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29 December 2008

GEOLOGICAL INTERPRETATION OF MULGARRIE NICKEL PROJECT

Interpretation of Diamond Drilling enhances potential of Mulgarrie Nickel Project

The Directors of Hemisphere Resources are pleased to report that a geological interpretation has been completed for the Mulgarrie nickel project located 75km north north east of Kalgoorlie. Results are also now available for diamond drill hole HMDD002 which was previously announced with anomalous nickel identified.

Three holes in the vicinity of the target zone have been reviewed and show the contact zone between Ultramafics and Basalt. Cumulate texture is demonstrated within the Ultramafics, with Sulphide zones shown within the Ultramafics and Basalt.

Anomalous nickel was demonstrated from diamond drill hole HMDD002. Results are shown below as table 1.

Hole No	Northing (AGD 84)	Easting (AGD 84)	RL (m)	Azimuth (mag)	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Grade (ppm Ni)	Grade (ppm Cu)
HMDD002	6660681	358192	408	038	-60	303	116.6	122.3	5.7	1505	NSA
							127.3	137.3	10.0	1705	222
							174.0	175.0	1.0	1720	NSA
							239.3	239.7	0.4	1700	NSA

Table 1: Significant Drill Results – HMDD002 Drumstick Prospect.

Note: NSA is no significant assay returned.

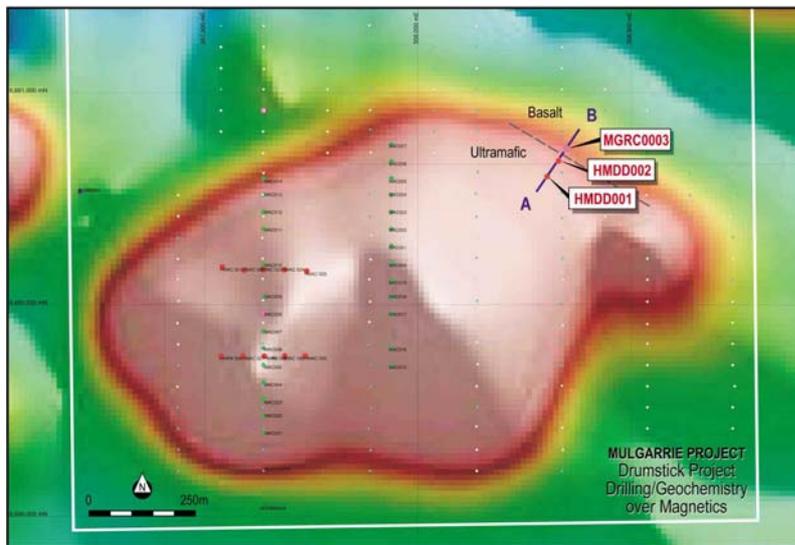


Figure 1: Drill Plan and Section Line for Drumstick Prospect

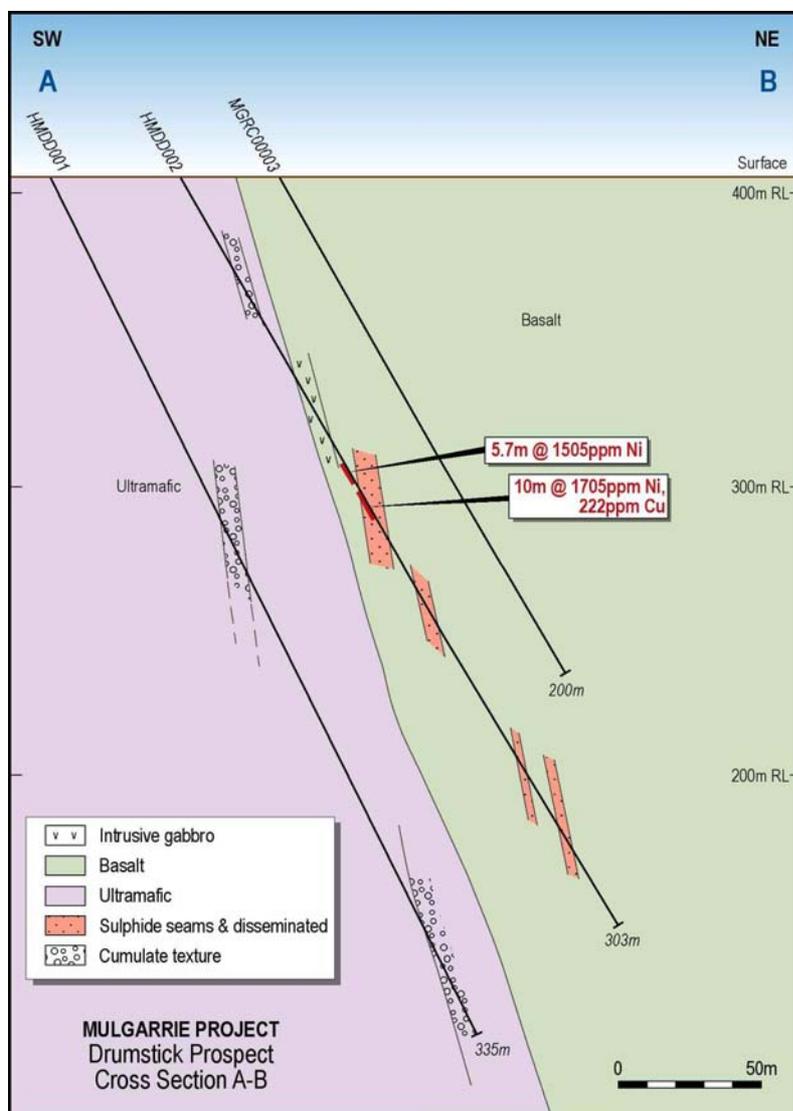


Figure 2: Oblique Section A-B Drumstick Prospect

The target was identified by an Electromagnetic (EM) geophysical survey previously announced to the ASX. This area was selected because of its komatiitic stratigraphy, a magnetic anomaly and an EM anomaly that suggested there may be a sizeable lens of sulphide lying relatively close to the surface. Drilling to date has been sub parallel to the ultramafic basalt contact but supports the potential for nickel sulphides within the target area. The contact between the ultramafic and the basalt zones has not been adequately tested in the area of the previously defined EM anomaly. (see figure 2).

The Mulgarrie project is a joint venture between Hemisphere (70%) and Falcon Minerals Limited (30%). Hemisphere is exploring the Mulgarrie project for Archaean komatiite-hosted nickel sulphide mineralisation. The project is within a nickel production belt bounded by the Scotia, Carr Boyd and Silver Swan nickel mines.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Bob Watchorn, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Watchorn is employed by Bob Watchorn & Associates Pty Ltd. Mr Watchorn has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Watchorn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.