Hemisphere Resources Limited

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QUARTERLY ACTIVITY REPORT TO THE ASX ENDING 30 SEPTEMBER 2008

Highlights

- **Field visit confirms iron potential at Yandicoogina South**
- **Diamond drilling at Mulgarrie intersected sulphides**

Discussion

For the **Yandicoogina South Iron Project**, located some 6km south of the Yandicoogina Iron Ore mine, a field survey has identified outcropping pisolites and valleys bound by the Hamersley surface supporting the iron potential of the project.

For the **Mulgarrie Nickel Project**, located 75km north-north east of Kalgoorlie, a diamond drill hole was completed to test the strong EM anomaly. Sulphides were intersected in the drill hole supporting the prospectivity.

For the **Glandore Gold Project**, located 40km east of the Golden Mile, updating of the geological model is in progress. This model will provide support for assessing the potential of previously untested areas of the field.

During the coming quarter, the Company intends to continue developing the potential of current projects and will also assess other projects that present as having the capacity to add value to the Company.

Yandicoogina South Iron Project (Hemisphere 100%)

During the quarter, a reconnaissance field program was conducted to the project. This field survey of the northern part of the property confirmed the presence of favourable valleys with the Hamersley surface evident and outcropping pisolites present. The presence of the Hamersley surface (Canga) as well as M3 Hardcap (complete with fossilised wood fragments) material in the northern area shows the prospectivity for a well developed CID profile in this area.

The priority tenement application E47/1904 in the Pilbara was secured in the previous quarter. The project is located approximately 6km south of Rio Tinto's Yandicoogina iron ore mine and known as the Yandicoogina South Iron project. The property covers part of the Yandicoogina Creek and is upstream from the active mining operations.

A review of the regional magnetic, landsat Imagery and aerial photography has been completed and supports the potential of the tenement to host channel iron deposits (CID's). The Landsat imagery showed several valleys with the potential for CIDs.

The initial exploration target for this project will be channel iron deposits (CIDs). The property is located between two NE – SW trending drainage systems with regional geology being the Weeli Wolli formation. There are world class CIDs close by including BHP's Yandi mine to the north west, Rio Tinto's Yandicoogina mine some 6km to the north, Junction South East mine some 3km to the east and the new Hope Downs mine to the south. The location of the project is shown below. The Company will systematically evaluate the iron potential of the Yandicoogina South Iron project.

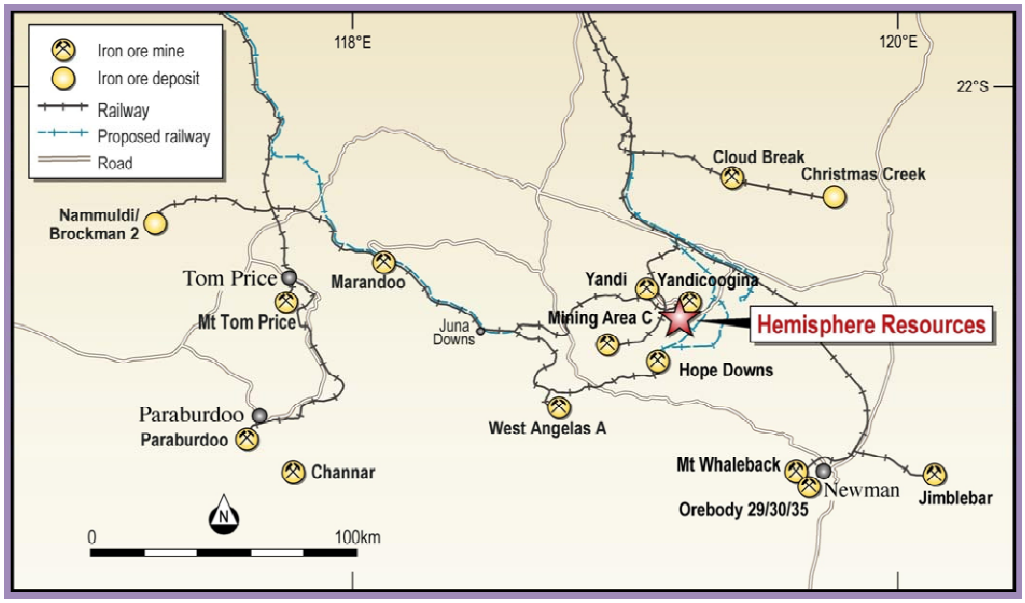

Figure 1: Location of Hemisphere Yandicoogina South Iron Project

Managing Director Danny Costick inspecting outcropping pisolites.

Outcropping pisolites showing Canga (background) and M3 Hardcap material (foreground).

Mulgarrie Nickel Project (Hemisphere 70%)

During the quarter Hemisphere completed a follow up diamond drill hole to a final depth of 303 metres at the Mulgarrie Nickel project. The drill hole was designed to test a target developed from a previously announced electromagnetic (EM) survey. This survey was conducted on diamond drill hole HMDD001 (335m) and demonstrates a strong off hole response and points to a highly conductive target. The tenor of the EM response indicates a body of high conductance that in other mine settings in Western Australia can be consistent with a pyrrhotite or pyrrhotite /pentlandite lens. The geophysical indication of a massive pyrrhotite lens has important implications for nickel exploration. The geophysical modelling of the down hole and surface data indicates a steeply dipping body of about 300m in down dip extent and greater than 200m strike length located about 200m below the surface. The current diamond drilling target area was selected due to its komatiite/basalt stratigraphy, its favourable nickel copper ratios and an identified EM anomaly.

The drill hole (HMDD002) has tested the central section of the geophysical anomaly discussed above and intersected three sulphidic zones from 116.5 metres to 137 metres (20.5metres), 224 metres – 239 metres (15 metres) and 249 metres to 257 metres (8 metres). The sulphides from these zones have been sampled and geologically logged. The sulphides have been identified from logging as mainly pyrrhotite with minor chalcopyrite. Both ultramafics and mafics lithologies were intersected from this drilling. The basal contact is interpreted to have been intersected closer to the surface than expected and was obscured by a dolerite dyke. Further testing is required. The assays are awaited from this drilling.

The Mulgarrie Nickel Project comprises tenement E27/314, covering prospective komatiite stratigraphy, 15 – 20km north and along strike from the Silver Swan nickel deposit. The project is in joint venture with Falcon Minerals Limited who hold 30%. Hemisphere holds a 70% interest in the project.

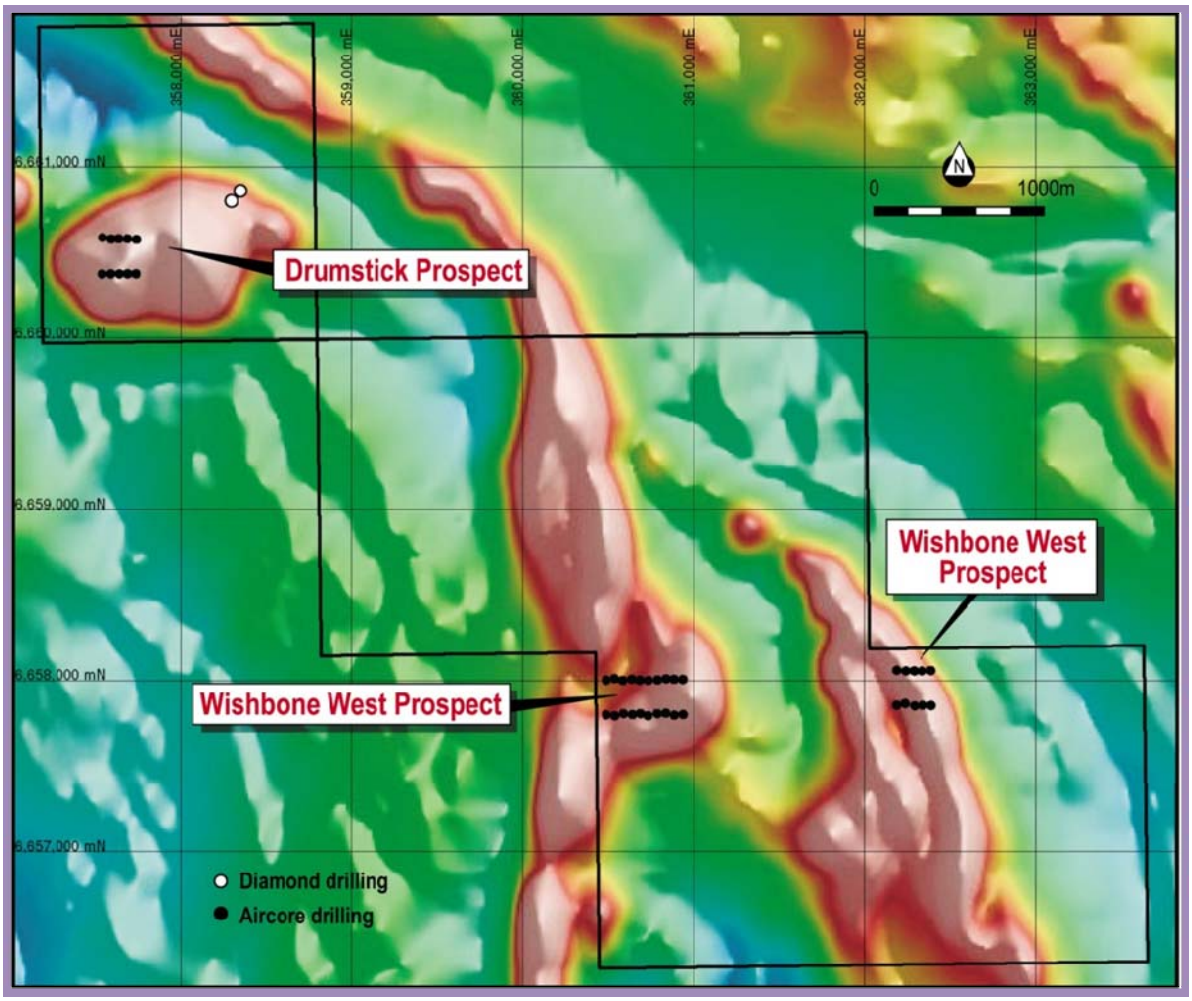

Figure 2: Mulgarrie Project showing magnetics and Hemisphere drilling

Glandore Gold Project (Hemisphere 100%)

Previous drilling of the Glandore Gold Project has returned high grade gold mineralisation both close to surface and extended to depth. The Company is excited about the potential of the project and will continue to explore the project in the future.

During the quarter geological modelling was continued. There was no drilling undertaken on the Glandore Project during the quarter.

Further drilling has been planned at the Supergene and Axial Planar prospects based on successful previous drilling, data compilation and geological modelling. Prioritisation of targets has also helped to focus future exploration.

Sandstone Project (Hemisphere 100%)

Hemisphere has six granted exploration licences in the Sandstone district covering approximately 600 sqkm. The tenements lie within the north central sector of the Yilgarn Craton of Western Australia. This project area contains palaeo-channels and lake systems prospective for uranium and granite/greenstone contacts prospective for base metals and gold. A further two exploration licences are under application at this project area.

Hemisphere's, Sandstone tenements are in close proximity of known uranium occurrences. Significant uranium occurrences in the district include Yeelirrie (the world's largest unmined calcrete uranium deposit), Windimurra Uranium, Wondinong, Lake Mason, Anketell, and Lake Noondie. Hemisphere has been working up exploration targets from the examination of radiometric data, previous exploration within the district and open file (DoIR) reports.

The priority uranium target is contained within E57/721 which was covered in part by historical mineral claims during the last period of major uranium exploration.

Base metal and gold prospectivity need to be fully assessed on tenements E57/719 and E57/722 as they also cover granite/greenstone contacts of the Sandstone greenstone and northern extremity of the Southern Cross greenstone belt. The geology of the Lake Noondie greenstone is analogous to the newly discovered mineralisation on BHP/Western Areas Joint Venture, Mt Alexander 'Cathedrals' Nickel Project which intersected shallow fresh sulphide values of 4 metres at 4.9% Ni, 1.7% Cu, 3.7g/t total PGE and 3.0 metres at 3.8% Ni, 1.6% Cu and 2.7g/t total PGEs located to the south east of E57/722.

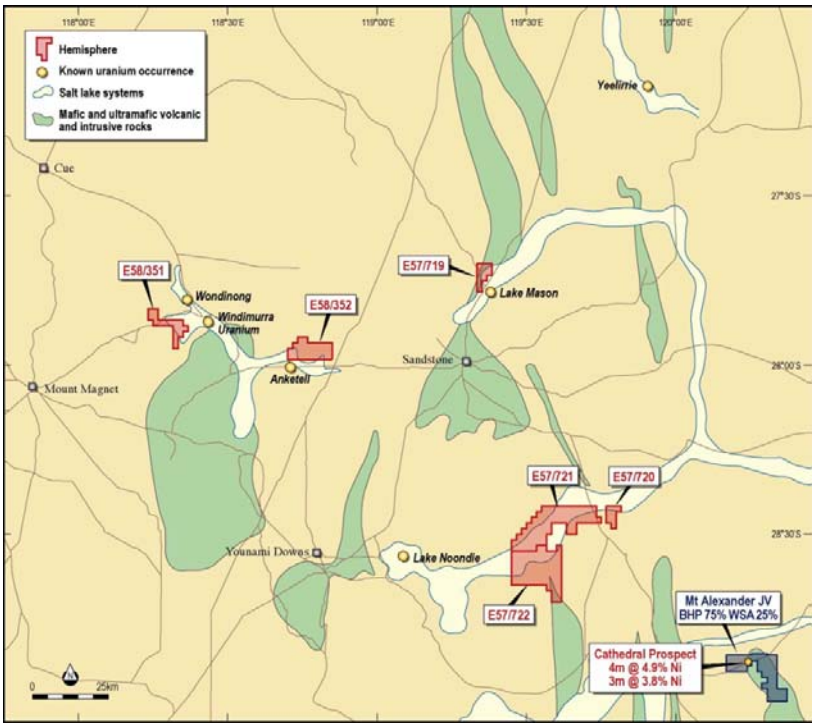

Figure 3: Sandstone Tenements showing neighbouring projects

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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.