ASX Announcement (ASX: HMX)

Date: 30 April 2014

MARCH 2014 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **General Meeting of shareholders approves share consolidation and name change from Midas Resources Ltd to Hammer Metals Limited.**
- **Kalman Resource Estimate at revised cut-off grades updated in accordance with the guidelines of the JORC Code (2012).**
- **Maiden Resource Estimate for Overlander North deposit completed.**
- **Drilling recommenced on the Overlander, Pelican, Serendipity and Python copper-gold targets.**
- **Mt Philp Iron Project sale exclusivity period extended.**
- **Lake Carey Gold Project sale announced.**
- **Share placement to raise $700,000 completed.**

Kalman Deposit Outcrop

CORPORATE

Hammer Metals Limited (Hammer or the Company) raised $700,000 in February 2014 via a placement to institutional and sophisticated investors. The new ordinary shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1A. The terms of the placement make provision for a 'loyalty option' to be issued to placees if they retain their placement shares for a period of three months post issue. The options will not be quoted and will be exercisable by payment of 30 cents (on a post consolidation basis) on or before 24 months from the date of issue.

At a general meeting of shareholders held on 2nd April 2014, subsequent to the end of the quarter, shareholders approved a 1 for 100 share consolidation and change of name from Midas Resources Ltd to Hammer Metals Limited. The company commenced trading under the new ASX code of HMX on 23rd April 2014.

Issued capital as shown on the attached Appendix 5b is effective at 31 March 2014.

The Company's total equity position subsequent to the end of the quarter and post share consolidation is as follows:

Ordinary Shares	70,905,684	
Preference Shares	6,306,406	
Options	14,300,000	(exercisable by payment of 20 cents on or before 30 June 2017)

At the end of the quarter Hammer held $1.082m in cash.

OPERATIONS SUMMARY

QUEENSLAND

Work during the quarter focussed on completion of the updated resource estimate for the Kalman copper-gold-molybdenum-rhenium deposit and the maiden resource for the new Overlander North deposit.

Drilling recommenced at Mount Isa in April with a RC program to test the Python, Pelican, Serendipity and Overlander copper-gold prospects. Progress has been slower than expected to date due to drill rig failure which has now been rectified.

Kalman Mineral Resource Update

The Kalman Mineral Resource Estimate was updated by RungePincockMinarco (RPM) in accordance with the guidelines of the JORC Code (2012 Edition). (Refer to the ASX release dated 19th March 2014 for full details of the Resource Estimate.)

The Resource comprises a combined **30 million tonnes at 1.3% copper equivalent (CuEq)** at 0.54% copper, 0.28 g/t gold, 0.08% molybdenum and 2.2 g/t rhenium in the Inferred category at revised cut-off grades.

The estimated contained metal comprises 165,000 tonnes of copper, 274,000 ounces of gold, 25,000 tonnes of molybdenum and 2.1 million ounces of rhenium.

A high level pit optimisation and underground mining exercises conducted by RPM suggest that the Kalman deposit has good prospects for eventual economic extraction. The updated Resource will now be used as a basis for further resource and mining studies.

Kalman Deposit Mineral Resource Estimate

(Reported at 0.3% CuEq cut-off above 100m RL and 1.0% CuEq cut-off below 100m RL)

Classification	Mining Method	Tonnes kt	CuEq %	Cu %	Au ppm	Ag ppm	Mo %	Re ppm
Inferred	Open Pit	22,000	1.1	0.42	0.22	1.1	0.07	1.9
Inferred	Underground	8,300	1.9	0.87	0.42	2.0	0.11	2.9
Total		**30,000**	**1.3**	**0.54**	**0.28**	**1.3**	**0.08**	**2.2**

- *Note: (1) Numbers rounded to two significant figures*
- *Note: (2) Totals may differ due to rounding*
- *Note: (3) (CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re)*

Notes on Copper Equivalence Calculation

Copper equivalent (CuEq) grades were calculated using estimated block grades for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity prices and metallurgical recovery assumptions as detailed in this release. Prices agreed to by Hammer were a reflection of the market as at 14/02/2014 and forward looking forecasts provided by consensus analysis. Metal prices provided are:

- Cu: US$7,165/t
- Au: US$1,324.80/oz
- Ag: US$22.40/oz
- Mo: US$16.10/lb

The forward looking price for Rhenium was estimated using available historical and current prices.

- Re: US$5,329/kg

The CuEq equation is CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re and was applied to the respective elements estimated within the resource block model.

Assumed Metallurgical Recoveries

Based on the testing completed and the current understanding of the material characteristics it has been assumed that the Kalman material can be processed using a “typical” concentrator process flowsheet. The mass balance and stage metallurgical recovery of the four major elements were based on the metallurgical test results from the molybdenum zone sample and benchmarks. The final overall recovery (Table 3) was established from the mass balance and benchmarked against other operations and projects.

Table 3: Assumed Metallurgical Recoveries

Process Stage	Molybdenum Recovery (%)	Rhenium Recovery (%)	Copper Recovery (%)	Gold Recovery (%)	Silver(1) Recovery (%)
Bulk Rougher	95	86	95	82	82
Overall	86	77	86	74	74

(1) No data available for Silver recoveries so they have been assumed similar to Gold Recoveries

It is the company’s opinion that the metals used in the metal equivalent equation have reasonable potential for recovery and sale based on metallurgical recoveries in flotation test work undertaken to date. There are a number of well-established processing routes for copper-molybdenum deposits and the sale of resulting copper and molybdenum concentrates.

Molybdenum concentrates with rhenium require roasting to capture the rhenium from the process off-gas. There are several offshore facilities that process molybdenum concentrates of which Molymet is the world’s largest molybdenum processer and the largest producer of rhenium.

Because of the relatively small market for rhenium there is limited public information available for the payment of credits for rhenium. Preliminary enquiries by the company provide the company with sufficient confidence to believe that a credit for the rhenium content of the molybdenum concentrate can be obtained.

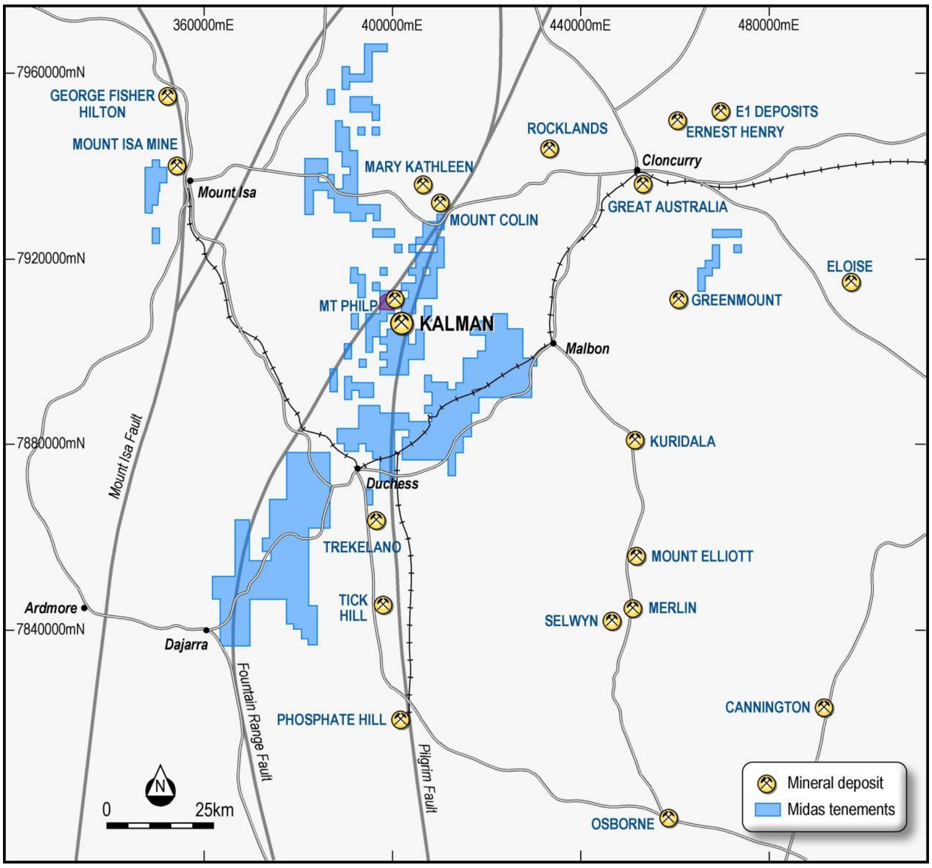
Prospects for Economic Extraction

As part of the 2014 updating exercise RPM personnel undertook a high level pit optimisation exercise over the Kalman deposit model to determine if a portion of the project would have reasonable prospects for eventual economic extraction by open pit mining methods.

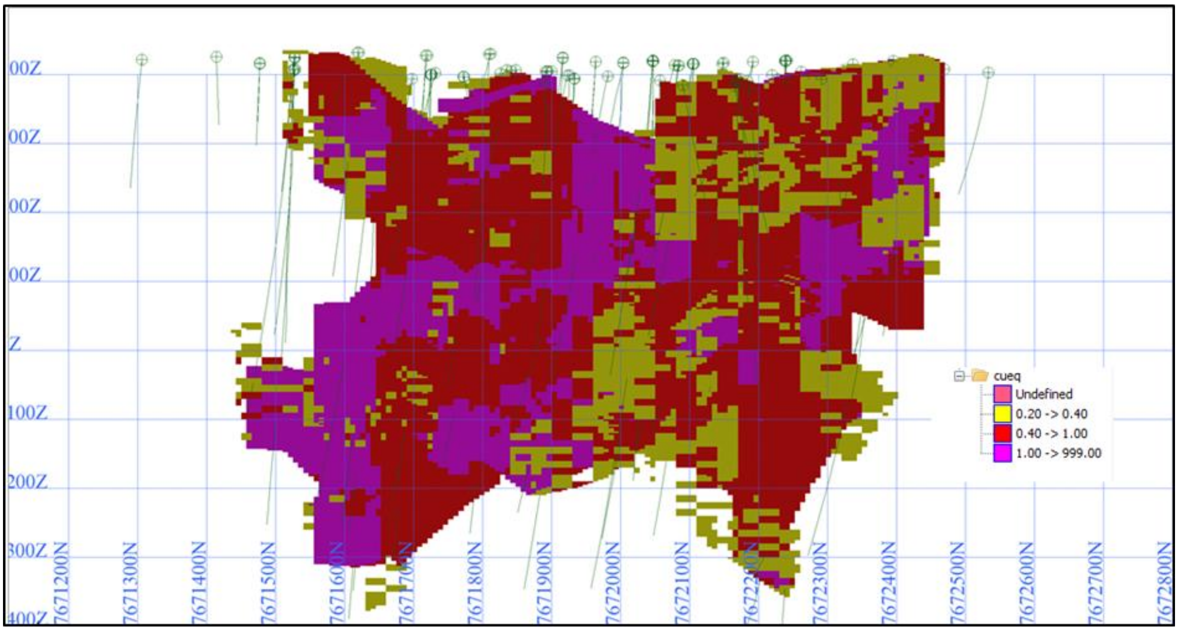
The results from this analysis indicate that a significant portion of the Kalman deposit has reasonable prospects for economic extraction using open pit methods. RPM also carried out a high-level underground mining analysis exercise on the Kalman block model the results of which indicate that a significant portion of the deposit has reasonable prospects for economic extraction using underground mining methods.

As a result of these two high-level economic analyses the economic cut-off for reporting the Kalman Mineral Resource has been revised. The Mineral Resource Estimate as shown has been reported to two separate cut-off figures. The upper part of the Mineral Resource, above the 100m RL has been reported as potential Open Cut material at an economic cut-off grade of 0.3% CuEq. The lower part of the Mineral Resource, below the 100m RL has been reported as potential Underground material at an economic cut-off grade of 1.0% CuEq.

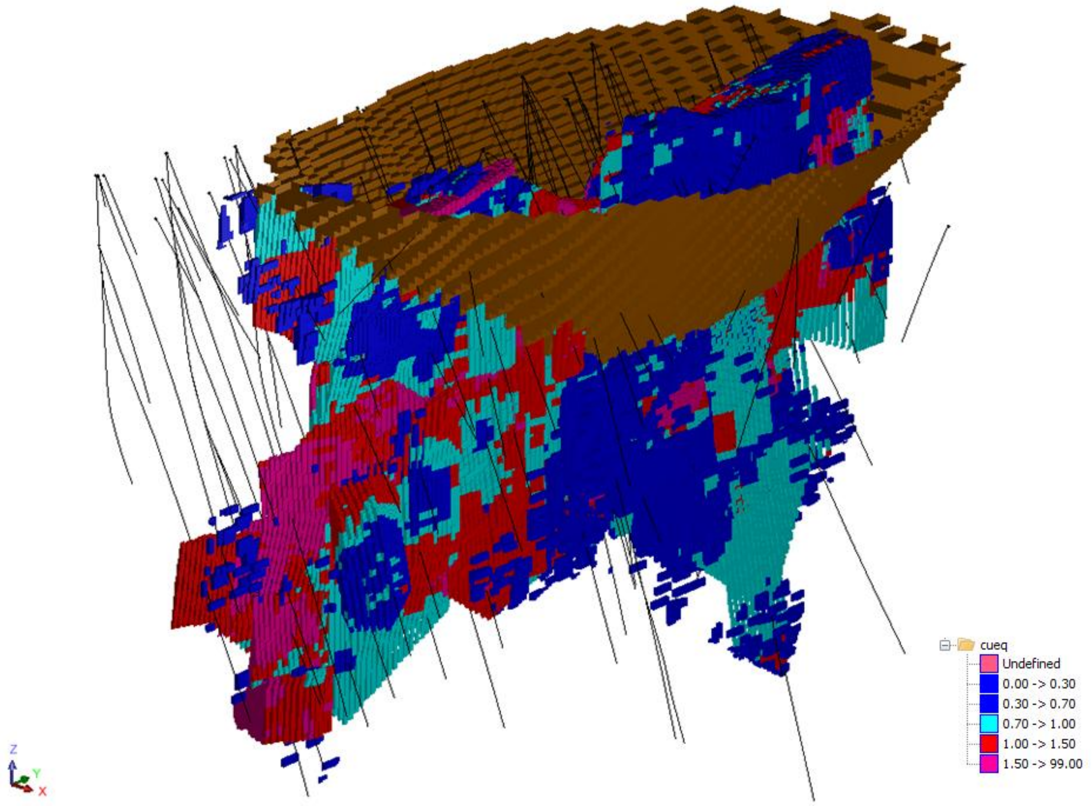
The Kalman deposit is considered to have good potential for extension of the defined resource with further exploration drilling.



Project Location



Kalman Long Section



Perspective of Kalman Conceptual Optimised Pit Shell showing Drill Traces – looking North West

Overlander North

The maiden Overlander North Mineral Resource Estimate was completed by RungePincockMinarco (RPM) in accordance with the guidelines of the JORC Code (2012 Edition). The resource estimate was based on the drilling completed by Hammer in December 2013.

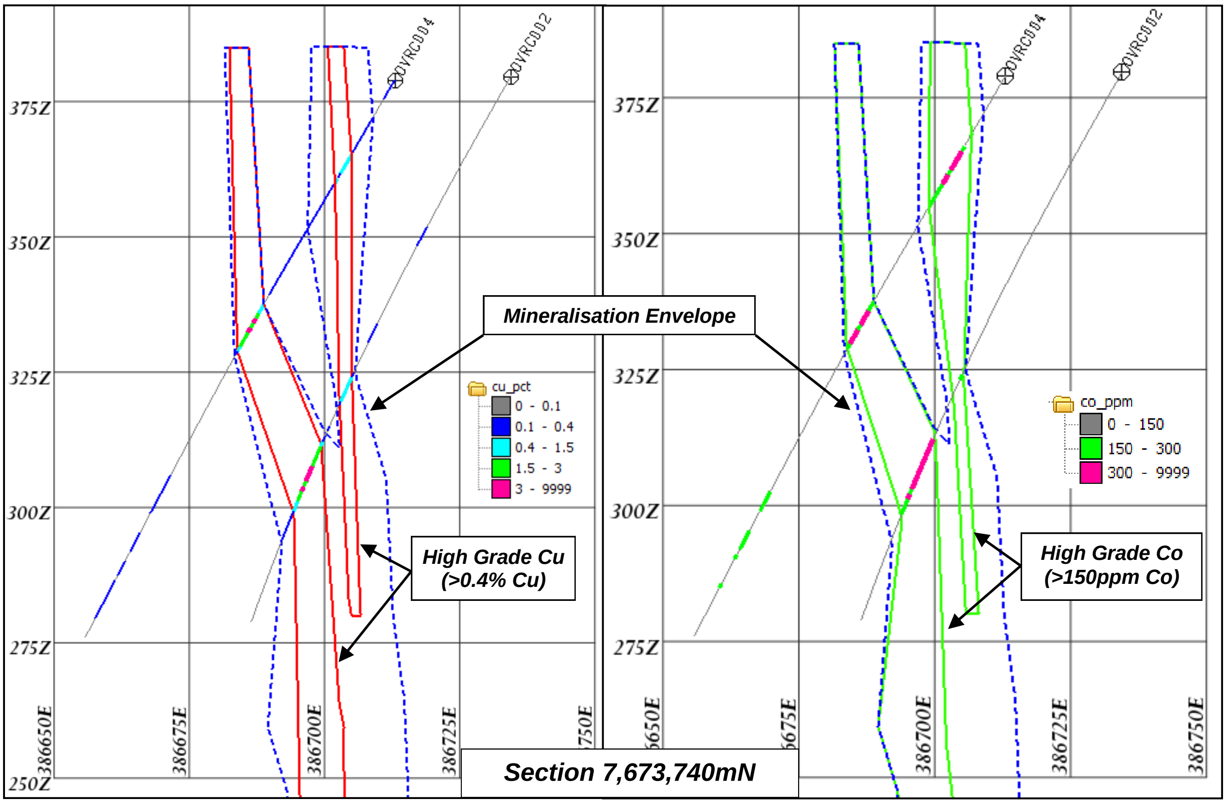
The Resource Estimate comprises **482,000 tonnes at 1.3% copper** in the Inferred category at 0.5% Cu cut-off grade. The deposit remains open down plunge and along strike. (Refer ASX announcement 31 March 2014 for further details)

The 100%-owned Overlander North deposit is situated 60 kilometres to the southeast of Mount Isa and 6 kilometres to the west of Kalman.

Overlander North March 2014 Mineral Resource Estimate (0.5% Cu Cut-off)

Classification	Tonnes t	Cu %	Co ppm	Cu Tonnes t	Co Tonnes t
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	482,000	1.3	210	6,206	101
Total	**482,000**	**1.3**	**210**	**6,206**	**101**

Note – Totals may differ due to rounding



Overlander North Cross Section

Exploration

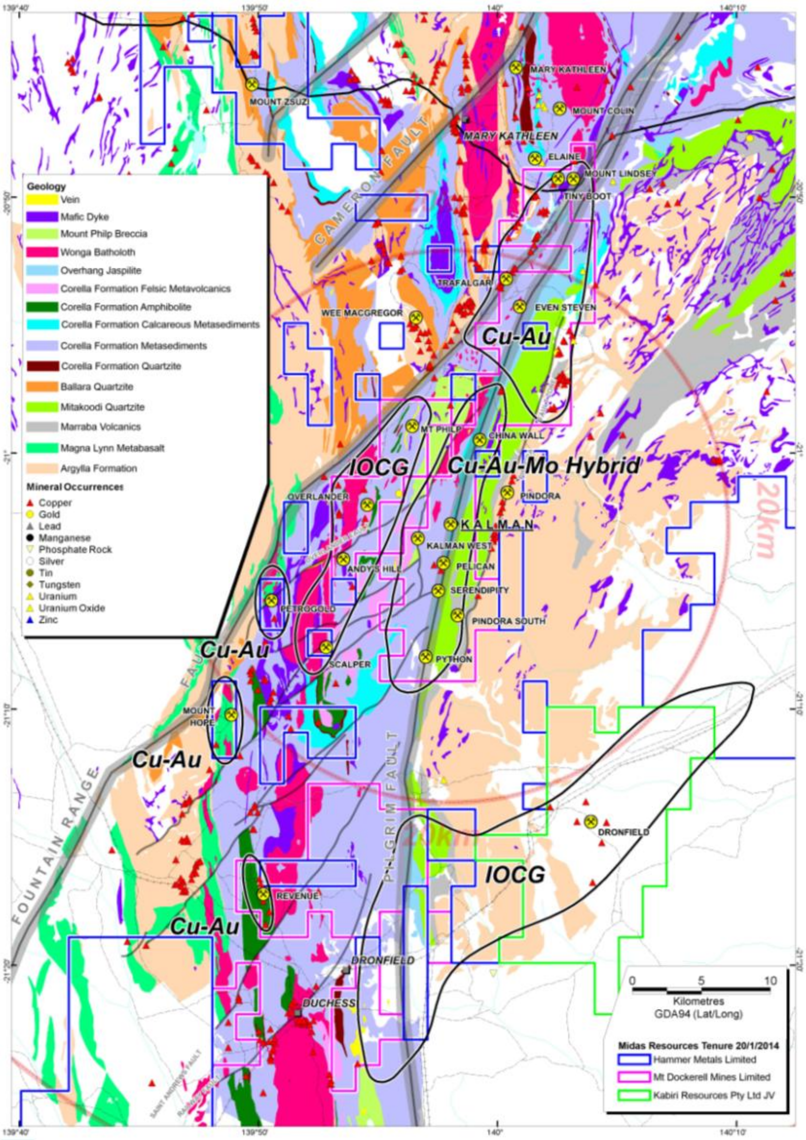
Exploration activity is presently focussing within a 20km radius of the Kalman deposit. The Kalman deposit is a key asset with development potential and the current exploration focus is to add additional higher grade open pittable copper resources to the inventory within trucking distance of the deposit.

Drilling recommenced at Mount Isa in April with a RC program to further test Overlander as well as Python, Pelican and Serendipity located along strike to the south of Kalman.

The compilation of the various drilling, geochemical and geophysical datasets is continuing with several new targets of interest being generated.

The emergence of the Mt Philp – Overlander – Andy's Hill trend as having the indications of a significant iron-oxide copper-gold zone is of particular signficance.

Additional tenement applications were submitted over prospective areas in the Kalman area.



Mount Isa Project Prospectivity Map

Mt Philp Iron Ore Project

The 90 day exclusivity period for Developed Iron Ore Pty Ltd ("DIO") to satisfactorily complete due diligence on the Mt Philp Iron Ore deposit has been extend for up to three months. The initial exclusivity period ended on 14th April 2014.

As announced to the ASX on 15th April the exclusivity period will be extended on a month by month basis, and DIO will pay Hammer $25,000 per month in advance to maintain exclusivity.

It was announced to the ASX on 9th December 2014 that Hammer Metals had received a cash offer for its 100% interest from DIO comprising a purchase price of $1.5 million in staged payments and a royalty comprising 0.5% of gross proceeds of the sale of rion extracted from the project. The purchase is subject to due diligence by DIO. Rights to all other minerals apart from iron ore remain with Hammer.

Mount Morgan Region

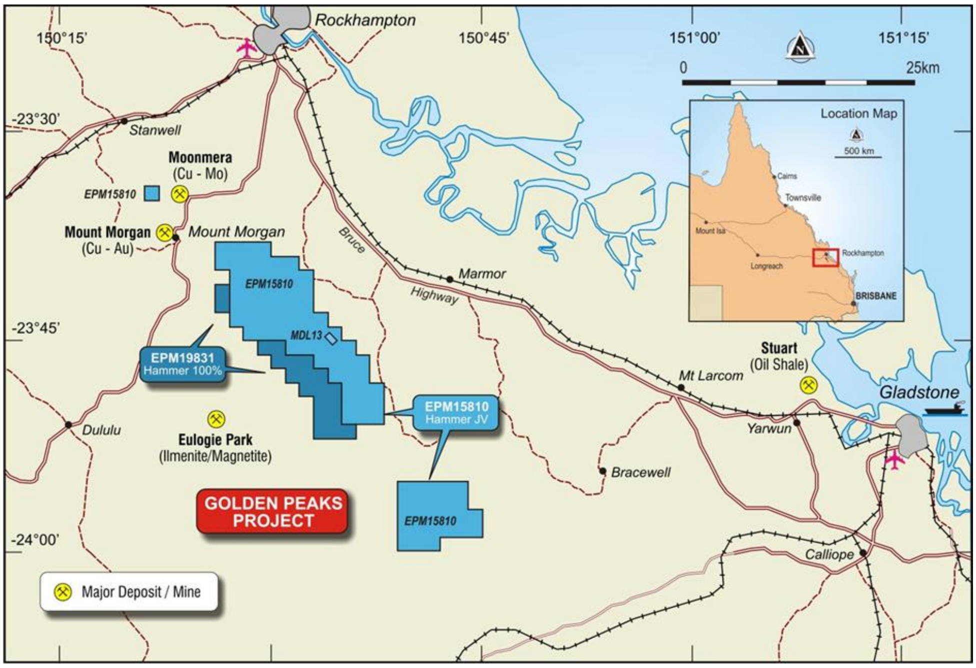
Golden Peaks Project

The Golden Peaks Project is located to the southeast of the Mount Morgan gold-copper mine in Central Queensland which produced over 8 million ounces of gold and 387,000 tonnes of copper.

Hammer Metals has a joint venture with Perilya Limited over EPM15810 and MDL13 and holds a 100% interest in EPM19831. The tenements cover significant sections of the prospective volcanic sequences that host the Mount Morgan deposit.

Of most interest is a group of VTEM anomalies at Mount Dick North in a previously untested area close to the UNMC prospect.

The company is currently procuring the required access permits to allow field examination and drilling of the highest priority targets.



Golden Peaks Project Tenements

WESTERN AUSTRALIA

GOLD PROJECTS

Lake Carey - Fortitude

Hammer Metals announced that it had entered into an agreement for the sale of the Lake Carey and Phantom Well gold projects.

The sale is subject to a number of conditions including the purchaser agreeing to be bound by various pre-existing royalty and access agreements and various third party consents being obtained. The purchaser is a private entity, Fortitude Gold Pty Ltd.

The consideration for the sale is $330,000 in cash and a $5 per ounce of gold recovered from the tenements above 100,000 ounces. The transaction is expected to be finalised in the second quarter.

During the quarter E 39/1286 was surrendered on the basis that it did not contain existing high-value exploration targets and E 39/1752 which covers prospective north-west extensions of the gold-mineralised Bindah Shear zone was granted.

BASE METALS

PATERSON PROVINCE

As announced in the previous year, Midas entered into a Joint Venture agreement with Encounter Resources Limited (ASX: ENR) on E45/3768 and E45/4091. A specified 316km^2 area covering the McKay and Vines Fault copper corridors within these tenements is covered by the new agreement.

Encounter is currently compiling historic exploration data and planning a VTEM survey over prospective Broadhurst Formation within the JV area.

Tenement areas outside the Encounter JV agreement area were surrendered, leaving two tenements totaling 316km^2 inside the agreement area, managed by Encounter Resources.

IRON ORE

Pilbara Project

E08/1997, containing the West Pilbara iron ore resource, was converted to Mining Lease M08/506. The new mining lease is currently in application.

Primary exploration targets within E47/1885 (Marandoo) and E47/1893 (West Pilbara) have been tested without significant success, and the tenements were surrendered.

- ENDS -

For further information, please contact:

Alex Hewlett | Executive Director

Competent Person's Statements:

Exploration Results

The information in this report as it relates to exploration results and geology was compiled by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. Mr Downing 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Kalman Resource Estimate

Where the Company refers to the Kalman Project and the revised mineral resource estimate in this report (referencing the release made to the ASX on 19 March 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Overlander North Resource Estimate

Where the Company refers to the Overlander North Mineral Resource Estimate in this report (referencing the release made to the ASX on 31 March 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Tenement Interests at End of Quarter as per Listing Rule 5.3.3					
Project	**Tenement Number**	**Status**	**Interest at end of Quarter**	**Acquired during quarter**	**Comment**
Lake Carey - WA	M39/1	Granted	100%	No	
	M39/198	Granted	100%	No	
	M39/286	Granted	100%	No	
	M39/709	Granted	100%	No	
	M39/710	Granted	100%	No	
	M39/1065	Granted	100%	No	
	M39/1089	Application	100%	Yes	
	P39/4644	Granted	100%	No	
	P39/4645	Granted	100%	No	
	P39/5293	Granted	100%	No	
	E39/348	Granted	100%	No	
	E39/1286	Surrendered	0%	No	Surrendered during quarter
	E39/1287	Granted	100%	No	
	E39/1752	Granted	100%	No	Granted during quarter
	E39/1770	Application	100%	No	
	E39/1288	Granted	100%	No	Barranco can earn back 15%
Leonora - WA	M37/1297	Granted	100%	No	
	E40/294	Surrendered	0%	No	Surrendered during quarter
	E40/295	Granted	100%	No	
	E40/312	Granted	100%	No	
	P40/1282	Surrendered	0%	No	Surrendered during quarter
Pilbara Iron Ore - WA	E08/1997	Surrendered	0%	No	Conversion to M08/506
	E47/1885	Surrendered	0%	No	Surrendered during quarter
	E47/1893	Surrendered	0%	No	Surrendered during quarter
	M08/506	Application	100%	Yes	Conversion of E08/1997
Paterson Province - WA	E45/3467	Surrendered	0%	No	Surrendered during quarter
	E45/3468	Surrendered	0%	No	Surrendered during quarter
	E45/3768	Granted	100%	No	Encounter Resources can farm-in to 85%
	E45/4091	Granted	100%	No	Encounter Resources can farm-in to 85%
Mount Isa - Qld	EPM 13870	Granted	100%	No	
	EPM 14232	Granted	100%	No	
	EPM 16726	Granted	100%	No	
	EPM 16987	Granted	100%	No	
	EPM 17453	Granted	100%	No	
	EPM 17762	Granted	100%	No	
	EPM 18116	Granted	100%	No	
	EPM 18320	Granted	100%	No	
	MDL 471	Application	100%	No	
	EPM 19782	Granted	100%	No	
	EPM 19783	Application	100%	No	
	EPM 19784	Application	100%	No	
	EPM 19785	Granted	100%	No	
	EPM 19805	Application	100%	No	
	EPM 19818	Granted	100%	No	
	EPM 25145	Application	100%	No	
	EPM 25369	Application	100%	No	
	EPM 25398	Withdrawn	0%	No	Application withdrawn
	EPM 25402	Application	100%	No	
	EPM 25425	Application	100%	No	
	EPM 25452	Application	100%	No	
	EPM 25486	Application	100%	No	
	EPM 25523	Application	100%	Yes	New application
	EPM 18084	Granted	0%	No	can earn 80% from Kabiri Pty Ltd
Golden Peaks - Qld	EPM 15810	Granted	0%	No	can earn 60% from Perilya Limited
	MDL 13	Granted	0%	No	can earn 60% from Perilya Limited
	EPM 19831	Granted	100%	No	

Rule 5.3
Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

HAMMER METALS LIMITED

ABN	Quarter ended ("current quarter")
87 095 092 158	31 March 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Curent quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(308)	(650)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(266)	(814)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(572)	(1,448)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	(165)
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(15)
1.9	Proceeds from sale of: (a) prospects	231	281
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	230	101
1.13	Total operating and investing cash flows (carried forward)	(342)	(1,347)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(342)	(1,347)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	700	890
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	(67)	(81)
	Net financing cash flows	633	809
	Net increase (decrease) in cash held	291	(538)
1.20	Cash at beginning of quarter/year to date	791	1,620
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,082	1,082

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

		Curent quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	103
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's salary consulting fees and directors' fees are included in 1.23 above.

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

Preference share conversion to ordinary shares - 119,568,780 shares

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	300
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	**450**

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 accou**nts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	1,082	791
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,082	791

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	E39/1286	Surrendered	100%	0%
		E40/294	Surrendered	100%	0%
		P40/1282	Surrendered	100%	0%
		E08/1997	Conversion to M08/506	100%	0%
		E47/1885	Surrendered	100%	0%
		E47/1893	Surrendered	100%	0%
		E45/3467	Surrendered	100%	0%
		E45/3468	Surrendered	100%	0%
		EMP25398	Application withdrawn	-	-

+ See chapter 19 for defined terms.

6.2	Interests in mining tenements acquired or increased	E39/1752 M08/506 EMP25523	Tenement Granted Application re conversion of E08/1997 New Application	0% - -	100% - -

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***(description)*	630,640,517	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- 119,568,780	- -		
7.3	**+Ordinary securities**	7,090,538,338	7,090,538,338		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	586,235,444	586,235,444		
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options***(description and conversion factor)*	1,430,000,000	-	*Exercise price* 0.2 cents	*Expiry date* 30 June 2017
7.8	Issued during quarter	1,430,000,000	-	*Exercise price* 0.2 cents	*Expiry date* 30 June 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Note: All equity securities are shown pre the share consolidation which was approved and completed subsequent to the end of the quarter.

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 30 April 2014
(Company secretary)

Print name: Mark Pitts

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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