HEMISPHERE RESOURCES LIMITED
ABN 96 122 074 006
24 Colin Street, West Perth, Western Australia, 6005
PO Box 2803, West Perth WA 6872
Telephone: +61 8 9481 1749
Facsimile: +61 8 9481 1756
Website: www.hemisphereresources.com.au

ASX ANNOUNCEMENT **20th July, 2012**

PROJECTS UPDATE

KATAMATOMA BASE METALS PROJECT - TANZANIA

- **Preliminary desk-top study of Katamatoma project area utilising aeromagnetic data has been completed by geophysical consultants**
- **Study has successfully defined key areas of interest; justifying further high resolution airborne and ground-based exploration for copper and nickel-cobalt targets**

PILBARA IRON PROJECTS – WESTERN AUSTRALIA

- **Hancock Range – test work on diamond core indicates competitive magnetite concentrate grades can be achieved, but low mass recovery and iron recovery evident**
- **Mount Goldsworthy – exploration review concludes drill evaluation of potential targets is not warranted**

Diversified explorer, Hemisphere Resources Limited (ASX: HEM) is pleased to update shareholders on a number of the Company's projects following recent studies relating to its iron projects in the Pilbara, and its recently acquired Katamatoma base metals project in Tanzania.

Managing Director, Jason Greive said an initial desktop study has been completed at the Katamatoma base metals project in north-western Tanzania, following acquisition of the tenements in May this year.

"The Katamatoma desktop study included analysis of aeromagnetic data sourced from the Tanzanian Geological Survey, which we reprocessed using various filters to accentuate aeromagnetic anomalies on the tenement."

"This process has resulted in a number of targets for further evaluation with higher resolution aeromagnetic survey and airborne hyperspectral mineral mapping techniques," he said.

"The initial results at Katamatoma are pleasing, validating the Board's decision to expand Hemisphere's geographic footprint to source scalable projects which we believe will have greater potential to deliver shareholder value."

"The results of metallurgical tests completed for the Hancock Range reveal that competitive magnetite concentrate grades can be achieved, however the overall mass recovery and iron recovery are considered to be low and would be difficult to commercialise, suggesting this project warrants minimal further spend at this time."

"We have also completed a comprehensive exploration review of the Mount Goldsworthy tenement, which quite conclusively discounts previously identified targets, again warranting minimal further follow up or exploration investment."

"While the results at the Pilbara are not what we would have hoped, we are in the business of exploration, and the efficient elimination of these targets allows us to refocus our efforts and working capital on Katamatoma and the ongoing evaluation of other growth opportunities."

A detailed report of the recent studies follows:

KATAMATOMA BASE METALS PROJECT - TANZANIA

Location

The Katamatoma tenement area is located in north-western Tanzania, 30km east of the Rwandan border. The area covers a total of 1,128km^2.

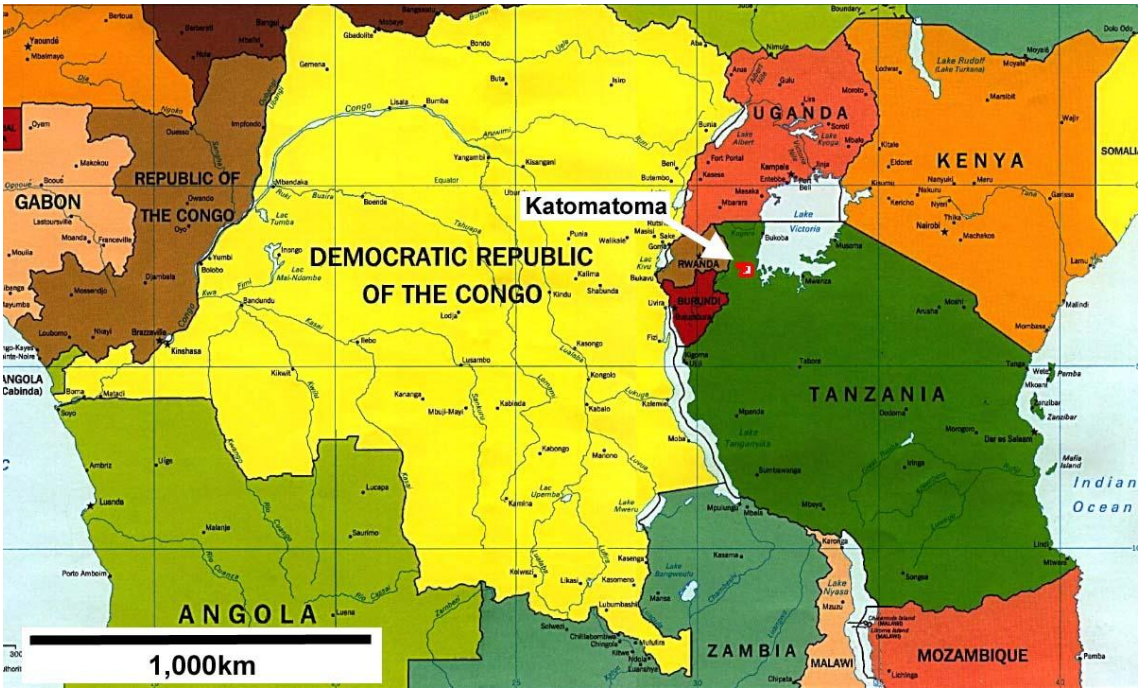

Figure 1: Location of Katamatoma in Tanzania.

Regional Geology

The geology of north-western Tanzania is dominated by the Kibaran Orogenic belt, a mountain belt developed between the Archaean Tanzanian and Congo Cratons. The orogenic belt is sub-divided by a significant geological thrust fault that marks the contact between the Karagwe-Ankolean and Bukoban tectonic units.

Regionally, the Karagwe-Ankolean units are comprised of Late Proterozoic schists and quartzites that have been intruded by basic and ultrabasic rocks. These are an important nickel, cobalt, and PGE exploration targets, forming the Kabanga-Musongati igneous intrusive belt that extends at least 350 km from northern Tanzania into Burundi. Other minerals present in the sedimentary rocks include molybdenum, zinc, and copper, hosted as stratiform deposits within the sedimentary units.

The Bukoban units consist of layered sedimentary rocks, and are an important exploration target for stratiform copper, cobalt, and silver deposits within shale horizons, similar to copper mineralisation found in the Central African Copper-belt.

Local Geology

The tenement area spans the thrust fault dividing the Kibaran Orogenic belt, and is prospective for a range of commodities and styles of mineralisation. The Tanzanian Geological Survey has identified mineral occurrences within the tenement boundary, and also mineral occurrences along strike from the tenement boundary in similar geological settings.

Study Results

The geophysical review combined with Tanzanian Geological Survey mapping highlights areas on the tenement that warrant further evaluation using various exploration techniques including airborne hyperspectral mineral mapping, high resolution airborne geophysics, ground-based field evaluation and geochemical sampling. The ultimate aim is to generate and test a number of anomalies that can then be assessed by drilling.

The styles of mineralisation being explored at Katamatoma are nickel deposits associated with ultramafic intrusives, and stratiform copper-cobalt deposits within sedimentary sequences. The reprocessed aeromagnetics show potential anomalies which could have associated mineralisation, however, further work is required to generate ground targets for further evaluation (Figure 2).

Forward Exploration Work

Initial reprocessing and interpretation has reduced the tenement footprint to a number of target areas for further evaluation. The Company now intends to map the surface mineralogy using airborne hyperspectral surveys to identify areas of alteration related to potential base metal mineralisation. Areas of mineral alteration or accumulation will be ground-truthed and geochemically sampled to assess the potential for base metal anomalies. Additional high resolution aeromagnetics will also be flown over selected areas (Figure 2) to assist with target generation over any identified surface anomaly. Areas of potential alteration will be field-checked, sampled as required, with the eventual aim of generating targets for drill testing.

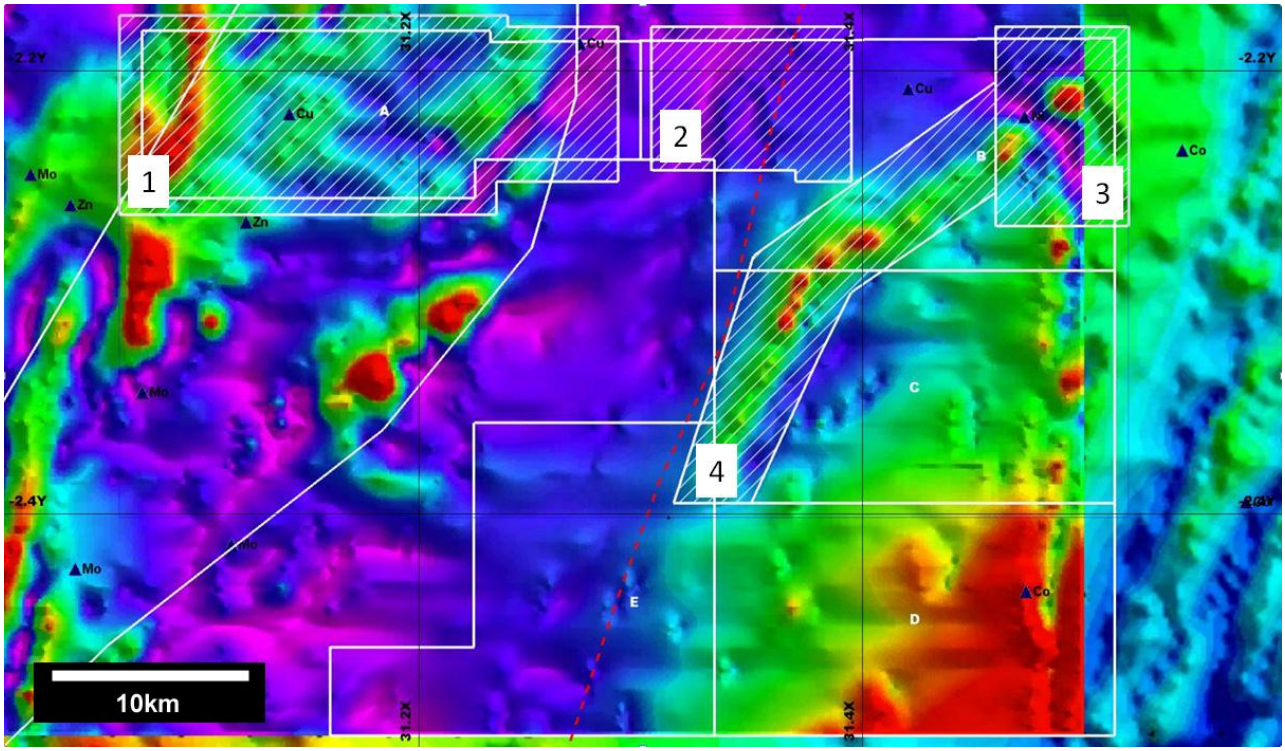

Figure 2: Reprocessed aeromagnetic data, showing the tenement outlines (white polygons) and four of the current areas of specific interest (hatched polygons) intended for further targeting using further airborne geophysics and potentially surface sampling. Area 1 has potential for mafic / ultramafic intrusives associated with aeromagnetic highs; Area 3 and 4 show bullseye aeromagnetic anomalies that cross-cut local geology and again are probably associated with mafic / ultramafic intrusives. Area 2 spans a major thrust fault and is a lower priority infill target.

HANCOCK RANGE MAGNETITE PROJECT - PILBARA

Hancock Range is located within the Hope Downs (Hancock / RIO) and Mining Area C (BHP Billiton) region. A comprehensive metallurgical test work program was completed in July 2012 using diamond core samples collected during 2011. Drilling totalled 893 metres in 4 holes, with one hole drilled to 443 metres and the remaining 3 drilled to 150 metres. The deep hole sampled the entire sequence of Joffre Member of the Brockman Iron Formation, whereas the 3 shallow holes sampled upper units of the Joffre Member.

Initial metallurgical testwork reported in June 2011 was based on spot samples taken at 10 metre intervals downhole. The second comprehensive test work program started in March 2012 and involved halving and quartering the entire core length and processing it in 10 metre composites.

This involved the use of a standard Davis Tube Test to investigate the magnetic susceptibility and hence amenability of the Hancock Range Banded Iron Formation ("BIF") to magnetic concentration techniques. The test work program was designed to evaluate the potential of generating a magnetite concentrate and the resultant grade and mass recovery thereof.

In addition, bulk composites were collected for coarse cobbing work, where magnetic liberation tests were conducted on various size fractions. This component of the test work was designed to evaluate the potential to upgrade iron and remove waste material early in the processing flow sheet that would otherwise require costly downstream beneficiation in a commercial scale operation.

The test work demonstrated that the Hancock Range BIF had the following characteristics:

- The Hancock Range BIF responded well to upgrading through coarse cobbing;
- Average concentrate grades exceeded 68% Fe, which is competitive and compares well to other magnetite projects;
- Despite competitive concentrate grades, only 40% average iron recovery was achieved.
- Consistent with typical Pilbara BIF, mineralogy has indicated that a significant portion of the iron that was not recovered to the magnetite concentrate is present as non-magnetic, ultra-fine grained hematite and other accessory iron bearing minerals.
- In addition to low iron recovery, the average mass recovery (yield) from the Hancock Range BIF averaged 17% (that is recovering 17 tonnes of magnetite from 100 tonnes of ore processed), which is considered low and difficult to commercialise.

Based on the uniformity of the Banded Iron Formation at Hancock Range, the Company believes that similar metallurgical results would be obtained along its entire strike length and therefore drilling elsewhere on the tenement for further magnetite test work is not warranted. Furthermore; field observations during 2011 have shown the potential for outcropping and concealed hematite enrichment on the tenement is low. In light of these findings and absence of further drill targets, minimal further work can be justified at this time.

Mount Goldsworthy

Mount Goldsworthy is located 100km east of Port Hedland and 5km north-east of BHP Billiton's abandoned Mount Goldsworthy mine site.

A full review of the Mount Goldsworthy tenement has now been completed. The review has included work done by a number of previous owners and the cumulative results from Hemisphere's own aeromagnetic, ground gravity modelling, ground-truthing and field mapping conducted during 2011.

Geophysical modelling initially generated a number of anomalies for further evaluation at Goldsworthy. However, cross referencing previous exploration work with recent field mapping and ground-truthing has reduced the prospect potential of these anomalies to the extent that these targets have now been discounted.

The targets identified for iron ore have been either previously tested or sufficiently evaluated through field observations that further drilling cannot be justified. Additionally, a potential base metal anomaly on the northern part of the tenement was partially drilled by the previous tenement holder, and this yielded grades that do not justify any follow-up work since they were significantly less than the grade of the nearby Highway Deposit, which remains undeveloped. The Company believes that it is unlikely to get a return on the expense associated with heritage, drilling, and rehabilitation. In light of these findings and absence of further drill targets, minimal further work on the Goldsworthy tenement can be justified at this time.

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Enquiries **Mr Jason Greive**
Managing Director
Contact **Phone: 08 9481 1749**
Fax: 08 9481 1756
Website **www.hemisphereresources.com.au**

Media **Annette Ellis**
Purple Communications
Contact **Phone: 08 6314 6300**
Email: aellis@purplecom.com.au

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources 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 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.