



HEMISPHERE RESOURCES LIMITED

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Dear Shareholder

HEMISPHERE RESOURCES CORPORATE STRATEGY

The first half of 2011 has been an eventful period for Hemisphere, and one in which we have achieved a number of significant milestones.

Successful early exploration at the Company's flagship Yandicoogina South Iron Project has resulted in a maiden Indicated Resource*, with metallurgical testing later confirming the world-class DSO quality of the Yandicoogina South product.

A mining lease application has been submitted for the project, and we will continue exploration at a number of identified, priority high-grade targets elsewhere in the project area, with a view to expanding the existing Resource.

We also recently secured the Mount Goldsworthy Iron Project, delivering on our intention to grow Hemisphere's portfolio of prospective iron projects in the Pilbara - Western Australia's world-class iron-ore province.

While the above progress has been communicated to the market through regular ASX and media announcements, I would like to articulate the opportunity presented by the collective achievements of the past year, to Hemisphere's shareholders.

With a small, but particularly high-grade and low-contaminant iron-ore Indicated Resource at Yandicoogina South, and against the backdrop of continuing strong demand both regionally and in Chinese and Asian markets for high-grade product, we have mapped a clear path to target first production at Yandicoogina South from 2013.

The Pre-Feasibility process is underway, and we are currently considering a number of commercialisation options for the project, both in terms of the potential for synergies in the Pilbara, and the potential to secure the interest of an offshore offtake partner or partners.

[*A copy of the Company's JORC statement for this Indicated Resource was released by the Company on 16 February 2011](#)

With the initial production target envisaged, Hemisphere could conceivably truck its iron-ore to other producers in the Pilbara to upgrade the quality of lower-grade product, or to Port Hedland some 400 km to the North, for delivery into the export market. Restricted access to rail infrastructure is therefore not a barrier to Hemisphere's market entry, as may be the case for many of its junior iron-ore company peers.

This manner of entering into the market as an initial small, but scalable, niche high quality iron-ore producer, has the potential to deliver attractive returns to fund Hemisphere's ongoing growth and development as we continue to explore the potential of not only Yandicoogina South, but our other prospective projects in the Pilbara including the Hancock Range, Mt Goldsworthy and Mt Tinstone Iron Projects.

Hemisphere is also fortunate to have a highly experienced management team and Board, with a shared vision of delivering early value to shareholders from the Company's Pilbara project portfolio.

The team was recently further strengthened with the appointment of Mr Ian Hassall as the Company's full time Exploration Manager.

Mr Hassall's career in geology and exploration spans more than 20 years. His roles have included eight years as Senior Geologist at BHP Billiton's Yarrie and Yandi iron-ore operations in the Pilbara, Senior Geologist at Hancock Prospecting, Chief Geologist at Precious Metals Australia and most recently, Exploration Manager at Territory Resources.

Mr Hassall is a Member of the Australasian Institute of Mining and Metallurgy, and he also holds a postgraduate diploma in Corporate Governance.

We look forward to working with Mr Hassall and to the valuable contribution we know he will make in his role at Hemisphere. He certainly has joined us at an exciting point in the Company's development.

I also look forward to continuing our dialogue with shareholders and the broader investor community, and to bringing you further news of our progress in coming months.

Yours sincerely



Danny Costick
Managing Director

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 Australasian 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.