

Hemisphere Resources Limited

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QUARTERLY ACTIVITY REPORT TO THE ASX ENDNG 31 MARCH 2007

This is the first quarterly activity report to the ASX since listing on 23rd February 2007.

Highlights

- **Admission to the official list of ASX on 23rd February 2007 with maximum share subscription of \$4 million.**
- **Establishment of Joint Venture for Mulgarrie Nickel Project.**
- **Geophysical review underway to select drill targets at Mulgarrie.**
- **Completion of Mineral Rights Agreement for Glandore Gold Project.**
- **Gold targets identified and drilling program planned for Glandore.**

Discussion

In the five weeks following admission to the ASX, work on the company's two projects has advanced as planned. The company engaged Mr Bob Watchorn as consulting geologist to provide geological services. Mr Watchorn has previously held senior positions with major Western Australian companies and has extensive experience in both nickel and gold exploration and mining. During the quarter, Mr Watchorn reviewed the extensive Glandore data and presented the company with the first drill program. Southern Geoscience Consultants was engaged to conduct a geophysical review of the Mulgarrie data for the purpose of identifying drill targets. This work is now in progress

There has been no mining or development activity during the quarter.

The directors are pleased with the company's progress since its successful listing. The IPO raised \$3 million in minimum subscriptions plus \$1 million in oversubscriptions.

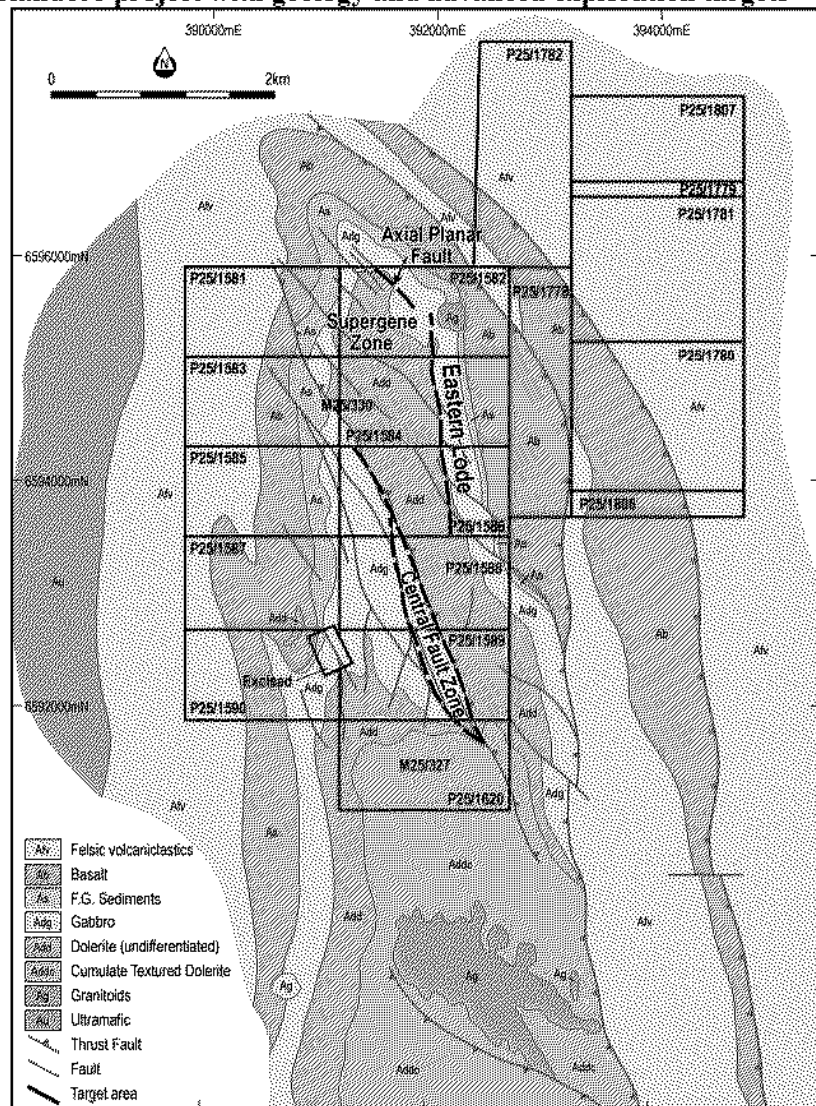
During the coming quarter, the company intends to commence drilling at Glandore and to also identify the first drilling locations at Mulgarrie. The company will also continue to review any projects that present as having the capacity to add value to the company.

GLANDORE PROJECT (Gold) (Hemisphere 100%)

Upon admission to ASX, Hemisphere completed the requirements of the Mineral Rights Agreement and acquired the tenements. The project area is 40 km from the city of Kalgoorlie – Boulder. The Glandore Project consists of 16 granted Prospecting Licences, 2 Prospecting Licence Applications and 3 Mining Lease Applications. The Company has an extensive database for the project including geology, geophysics, geochemical and drilling. The project contains advanced gold exploration targets.

During the quarter, the available plans and sections were examined for the purpose of establishing a drilling program to test the numerous significant gold mineralised target areas that were outlined in the prospectus. Site visits were conducted to examine the identified drilling locations. A drill program has been prepared to test three target areas and environmental approval was obtained.

Figure 2: Glandore project with geology and advanced exploration targets



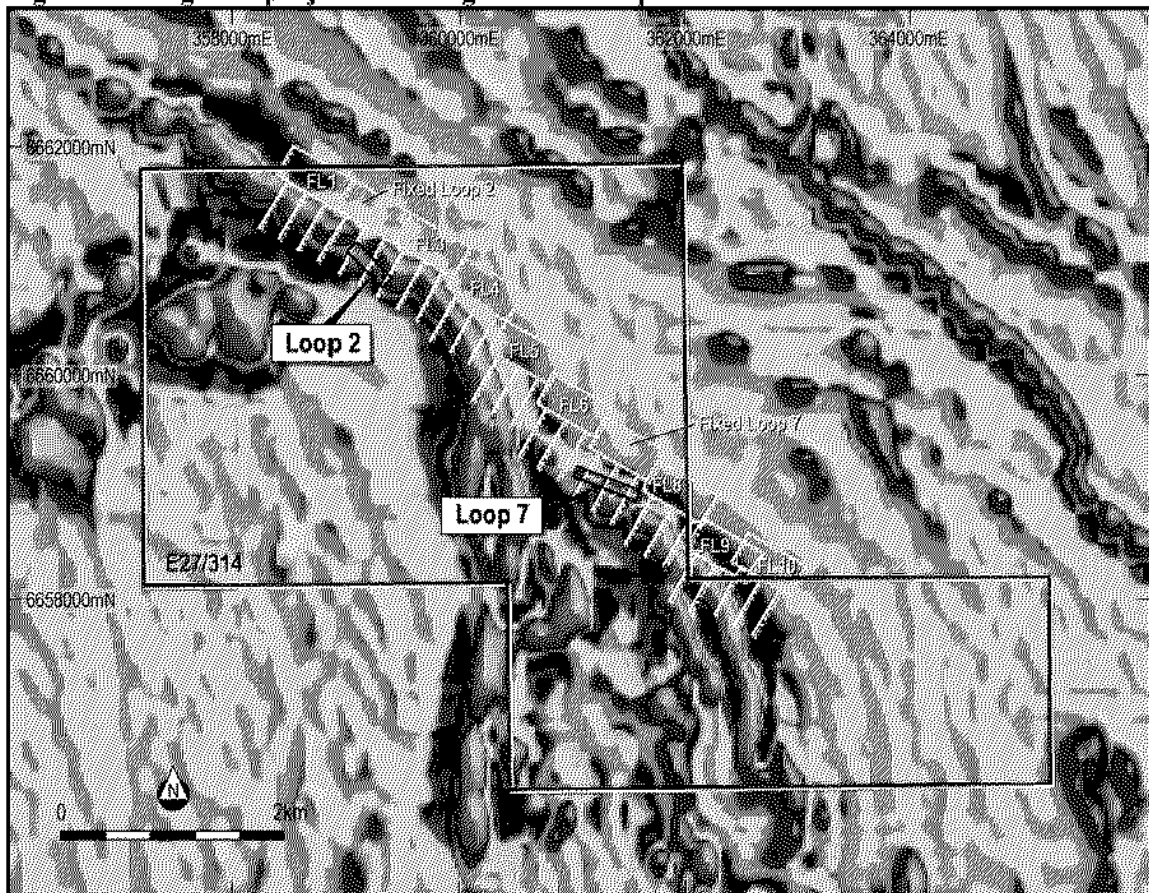
MULGARRIE PROJECT (Nickel) (Hemisphere 70%)

The Mulgarrrie Project comprises tenement E27/314, covering prospective komatiite stratigraphy, 15 - 20km north and within a nickel production belt bounded by the Scotia, Carr Boyd and Silver Swan nickel mines. Geology of the tenement includes spinifex textured ultramafic rocks contacting both mafics and granitoids, similar to the neighbouring nickel mines. Upon Admission to ASX, Hemisphere completed the requirements to enter into a Joint Venture with Falcon Minerals, acquiring a 70% interest in the Mulgarrrie project. Under the terms of the Joint Venture, Hemisphere is required to spend \$300,000 on the project area over the next 3 years, with Falcon being free carried, after which time contributions will be on a pro rata basis.

Hemisphere is exploring the Mulgarrrie project for Archaean komatiite hosted nickel sulphide mineralisation. Nickel and copper anomalies have been demonstrated on Mulgarrrie. Recent exploration included a fixed loop electromagnetic survey in 2005.

A coherent, moderate level anomaly was detected over three consecutive lines in Loop 7 of the fixed loop electromagnetic survey. The survey also identified a shallow, short strike length response noted on Loop 2 coincident with part of a magnetic unit. During the quarter, Southern Geoscience Consultants were engaged to evaluate existing data.

Figure 3: Mulgarrrie project with magnetics and exploration focus



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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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

HEMISPHERE RESOURCES LIMITED

ABN

96 122 074 006

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

	Current quarter \$A '000	Year to date (9 months) \$A '000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(22)	(22)
(b) development	-	-
(c) production	-	-
(d) administration	(18)	(18)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - net movt. in GST (receivable)/payable	(31)	(35)
Net Operating Cash Flows	(60)	(64)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	(117)	(126)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(117)	(126)
1.13 Total operating and investing cash flows (carried forward)	(177)	(190)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(177)	(190)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,000	4,118
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – costs of capital raising	(216)	(251)
	Net financing cash flows	3,784	3,867
	Net increase (decrease) in cash held	3,607	3,677
1.20	Cash at beginning of quarter/year to date	70	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,677	3,677

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	None
1.24	Aggregate amount of loans to the parties included in item 1.10	None

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Acquisition of interests	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,677	70
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,677	70

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	E27/314 P25/1581 to P25/1590 P25/1620 P25/1778 to P25/1782 PLA25/1806 PLA25/1807 MLA25/327 MLA25/329 MLA25/330	Joint venture)))) - Direct)))))	0% 0% 100%

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, etc.				
7.3 +Ordinary securities	30,954,800	20,590,925		
7.4 Changes during quarter (a) Increases through issues (b) Shares released from escrow (c) Decreases through returns of capital, buy-backs	21,500,000	20,590,925		
7.5 +Convertible debt securities				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/lapsed during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

