



HEMISPHERE RESOURCES LIMITED

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27 June 2007

Dear shareholder,

Non-Renounceable Option Entitlement Issue

Hemisphere Resources Limited (Hemisphere) lodged a Prospectus with ASIC, on 26 June 2007 for a non-renounceable entitlements issue (Issue). The Issue is for approximately 15,477,400 options at an issue price of 1 cent each on the basis of 1 option for every 2 ordinary shares held to raise approximately \$154,774 before costs. In calculation of any entitlement, fractions will be rounded up. No shareholder approval is required to the Issue.

The options are exercisable at 20 cents each and expire on 31 March 2010. The Company will apply for the quotation of the options on ASX.

The funds raised under the Issue will be used as additional working capital and to meet Issue expenses.

The Issue is not underwritten. Any entitlement not accepted will form the shortfall. The Company reserves the right, within 3 months of the closing date of the Prospectus, to allot and issue the shortfall at the discretion of the directors.

The Prospectus relating to this Issue has been lodged with ASX and is available on the ASX website www.asx.com.au and also on the Company's website www.hemisphereresources.com.au. The Prospectus containing the Entitlement and Acceptance form will be dispatched to shareholders registered at the Record Date.

The timetable and important dates of the Issue are set out below:

Timetable ¹

Lodgement of Prospectus and Appendix 3B with ASX	26 June 2007
Notice of Issue sent to shareholders	27 June 2007
Current shares quoted EX-Rights	4 July 2007
Record Date	10 July 2007
Dispatch Prospectus and Application Form (Opening Date)	11 July 2007
Closing Date for acceptances	27 July 2007
ASX notified of shortfall	31 July 2007
Statements for options dispatched (anticipated)	3 August 2007

¹ These dates are subject to change by Hemisphere in consultation with ASX.

The offer to participate in the Issue will be made available to all the Company's shareholders registered at 5pm WST on 10 July 2007 ("Eligible Shareholders").

The capital structure of the Company post-completion of the Issue will be as follows:

Description	Shares	Options
Securities on issue pre-Issue	30,954,800	Nil
Securities issued under the Issue	Nil	15,477,400
Total securities on issue post-completion	30,954,800	15,477,400

A total of approximately 15,477,400 options will be offered to Eligible Shareholders under the Issue.

Yours faithfully



Phillip MacLeod
Company Secretary