron Projects –Pilbara - Western Australia (100%)

Hemisphere's priority is exploring for iron with highly prospective properties in the heart of major Pilbara iron belt.

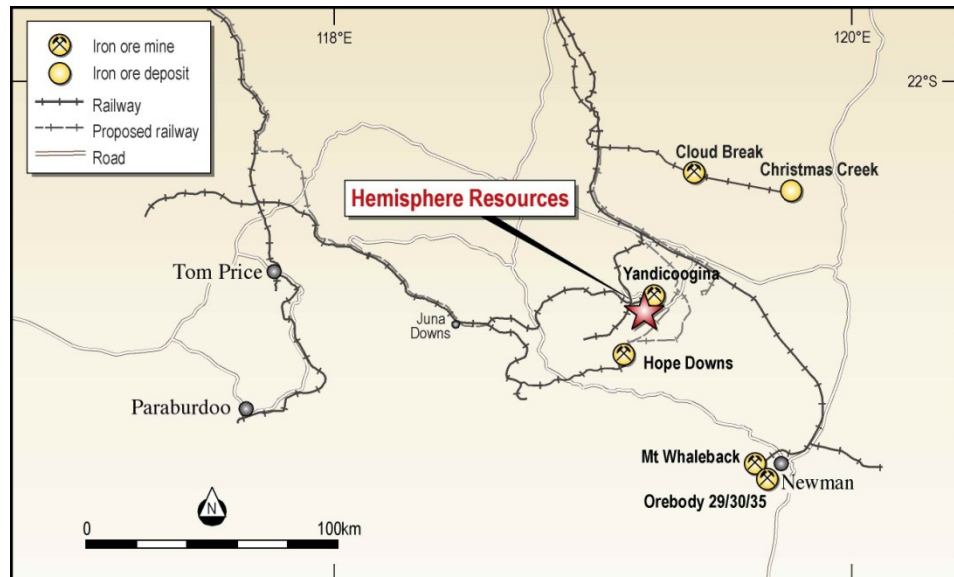


Figure 1: Location of Iron Projects

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Yandicoogina South Iron Project – Western Australia (100%)

The Yandicoogina South Iron Project comprises an exploration licence immediately south of the Yandicoogina Iron Ore mine operated by Rio Tinto.

The project contains surface outcrops of iron rich pisolites. This enhances the potential for Channel Iron Deposits (CID) within the project area. Two further valleys which are defined by the Hamersley surface have also shown material supporting the potential for covered CID deposits.

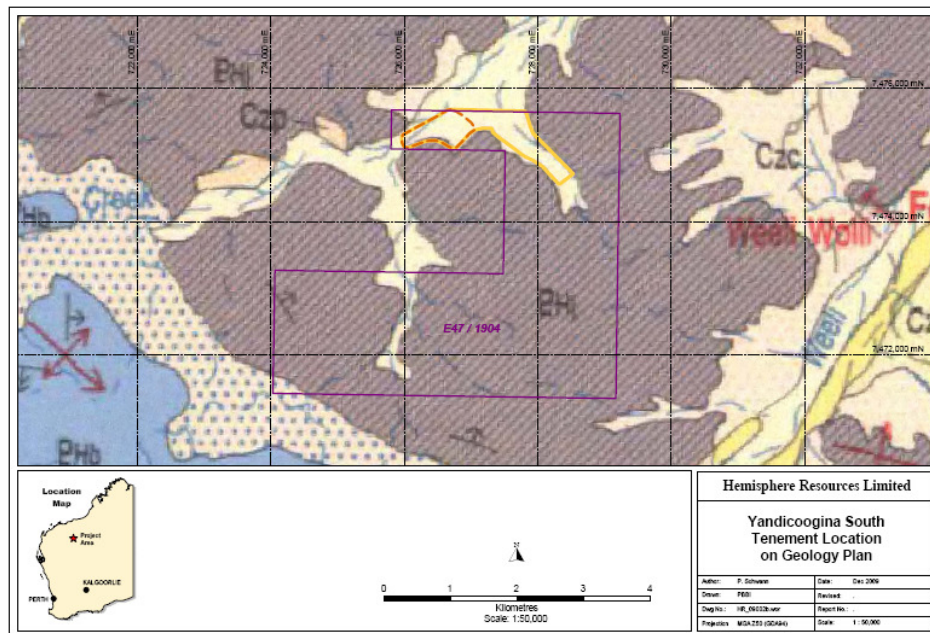


Figure 2: Map of Yandicoogina South showing CID outcrop on Geology in dashed orange outline and initial target area in northern channel in yellow

During the reporting period, native title agreement was reached, the tenement was granted and field trips were undertaken. Heritage surveys were completed, mapping and sampling were performed and rock chip results received. Results include:

| Interpreted CID Type | Number of Samples | Fe (%) | Al ₂ O ₃ (%) | SiO ₂ (%) | P (%) | LOI (%) |
|----------------------|-------------------|--------|------------------------------------|----------------------|-------|---------|
| Direct shipping | 4 | 59.08 | 1.58 | 3.87 | 0.08 | 8.98 |
| HG Blending | 1 | 61.90 | 1.82 | 3.53 | 0.09 | 5.48 |
| High Al Blending | 7 | 58.45 | 3.51 | 4.49 | 0.07 | 7.49 |

The presence of high grade outcropping iron supports the company's exploration model which is targeting premium quality CID.

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Since the end of the reporting period, further high grade results have been received and the outcrop expression has been confirmed to be a minimum of 700m strike and widths of up to 200m.

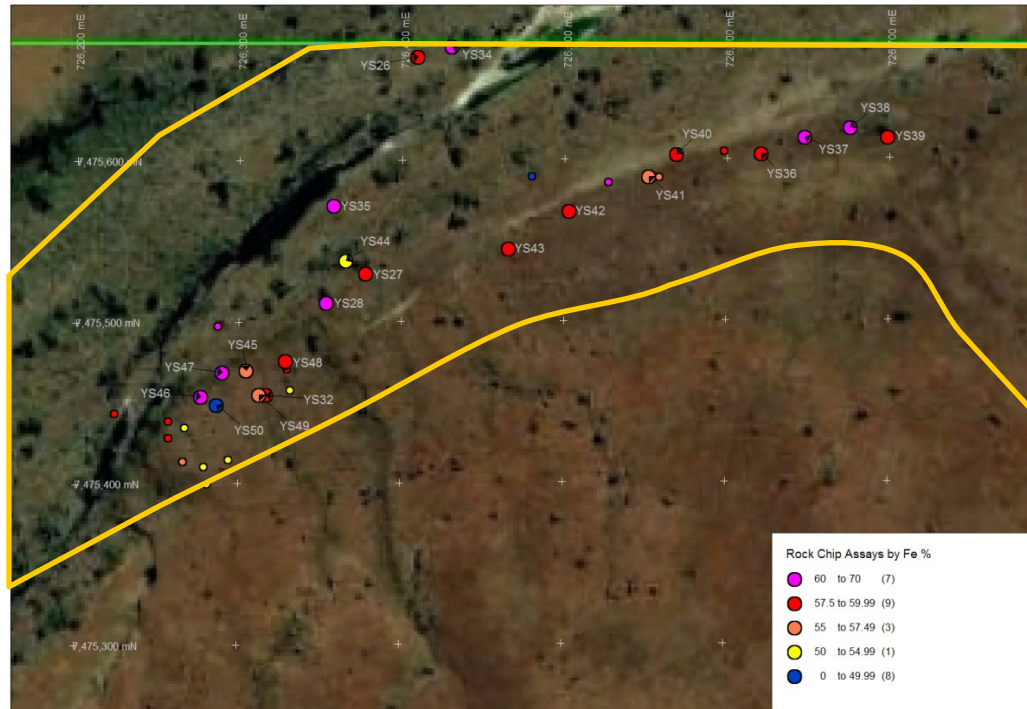


Plate 1: Google image showing outcrop samples and subcrop outline (yellow).

Hancock Range Iron Project – Western Australia (100%)

The Hancock Range Iron Project comprises an exploration licence south of the granted Yandicoogina South project. During the reporting period, priority tenement application was achieved following a successful ballot. The company is progressing with the granting of this application.

The northern section of the lease is considered prospective due to the presence of Brockman Formation (PHb) in the Werriba Anticline (named by BHPB in conjunction with the local traditional Owners) and the NW-SE dolerite dyke (Green) similar to the structure at Hope Downs to the south. The Werriba Anticline is in detail a series of en echelon anticlines considered to be favourable to mineralisation. The southern area may contain down dip Brockman Iron Formation.

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

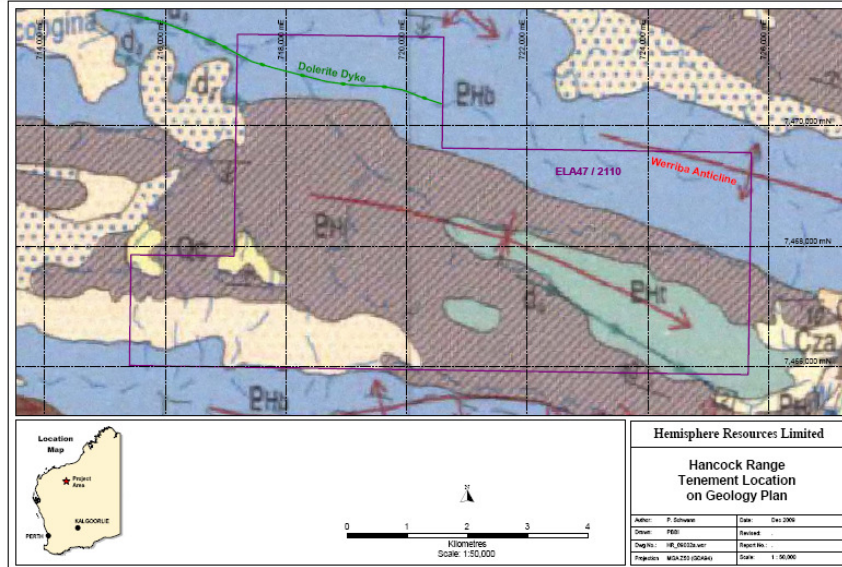


Figure 3: Lease shown on 1:250K Geology showing a dolerite dyke in green and Werriba Anticline in red

Glandore Gold Project – Western Australia (100%)

The Glandore Gold Project comprises 13 Prospecting Licences, 3 Mining Lease Applications and 6 Prospecting Licence Applications, located 40km east of the city of Kalgoorlie-Boulder.

These tenements cover the Bulong Sill, a layered mafic sill overlain by a sequence of sediments, basalts and felsic to intermediate volcanoclastic rocks which have been folded into a broad, northerly plunging anticline that has been intruded by felsic dykes and granites.

There are numerous high grade gold intercepts on the property with the endowment being evaluated. Drilling during the reporting period returned further results supporting the geological modelling conducted. Intersections during the reporting period include:

| Hole No | GDA_East | GDA_North | Collar RL | Azimuth | Dip | Depth (m) | From (m) | To (m) | Interval (m) | Au g/t |
|---------------------------|----------|-----------|-----------|---------|-----|-----------|----------|-------------|--------------|--------|
| Supergene Prospect | | | | | | | | | | |
| HGRC124 | 391643 | 6595413 | 318 | 50 | -60 | 128 | 72 | 74 | 2 | 6.07 |
| HGRC125 | 391655 | 6595410 | 318 | 50 | -60 | 90 | 25 | 27 | 2 | 2.38 |
| HGRC131 | 391778 | 6595579 | 318 | 50 | -60 | 90 | 9 | 16 | 7 | 1.07 |
| East Lode Prospect | | | | | | | | | | |
| HGRC141 | 392108 | 6595517 | 323 | 50 | -60 | 54 | 19 | 20 | 1 | 1.77 |
| | | | | | | | 50 | 54 (EOH) | 4 | 1.41 |
| HGRC143 | 392028 | 6595586 | 324 | 50 | -60 | 100 | 65 | 67 | 2 | 1.79 |
| | | | | | | | 69 | 70 | 1 | 2.2 |

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

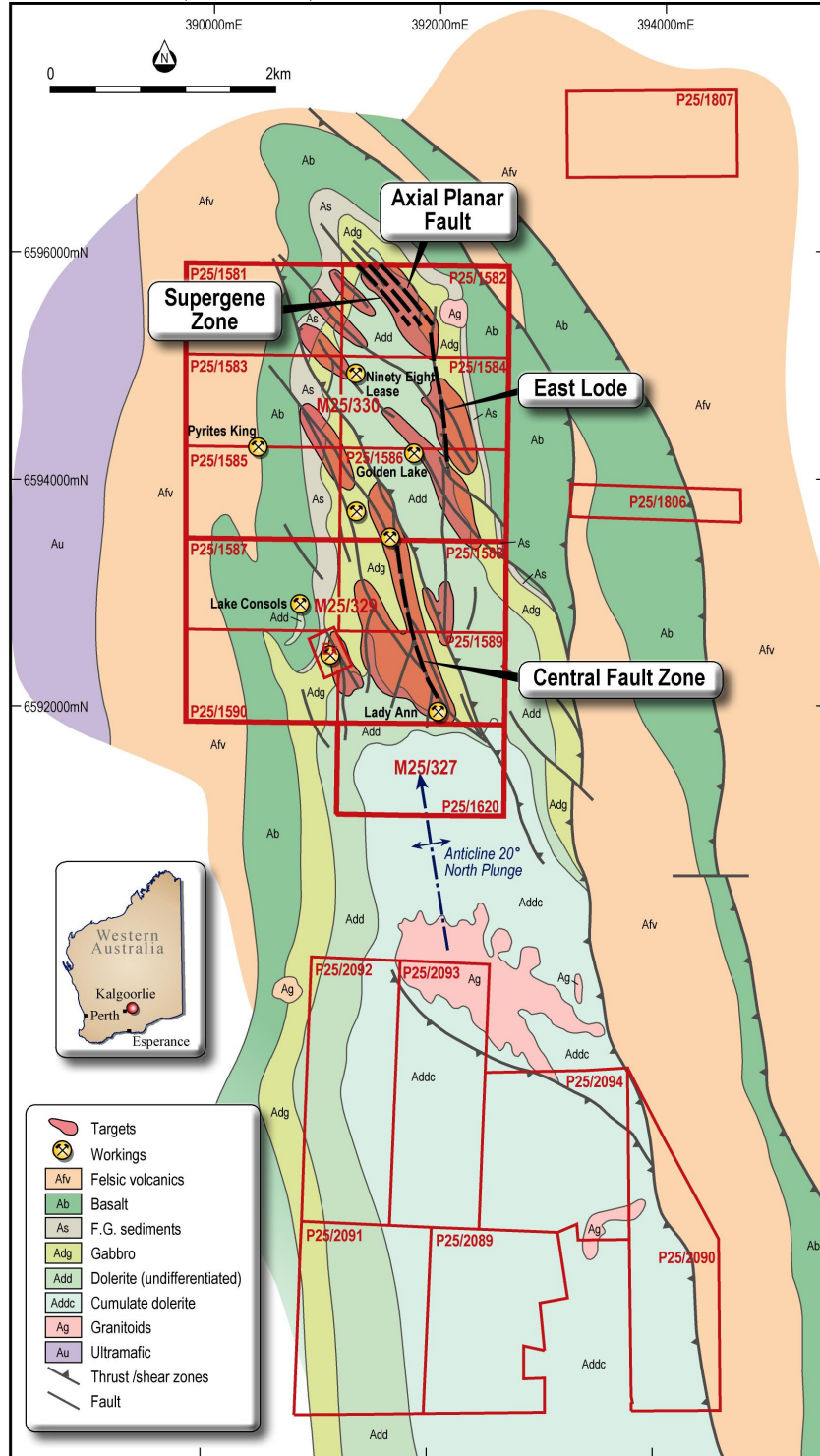


Figure 4: Glandore tenements showing geology and target areas

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Regional Gold Projects – Western Australia

During the reporting period regional tenements within the Eastern and North Eastern Goldfields of Western Australia were reviewed. The tenements that are considered to have gold potential compliment Hemisphere's gold tenement portfolio. These tenements can be grouped into 3 project areas. These are the Kurnalpi South (Pinnacles South, Steeple Hill and Mt Quin), Laverton East and Jundee South projects (Figure 5).

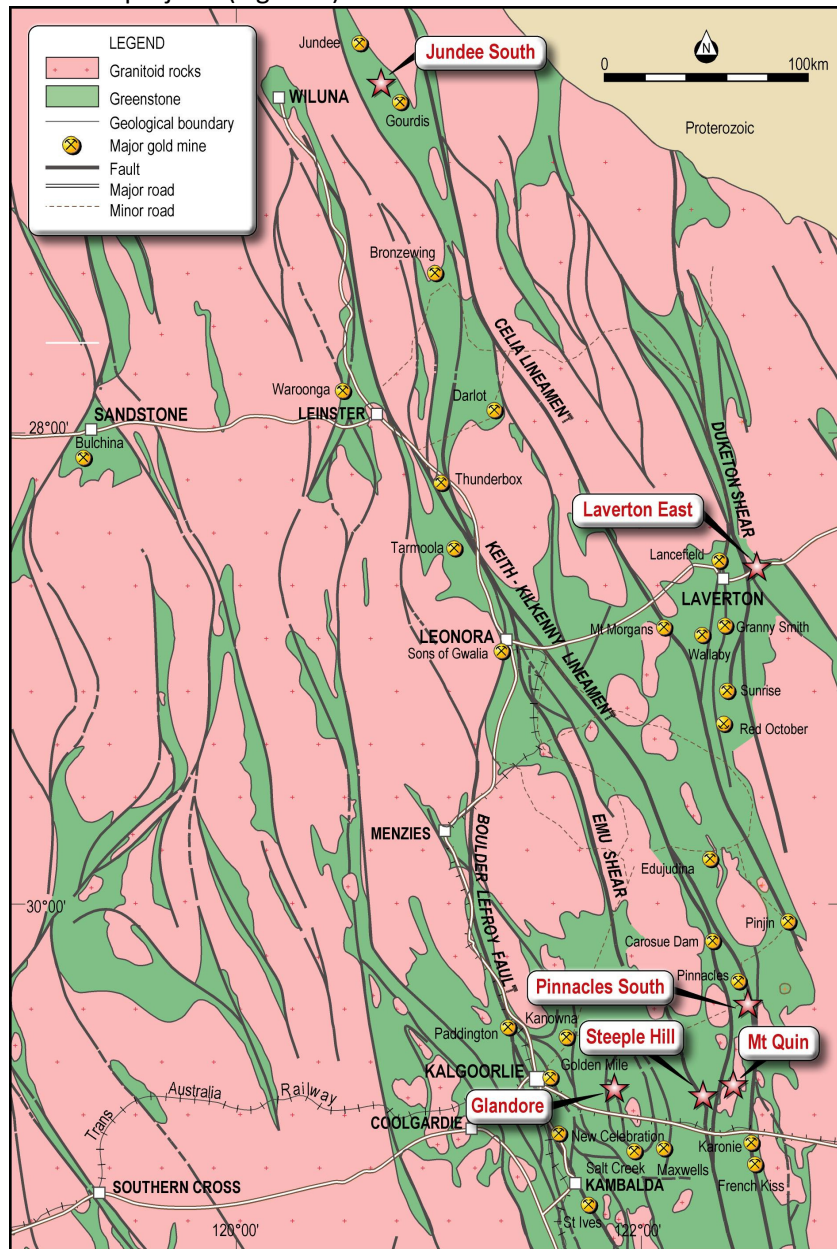


Figure 5: Location of regional gold projects

HEMISPHERE RESOURCES LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Mulgarrie Nickel Project – Western Australia (100%)

Hemisphere is exploring the Mulgarrie project for Archaean komatiite hosted nickel sulphide mineralisation. Nickel and copper anomalies have been demonstrated at Mulgarrie by previous explorers.

During the reporting period no field work was undertaken.

Sandstone Uranium Project – Western Australia (100%)

The Sandstone Uranium Project is in the Sandstone district of Western Australia. Hemisphere has six Exploration Licences with further applications lodged during the reporting period. The total area secured is over 800 square km.

All of the Hemisphere properties in the Sandstone district are in the proximity of known uranium occurrences. Significant Uranium occurrences include Yeelirrie (the world's largest unmined calcrete uranium deposit), Windimurra Uranium, Wondinong, Lake Mason, Anketell, and Lake Noondie.

During the reporting period, geological investigations continued.

EVENTS AFTER THE BALANCE SHEET DATE

The Company has a 100% interest in Aruma Resources Limited (Aruma), a public company incorporated subsequent to the reporting date. The only asset of Aruma is a 100% interest in the share capital of Aruma Exploration Pty Ltd. The Company has announced it will de-merger its gold assets by listing Aruma in order to allow Hemisphere to focus fully on its other assets, specifically iron, and enable the gold assets to be fully focussed under the management and ownership of Aruma.

HEMISPHERE RESOURCES LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ord Partners, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 11 and forms part of the directors' report for the half-year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



D. Costick
Managing Director
Perth, 15 March 2010

15 March 2010

To the Board of Directors of Hemisphere Resources Limited


Dear Sirs

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, in relation to the review of the financial report for the half-year ended 31 December 2009, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully
ORD PARTNERS



Ian Macpherson
Partner

ORD

PARTNERS

CHARTERED ACCOUNTANTS

Ian K Macpherson CA

Robert W Parker CA

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Approved under Professional Standards*



Chartered Accountants

HEMISPHERE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | CONSOLIDATED | COMPANY |
|---|------------------------|------------------------|
| | Half-year ended | Half-year ended |
| | 31 Dec 2009 | 31 Dec 2008 |
| | \$ | \$ |
| Revenue from continuing operations | - | - |
| Exploration expenditure expensed as incurred | (406,891) | (306,622) |
| Employee benefits | (90,963) | (71,006) |
| ASX and regulatory expenses | (25,552) | (16,421) |
| Depreciation | (5,331) | (3,860) |
| Directors fees | (90,000) | (50,000) |
| Insurance | (7,853) | (5,834) |
| Legal and professional fees | (35,727) | (8,750) |
| Rental and office expenses | (20,485) | (26,668) |
| Travel expenses | (11,959) | (901) |
| Other expenses | (68,174) | (43,093) |
| Loss from operating activities | (762,935) | (533,341) |
| Financial income | 16,614 | 108,572 |
| Financial expenses | (504) | (643) |
| Net financing income | 16,110 | 107,929 |
| Loss before income tax expense | (746,825) | (425,412) |
| Income tax expense | - | - |
| Loss for the period | (746,825) | (425,412) |
| Other comprehensive income | | |
| Gain/(loss) on available-for-sale investments taken to equity | 7,187 | (18,750) |
| Income tax relating to components of other comprehensive income | - | - |
| Other comprehensive income for the period (net of tax) | 7,187 | (18,750) |
| Total comprehensive loss for the period | (739,638) | (444,162) |
| Basic and diluted loss per share (cents per share) | 1.92 cents | 1.25 cents |

The accompanying notes form part of these financial statements.

HEMISPHERE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

| | Note | <u>CONSOLIDATED</u> 31 Dec 2009 \$ | <u>COMPANY</u> 30 Jun 2009 \$ |
|-------------------------------------|------|--|-------------------------------------|
| Current assets | | | |
| Cash and cash equivalents | | 4,388,262 | 2,373,553 |
| Trade and other receivables | | 50,834 | 28,529 |
| Other assets | | 16,450 | 17,302 |
| Total current assets | | <u>4,455,546</u> | <u>2,419,384</u> |
| Non current assets | | | |
| Available-for-sale financial assets | | 16,562 | 9,375 |
| Plant and equipment | | 27,201 | 31,946 |
| Deferred exploration expenditure | | 434,945 | 424,945 |
| Total non current assets | | <u>478,708</u> | <u>466,266</u> |
| Total assets | | <u>4,934,254</u> | <u>2,885,650</u> |
| Current liabilities | | | |
| Trade and other payables | | 208,145 | 142,717 |
| Provisions | | 27,573 | 17,001 |
| Other liabilities | | 20,000 | 20,000 |
| Total current liabilities | | <u>255,718</u> | <u>179,718</u> |
| Total liabilities | | <u>255,718</u> | <u>179,718</u> |
| Net assets | | <u>4,678,536</u> | <u>2,705,932</u> |
| Equity | | | |
| Issued capital | 2 | 7,577,338 | 4,858,777 |
| Reserves | 3 | 155,642 | 154,774 |
| Accumulated losses | | (3,054,444) | (2,307,619) |
| Total equity | | <u>4,678,536</u> | <u>2,705,932</u> |

The accompanying notes form part of these financial statements.

HEMISPHERE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | <u>CONSOLIDATED</u> | <u>COMPANY</u> |
|---|------------------------|------------------------|
| | <u>Half-year ended</u> | <u>Half-year ended</u> |
| | <u>31 Dec 2009</u> | <u>31 Dec 2008</u> |
| | <u>\$</u> | <u>\$</u> |
| Cash flows from operating activities | | |
| Interest received | 22,764 | 109,590 |
| Finance costs | - | (434) |
| Payments to suppliers and employees | (285,218) | (184,656) |
| Net cash used in operating activities | <u>(262,454)</u> | <u>(75,500)</u> |
| Cash flows from investing activities | | |
| Exploration expenditure | (434,494) | (290,192) |
| Payments for purchases of plant and equipment | (585) | (1,412) |
| Net cash used in investing activities | <u>(435,079)</u> | <u>(291,604)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares and other equity securities | 2,876,392 | - |
| Costs of capital raising | (164,150) | - |
| Net cash provided by financing activities | <u>2,712,242</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,014,709 | (367,104) |
| Cash and cash equivalents at the beginning of the period | 2,373,553 | 3,075,600 |
| Cash and cash equivalents at the end of the period | <u>4,388,262</u> | <u>2,708,496</u> |

The accompanying notes form part of these financial statements.

HEMISPHERE RESOURCES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Issued Capital | Option premium reserve | Available-for-sale assets revaluation reserve | Accumulated losses | Total |
|--|----------------|---------------------------|---|--------------------|-----------|
| | \$ | \$ | \$ | \$ | |
| Balance at 1 July 2008 | 4,858,777 | 154,774 | (23,750) | (1,448,734) | 3,541,067 |
| Change in the fair value of available-for-sale financial assets | - | - | (18,750) | - | (18,750) |
| Loss for the period | - | - | - | (425,412) | (425,412) |
| Total comprehensive loss for the period | - | - | (18,750) | (425,412) | (444,162) |
| Balance at 31 December 2008 | 4,858,777 | 154,774 | (42,500) | (1,874,146) | 3,096,905 |
| Balance at 1 July 2009 | 4,858,777 | 154,774 | - | (2,307,619) | 2,705,932 |
| Change in the fair value of available-for-sale financial assets | - | - | 7,187 | - | 7,187 |
| Loss for the period | - | - | - | (746,825) | (746,825) |
| Total comprehensive loss for the period | - | - | 7,187 | (746,825) | (739,638) |
| Issue of share capital | 2,750,000 | - | - | - | 2,750,000 |
| Exercise of options | 126,392 | - | - | - | 126,392 |
| Transfer from reserve on exercise of options | 6,319 | (6,319) | - | - | - |
| Costs of issue | (164,150) | - | - | - | (164,150) |
| Balance at 31 December 2009 | 7,577,338 | 148,455 | 7,187 | (3,054,444) | 4,678,536 |

The accompanying notes form part of these financial statements.

HEMISPHERE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 'Interim Financial Reporting', Accounting Interpretations and other pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed consolidated half-year financial report does not include full disclosure of the type normally included in an annual financial report, and accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of *the Corporations Act 2001* and the ASX listing rules.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the financial year ended 30 June 2009.

For the purpose of preparing the report the half-year has been treated as a discrete reporting period.

Adoption of new and revised Accounting Standards

The Consolidated entity comprising Hemisphere Resources Limited and Universal Explorers Pty Ltd, a 100% owned subsidiary of Hemisphere incorporated during the reporting period has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting and Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Consolidated entity include:

- AASB 3 Business combinations
- AASB 8 Operating segments
- AASB 101 Presentation of financial statements
- AASB 127 Consolidated and Separate financial statements

The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Consolidated entity's accounting policies

HEMISPHERE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report the significant judgements made by management in applying the Consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2009.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as the consolidated entity in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses, profit and losses resulting from intra-group transactions have been eliminated in full.

Incorporation of subsidiaries

The half-year financial report is prepared on a consolidated basis for the first time. During the reporting period Universal Explorers Pty Ltd, in which Hemisphere Resources Limited has a 100% interest was incorporated.

2. Issued capital

| | 31 December 2009 | 30 June 2009 |
|--|-----------------------------|-----------------------------|
| | \$ | \$ |
| <i>Issued and paid up capital</i> | | |
| Fully paid ordinary shares | 7,577,338 | 4,858,777 |
| | 31 December 2009 | 31 December 2009 |
| | Number | \$ |
| <i>Movements in fully paid shares on issue</i> | | |
| At beginning of period | 33,962,300 | 4,858,777 |
| Issue of shares for cash at 11 cents per share | 4,000,000 | 440,000 |
| Issue of shares for cash at 42 cents per share | 5,500,000 | 2,310,000 |
| Exercise of options | 631,955 | 126,392 |
| Transfer from share option reserve | - | 6,319 |
| Less costs of issue | - | (164,150) |
| Balance at end of period | 44,094,255 | 7,577,338 |

HEMISPHERE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. Reserves

| | 31 December 2009 | 31 December 2008 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| Option premium reserve | | |
| Balance at beginning of period | 154,774 | 154,774 |
| Transfer to share capital on exercise of options | (6,319) | - |
| Balance at end of period | <u>148,455</u> | <u>154,774</u> |
| Available-for-sale asset revaluation reserve | | |
| Balance at beginning of period | - | (23,750) |
| Change in the fair value of available-for-sale assets | 7,187 | (18,750) |
| Balance at end of period | <u>7,187</u> | <u>(42,500)</u> |
| | <u>155,642</u> | <u>112,174</u> |

4. Contingencies and Commitments

There has been no change in contingent liabilities since the last reporting date.

5. Segment Information

The Company has adopted AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Company's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the Company's operations and allocation of working capital.

Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker.

The Company operates in one business segment and one geographical segment, namely mineral exploration industry in Australia only. AASB 8 Operating Segments states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds, and as such do not have to be reported separately. The Consolidated entity has therefore decided to aggregate all their segments into one reportable operating segment.

The revenues and results of this segment are those of the Company as a whole and are set out in the statement of comprehensive income. The segment assets and liabilities of this segment are those of the Company and are set out in the statement of financial position.

HEMISPHERE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Segment Information (continued)

This does not represent any changes in disclosure from the predecessor Standard AASB 114 Segment reporting.

6. Events after the balance sheet date

The Company has a 100% interest in Aruma Resources Limited (Aruma), a public company incorporated subsequent to the reporting date. The only asset of Aruma is a 100% interest in the share capital of Aruma Exploration Pty Ltd. The Company has announced it will de-merger its gold assets by listing Aruma in order to allow Hemisphere to focus fully on its other assets, specifically iron, and enable the gold assets to be fully focussed under the management and ownership of Aruma.

7. Related Parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to 30 June 2009 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits and post employment benefits.

8. Subsidiary

The Company has a 100% interest in Universal Explorers Pty Ltd, a company incorporated in Australia on 19 August 2009 for \$1. The only activities for the subsidiary during the half-year were applications for exploration licences for the purpose of exploring for uranium. The properties are in Western Australia. Hemisphere Resources Limited paid for the application fee and rental expenses on behalf of the company.

HEMISPHERE RESOURCES LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Directors' declaration

In the opinion of the directors of Hemisphere Resources Limited ("the company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year then ended
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors



D. Costick
Managing Director

Perth, 15 March 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HEMISPHERE RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hemisphere Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entity it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement; whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hemisphere Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ian K Macpherson CA

Robert W Parker CA

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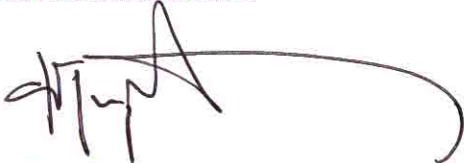
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hemisphere Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year period ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

ORD PARTNERS

Chartered Accountants

A handwritten signature in black ink, appearing to read 'I Macpherson', with a long horizontal flourish extending to the right.

Ian Macpherson

Perth, 15 March 2010