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QUARTERLY ACTIVITY REPORT

FOR THE PERIOD ENDING 31 MARCH 2011

HIGHLIGHTS

Yandicoogina South Iron Project:

- Maiden Resource Reported with High Grades from Surface
- First Phase Metallurgical Worked Completed, Second Phase Commenced
- High Grade Bedrock Iron Mineralisation Identified including grades up to 66% Fe

Hancock Range Iron Project:

- Drilling first Phase Completed, Assays Returned
- Second Phase Planned
- Metallurgical Testwork Commenced

Lakeside Iron and Base Metals Project:

- Detrital Samples Collected

Mt Goldsworthy Iron Project:

- Tenement Secured
- Iron Target Generation Commenced

EXECUTIVE SUMMARY

The Quarter under review was a productive period for Hemisphere, with a number of significant milestones achieved towards the Company's strategy of advancing its growing portfolio of iron ore projects in the Pilbara.

A maiden **Indicated Mineral Resource** was reported at the **Yandicoogina South Iron Project**, followed by highly encouraging results from **preliminary metallurgical testwork** indicating the channel iron mineralisation is capable of generating product similar to direct shipping ore quality with high grades and high quality from surface. Further testwork is underway to assess the potential for upgrade of low and medium grade mineralisation within the deposit. In addition high grade hematite has been identified outcropping within the mining lease application area with iron grades up to 66 % Fe. Further drilling has been planned to test the high grade hematite outcrop and CID extensions.

During the Quarter an additional three HQ diamond holes were completed at the **Hancock Range Iron Project**, bringing the program total to four holes for 893 metres of diamond core. The holes were incrementally sampled at 10 metre intervals, yielding assay results comparable with other potential magnetite deposits. Further testwork is currently being conducted to assess the potential for the Banded Iron Formation to generate magnetite concentrate.

An additional 17 hole, 2,550 metre Reverse Circulation drilling program has been planned to further test for hematite and magnetite mineralisation at the **Hancock Range Iron Project**, assessing the Northern flank of the tenement E47/2110 at a nominal 1km x 1km grid spacing.

The Radiation Management Plan for **Sandstone Uranium Project Area** was approved by the Department of Mines and Petroleum, and a Program of Works was submitted to drill-test uranium targets on tenements E57/722 and E57/781. Drilling will take place once all necessary permits are received and the lake surface and sediments are sufficiently dry to regain access to the project areas following summer rainfalls.

A field trip was made to the **Lakeside Project** to sample detrital material derived from weathered gabbro host rock and assess potential for iron mineralisation. A total of 30 samples were submitted for iron assay, and two for a broad range of elements, including gold.

The Company secured the **Goldsworthy Project** tenement **E45/3376** late in the Quarter. This tenement is both strategic and geologically prospective, with previous holders testing for base metals but with relatively little testing for iron mineralisation identified to date. A historical review is currently underway, with a ground gravity survey proposed to gain data on concealed Nimingarra Banded Iron Formation.

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

Pilbara Iron Projects

Hemisphere has two granted leases within the major iron production belt the Pilbara (Figure 1). In addition the recently acquired Mt Goldsworthy Project enhances the Company's Iron portfolio.

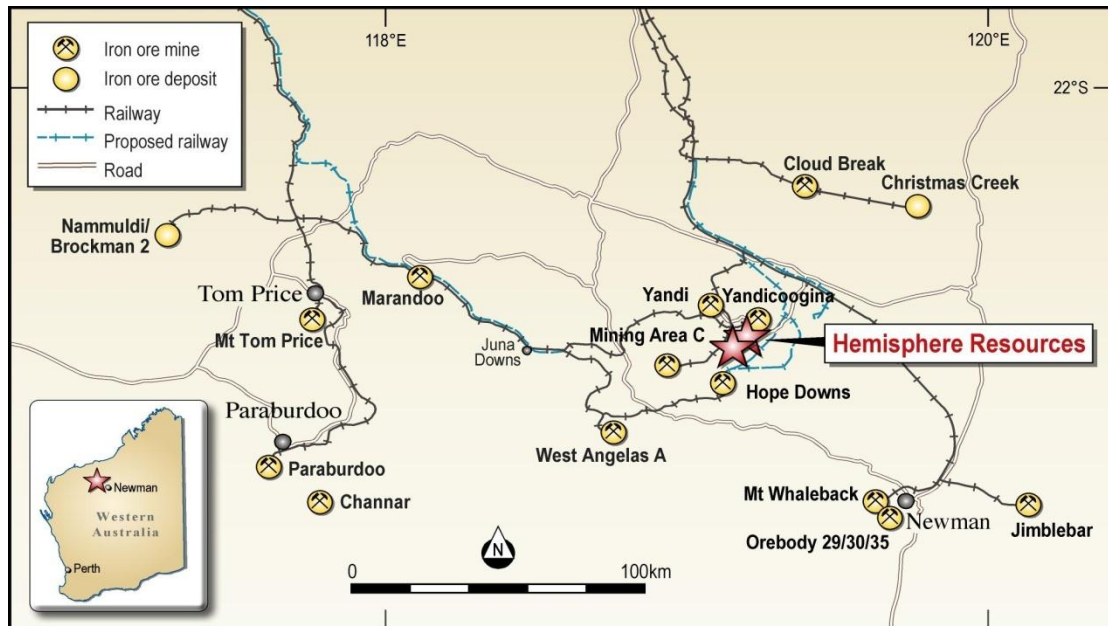


Figure 1: Location of Pilbara Iron Projects – Yandicoogina South & Hancock Range.

Yandicoogina South – E47/1904 (Hemisphere 100%)

A **maiden Mineralisation Report** was released for the **Yandicoogina South Iron Project**, giving an **Indicated Resource** of 4.3 million tonnes at 55.8% Fe, 7.7% SiO₂, 3.3% Al₂O₃, 0.07% P, and 8.9% LOI, including a 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. The high grade mineralisation is horizontal and tabular with little to no overburden, suggesting the iron Resource could be developed with a very low stripping ratio.

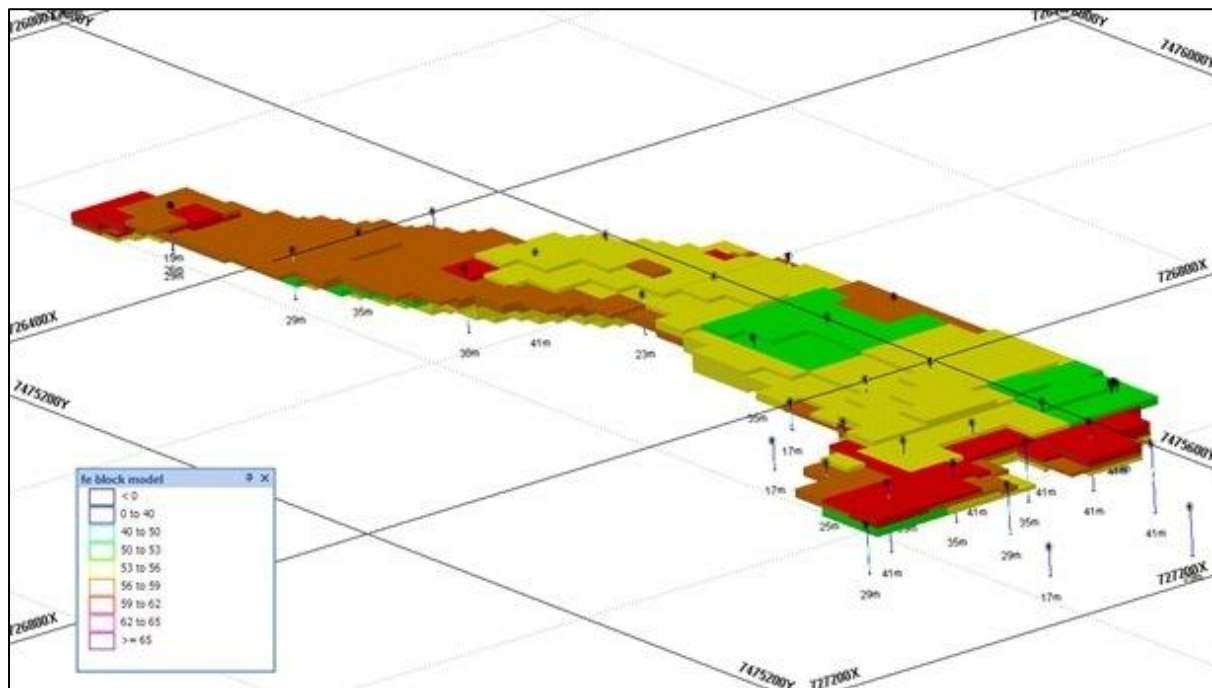


Figure 2: Yandicoogina South Resource Model.

Preliminary Metallurgical Testwork by Promet was also completed on diamond core from the **Yandicoogina South Iron Project**. This demonstrated the potential to exploit the higher grade mineralisation as a direct ship CID resource comparable with current CID producers in the Pilbara, while allowing the grade to be moderated by blending medium grade CID material. Additional testwork by Promet to assess the upgradeability of the lower grade by heavy medium separation beneficiation commenced.

Additional fieldwork at the **Yandicoogina South Iron Project** identified a region of **high grade, low phosphorous hematite bedrock mineralisation** over a 400x200 metre area, and a tributary CID channel running off the main CID deposit. Samples submitted returned positive results, and a Program of Works has been submitted to complete drilling over the recently identified surface mineralisation. Additional fieldwork will be conducted during the Quarter to identify further extensions to mineralisation. A Program of Works to assess the new surface mineralisation has been submitted for approval, with drilling to commence when all permits and clearances are obtained.

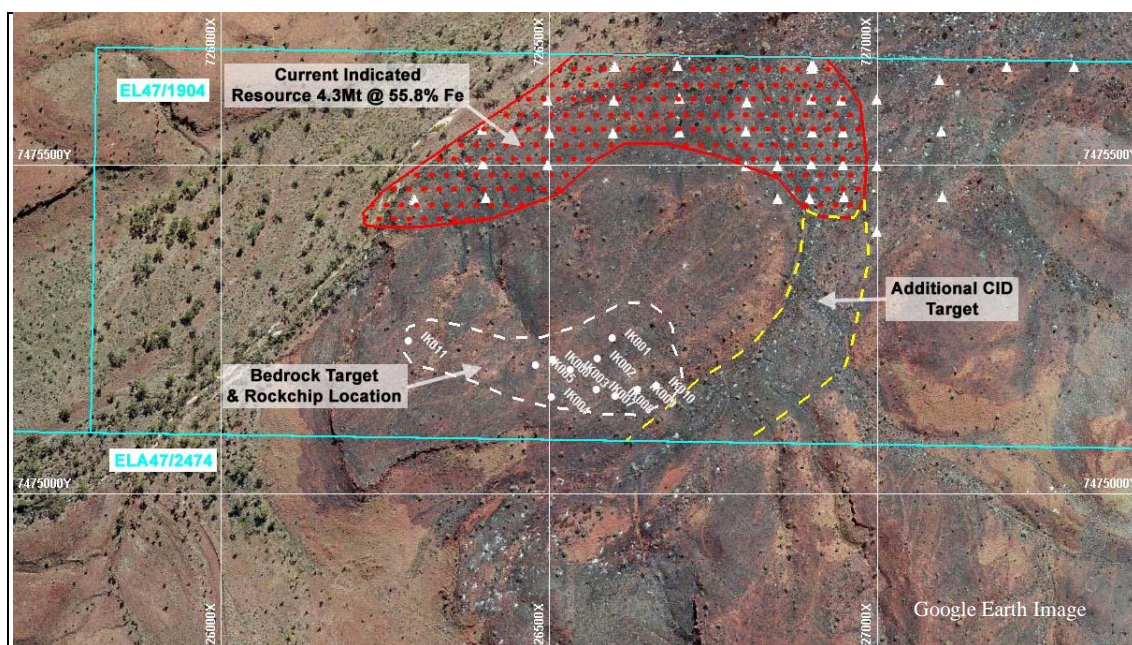


Figure 3: Location of Bedrock Samples with respect to currently reported CID Indicated Resource and additional CID target area.

The results presented below (Table 1) show a range of iron mineralisation from moderate phosphorous, siliceous goethite to high grade, low phosphorous hematite.

Sample ID	Easting	Northing	Stratigraphy	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI % (950°C)
IK001	726597	7475237	Weeli Wolli	65.1	2.8	0.9	0.04	3.4
IK002	726574	7475205	Weeli Wolli	61.7	6.0	1.8	0.03	4.2
IK003	726533	7475189	Weeli Wolli	63.6	2.8	1.2	0.04	5.1
IK004	726505	7475147	Weeli Wolli	53.5	9.9	6.6	0.07	7.0
IK005	726481	7475196	Weeli Wolli	61.0	5.3	3.4	0.07	3.9
IK006	726506	7475204	Weeli Wolli	56.1	5.9	4.2	0.18	9.4
IK007	726573	7475158	Weeli Wolli	62.5	5.4	2.1	0.12	2.9
IK008	726601	7475149	Weeli Wolli	61.1	4.7	2.6	0.13	4.9
IK009	726636	7475158	Weeli Wolli	62.0	3.2	2.4	0.12	5.4
IK010	726664	7475164	Weeli Wolli	54.1	9.2	7.4	0.04	6.0
IK011	726287	7475233	Weeli Wolli	66.0	1.8	1.2	0.05	2.4

Table 1: Bedrock Sample head grade assay results.

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.

During December 2010 and January 2011, four HQ diamond holes were completed for a total of 893 metres. The drilling tested for mineralisation in the Dales Gorge and Joffre Member Banded Iron Formations, and while no hematite mineralisation was intercepted the magnetite returned an iron head grade sufficient to warrant further investigation for potential to generate a magnetite concentrate using laboratory-scale Davis Tube magnetic separation.

Results from the Davis Tube tests will be released when available, with further testwork to be carried out if initial results are positive. A follow-up drilling program of 17 holes for 2,500 metres has been designed to test the Joffre Member BIF along the northern half of the tenement.

Mt Goldsworthy Project – ELA47/3376 (Hemisphere 100%)

The **Mount Goldsworthy Project** is located 100km east of Port Hedland and serviced by the Great Northern Highway. 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 eastern third of the Exploration Tenement overlies the Nimingarra Iron Formation, which locally hosts the Mount Goldsworthy deposit. Elsewhere it hosts the Nimingarra, Shay Gap, and Yarrie iron ore deposits that were successfully mined by Mount Goldsworthy Mining and BHP Billiton for more than 40 years. Atlas Iron's recently developed Pardoo Project is located 45km to the west.

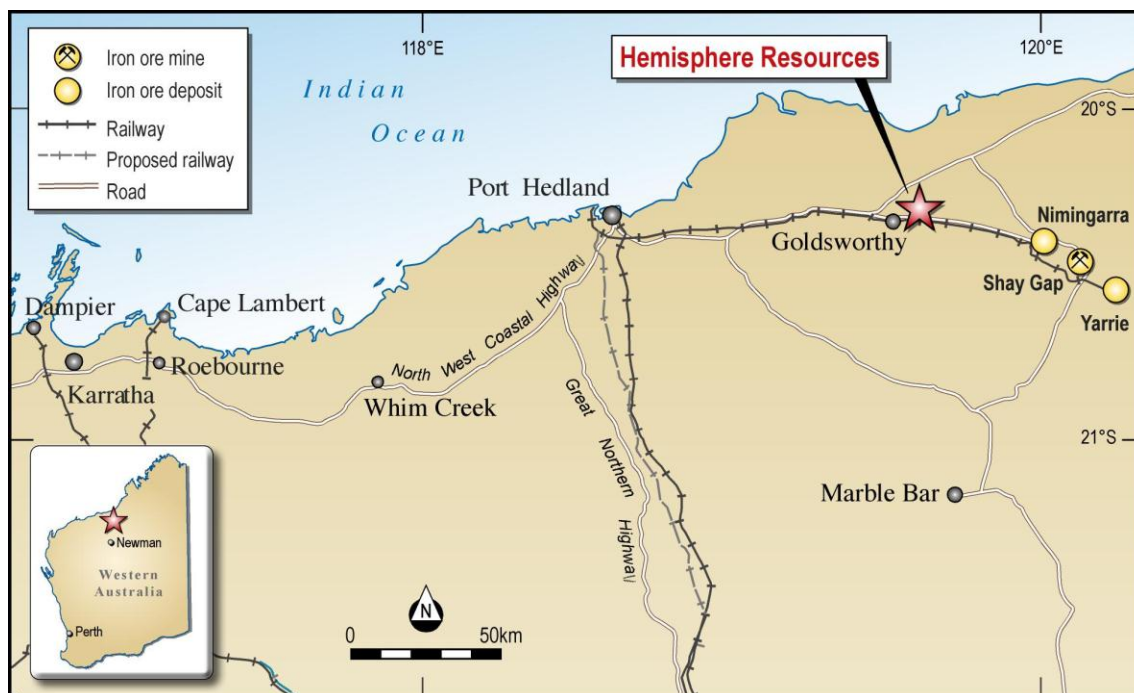


Figure 4: Location of Mt Goldsworthy Iron Project

Much of the Nimingarra Iron Formation on the tenement is under alluvial cover, with sparsely outcropping banded iron formation over a potential 8km strike length. Aeromagnetic interpretation by the Geological Survey of Western Australia shows a continuation of the structural complexity seen at Mount Goldsworthy onto tenement ELA45/3376. Structural complexity is regarded as conducive for the formation of iron mineralisation, and faulting and folding is common in the iron ore deposits of the region.

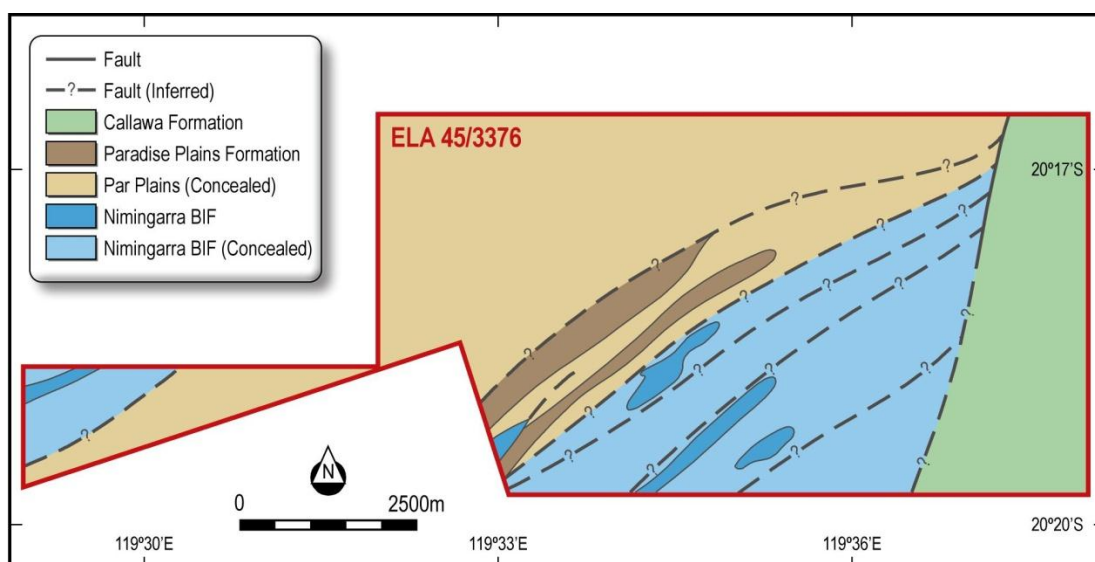


Figure 5: Subsurface and Outcropping Geology underlying ELA45/3376
(based on GSWA Pardoo 1:100 000 map)

Lakeside Project (Hemisphere 100%)

A week was spent at the **Lakeside Project**, E21/136 and E59/1684, following up on bedrock rock-chip samples collected during 2010. Detrital (laterite and scree) samples were collected to test the potential for Lakeside to generate a detrital iron product from iron eroded out of the gabbro host rock. Generally, the detrital was relatively thin and poorly developed. Lump samples were collected by sieving representative samples, and submitted to the laboratory for iron assay.

Sandstone Uranium Project (Hemisphere 100%)

Preparations were made to drill the **Sandstone Uranium Project**. A Radiation Management Plan was approved by the Department of Mines and Petroleum covering drilling programs over uranium anomalies detected during MMI (Mobile Metal Ion) analysis conducted during 2010. A program of Works has been submitted for approval, and drilling will take place once all necessary permits are received and the lake surface and sediments are sufficiently dry to regain access to the project areas.

Mulgarrie Nickel Project (Hemisphere 70%)

There was no field work during the quarter.

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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.

Appendix 1

Yandicoogina South Resource Statement

JORC Classification	Fe Cut-Off %	Tonnage t	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI % (950°C)	Calc Fe %
Total Indicated	50	4,275,000	55.8	7.7	3.3	0.07	8.9	61.3
<i>Including a higher grade zone of</i>	<i>50</i>	<i>1,875,600</i>	<i>58.0</i>	<i>5.8</i>	<i>2.8</i>	<i>0.08</i>	<i>8.1</i>	<i>63.1</i>

Table 2: JORC Compliant Resource Report.