

STATEMENT OF CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a set of corporate governance policies and procedures. The corporate governance policies are available on the Company's website at www.hammermetals.com.au.

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) during the period. Where a recommendation has not been followed that fact has been disclosed, together with the reasons for the departure.

This statement outlines the main Corporate Governance practices of Hammer Metals Limited.

The Board of Directors

Role and responsibilities of the Board

The Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, the management framework of the Company including a system of internal control, business risk management, the establishment of appropriate ethical standards and determining appropriate remuneration policies. The Board is responsible for engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Board has delegated responsibility for the day to day running of the Company to the Executive Director.

The Executive Director is responsible for setting the operational direction of the Company and which involves setting budgets, forecasts and exploration programs. All budgets and programs are reviewed by the Board and regular updates and forecast revisions are reported to the Board on a routine basis. The Executive Director is responsible for evaluating the performance of staff.

Composition of the Board

The Board currently comprises four Directors, two of whom are non-executive Directors.

Under the Constitution, the maximum number of Directors is ten and the minimum number is three. At each Annual General Meeting, one third of the Directors, excluding the Managing Director, must resign, with those Directors who have served longest being subject to rotation first. Additionally, any Director appointed by Directors in the preceding year must retire, and is eligible for re-election.

The Company has not established a Nomination committee. The Board's view is that the company is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills, experience, expertise and diversity.

The Board has been structured to include Directors with a versatile set of skills, expertise and experience to enable the Board to execute its duties and responsibilities for the proper and effective management of the Company. In particular, the Directors' have skills and experience spanning the areas of resources and mining, finance, management consulting, public company affairs, legal and regulatory compliance and corporate governance. Further details of the experience of each Director can be found in the Directors report and at www.hammermetals.com.au.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

Both non-executive Directors; Nader El Sayed and Simon Bodensteiner, are considered to be independent.

The Board is committed to operating to industry best practice standards in all aspects of the Company's business and is responsible for the overall internal control of the Company. The internal control process derives from direct involvement in management and operations by the Executive Director with close and regular consultation with the Chairman and review between all the Directors and external accountants.

The Board has not conducted a formal independent evaluation of its performance. However, the Board is at all times aware of the need for it and individual Board members to perform to the benefit of all stakeholders.

Remuneration of Directors and executives

Non executive directors are eligible to receive a fixed directors' fee. The aggregate amount of directors' fees payable by the Company must be presented for approval to the shareholders in general meeting. The current pool of Directors fees available is \$300,000.

The objective of the Company's remuneration policies, processes and practices are to attract and retain appropriately qualified and experienced Directors who will add value by adopting competitive remuneration and reward programmes which are fair and responsible and aligned with shareholder objectives.

Options are issued to non executive directors as a cost effective incentive for them to build and establish the Company. Details of options issued are provided in the Financial Statements.

The Executive Director, Alex Hewlett is contracted by the Company on normal commercial terms and is not being paid a director's fee in addition to his consulting fees. Details of his remuneration are described in the Directors' Report and the notes to the financial statements.

The Executive Chairman, Russell Davis is contracted by the Company on normal commercial terms and is not being paid a director's fee in addition to his consulting fees. Details of his remuneration are described in the Directors' Report and the notes to the financial statements.

The Executive Directors may be further incentivised by the issue of performance based options which become exercisable once the share price has achieved certain threshold levels.

The Company does not have a separate remuneration committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report.

Conflict of interest

In accordance with the Corporations Act 2001 and the Company's constitution Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Independent professional advice and access to Company information

Each Director has the right of access to all relevant company information and to the Company's executives, and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

Board Committees

To assist the Board in fulfilling its responsibilities, it can appoint committees comprising people nominated at the discretion of the Board based on their expertise. ASX best practice recommendations suggest a company constitute

Audit, Remuneration and Nomination Committees. Given the size of the Company the Board has not formed separate committees for Audit; Nominations; and Remuneration.

The Board's view is that the matters which would ordinarily be dealt with by these committees on behalf of the Board are more adequately dealt with by the full Board and that there are no efficiencies or benefits which could be gained by establishing an Audit, Nomination or Remuneration Committee.

Communication with shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Report, incorporating the annual audited financial statements, and the Half Yearly Report
- Notices of shareholder meetings including comprehensive explanatory statements as required.
- All documents that are publicly released through the ASX company announcements platform, and which contain material or price sensitive information, are immediately made available at the Company's website ; www.midasresources.com.au
- Copies of presentations made by the Company are also posted to the Company's website.
- Shareholder update letters and brochures are periodically mailed to all shareholders.

Continuous Disclosure

The Company has adopted a continuous disclosure policy so as to comply with its continuous disclosure obligations as an ASX listed company. The aims of this policy are to:

- assess new information and co-ordinate any disclosure or releases to ASX, or any advice required in relation to that information, in a timely manner;
- provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations;
- report to the Board on continuous disclosure matters; and
- ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Company Secretary.

This policy is to be reviewed each year by the full Board in the absence of an Audit Committee.

Risk Management

Principle 7.1 of the Corporate Governance Council requires the Company to establish a system of risk oversight and management and internal control. The Company recognises the importance of managing risk and continues to put in place systems to assess, monitor and manage risk based on the Company's size, history and strategy. The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Company's Executive Director, subject to the review of the Board, is responsible for the identification of material risks to the business and the design and implementation of internal control systems to manage the identified risks. The Company has an internal control framework that includes the following:

- Financial reporting – there is a comprehensive budgeting and forecasting system with updates provided to the Board at each Board meeting. Monthly actual results are reported to the Board. Quarterly, half yearly and annual financial reports are prepared in accordance with the Corporations Act and ASX Listing Rules.
- The Company has comprehensive written policies covering;
 - Environmental principles
 - Resource development on or near aboriginal land
 - Health, Safety and the Environment
 - Environmental Management and Monitoring

The Executive Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects.

Ethical standards

The Board adopts a proactive approach to promoting the practice of high ethical standards. All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company, in the following areas;

- professional conduct,
- dealings with suppliers, advisers and regulators,
- dealings with the community, and specifically in dealings with traditional landholders, and
- dealings with other employees.

Diversity policy

The Board has implemented a Diversity Policy in line with the ASX's Corporate Governance guidelines. The Company believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice.

The Diversity Policy seeks to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

Gender diversity

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2015:

	Male	Female	Total	Proportion female
Board	4	-	4	0%
Balance of Employees / Contractors	2	2	4	50%
	6	2	8	25%

Measurable objectives

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company does, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based solely on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority,

opportunities for all employees.		ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.
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The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

Trading in Securities

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the Corporations Act. The key aspects of the policy are:

- Clearance to trade must be received from the Chairman or Chief Executive prior to undertaking a trade. Clearance if received will apply for 5 business days from the date provided.
- Relevant Persons may trade in the Company's securities on ASX in the period of 10 business days commencing 24 hours following:
 - the holding of the Annual General Meeting or any other General Meeting;
 - the announcement of Annual or Half-Year results;
 - the announcement of Quarterly Reports; and
 - any other public announcement on ASX (with the exception of a Appendix 3Y to which a trade relates).
 Except where the Relevant Person is in possession of unpublished price sensitive information or the Company is in possession of unpublished price sensitive information and notifies the Relevant Person they may not trade during all or part of the trading window.
- All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.
- Directors, Officers and employees must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Securities issued pursuant to any employee or Director option or share plan. In addition, any hedging over vested Securities must comply with this Policy.

The table below summarises the status of the Company's compliance with each of the recommendations contained in the 3rd Edition of the ASX Principles and Recommendations, and discloses reasons for non-compliance where necessary.

ASX Principles and Recommendations		Status
1	Lay solid foundations for management and oversight	
1.1	Companies should establish and disclose the respective roles and responsibilities of Board and management and those matters expressly reserved to the Board and those delegated to Management.	Compliant. The role of the Board, delegations of authority, and powers of the Board have been formalised in the Board Charter, and have been disclosed on the Company website and in the Corporate Governance Statement.
1.2	A listed entity should: <ul style="list-style-type: none"> • Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. • Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director 	Compliant. The Board will ensure that prior to appointing a director or recommending a new candidate for election as a director that appropriate checks are undertaken as to the persons character, experience, education, criminal record and bankruptcy history. Security holders will be provided with all relevant information in the Board's possession, relevant to a decision on whether or not to elect or re-elect a Director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Compliant. The Company has a written agreement with each Director setting out the terms of their appointment.
1.4	The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board	Compliant. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
1.5	A listed entity should: <ul style="list-style-type: none"> • Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them • Disclose that policy or a summary of it • Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board, and the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including a definition of 'senior executive') 	Compliant. A copy of the Diversity Policy is available to be viewed on the Company's website. The Company reports at the end of each reporting period both the measurable objectives it has adopted and the respective proportions of men and women across the organisation.
1.6	A listed entity should: <ul style="list-style-type: none"> • Have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors • Disclose in relation to each reporting period whether a performance 	Non compliant. The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 1.6 of the Corporate Governance Council. The Chairman assesses the performance of the Board, individual directors and key executives

	evaluation was undertaken in the reporting period in accordance with that process	on an informal basis.
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> • Have and disclose a process for periodically evaluating the performance of its senior executives • Disclose in relation to each reporting period whether a performance evaluation was undertaken in the reporting period in accordance with that process 	<p>Non-compliant</p> <p>The Company does not have a formal process for the evaluation of the performance of the senior executives. The Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.</p>
2	Structure the Board to add value	
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • Have a nomination committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance • If it does not have a nomination committee disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively 	<p>Non-Compliant.</p> <p>The Board has considered the need for a nomination committee, and believes that the Company is not of a size to justify the establishment of a separate committee.</p> <p>At this stage it is believed more appropriate for such responsibilities to be met by the full Board rather than a separate committee.</p>
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership	<p>Compliant.</p> <p>The Company has the mix of skills it currently has and is looking to achieve.</p> <p>Whilst it does have considerable experience the board will consider the skill, knowledge, experience and independence of the Company's directors in response to any actual or proposed changes in the Company's activities or operations.</p>
2.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> • The names of the directors considered by the Board to be independent directors • If a director has an interest, position, association or relationship of the type described in Box 23 (independence guidelines) but the Board is of the opinion that it does not compromise the independence of the director, the nature of the relationship and an explanation of why the Board is of that opinion • The length of service of each director 	<p>Compliant.</p> <p>Refer disclosure in the Company's Annual Report and in the Corporate Governance Statement.</p>

2.4	A majority of the Board of a listed entity should be independent directors	Non-Compliant. The Board currently comprises 4 directors, two of whom are independent. However the Board believes that its composition is appropriate at the current time.
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	Non-Compliant. The Company's Chairman, Mr. Russell Davis, is an executive director; in addition he is a substantial shareholder. As a result he is not considered independent in accordance with the ASX Principles and Recommendations.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively	Non-Compliant. The Company does not have a formal program, however, it does provide new directors with access to professional development if required and it does provide an appointment letter which describes the expectations and responsibilities that will come with the role.
3	Act ethically and responsibly	
3.1	A listed entity should: <ul style="list-style-type: none"> • Have a code of conduct for its directors, senior executives and employees, and • Disclose that code or a summary of it 	Compliant. The Company's Code of Conduct addresses these practices and issues, and is included on the Company's website.
4	Safeguard integrity in corporate reporting	
4.1	The Board of a listed entity should: <ul style="list-style-type: none"> • Have an audit committee which has at least 3 members (all of whom are non-executive directors and a majority independent), be chaired by an independent director who is not Chair of the Board, disclose the committee charter, the relevant qualifications and experience of the members of the committee, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance • If it does not have an audit committee disclose that fact and the processes it employs that independent verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner 	Compliant. The Board has established an Audit Committee Charter, however, as a consequence of the size of the Company, and the Board consisting of two non-executive directors and two executive directors, the duties of the Audit Committee are discharged by the full Board. It is the view of the Board that it has the skills and experience to discharge their responsibilities in this area.
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively	Compliant. The Board receives a declaration from the Executive Chairman and Company Secretary before approving the financial statements.

4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	Compliant. The Company ensures that the engagement audit partner, or their representative, attends the AGM. The Company will enable security holders to ask questions relevant to the audit at, or ahead of, its AGM.
5	Make timely and balanced disclosure	
5.1	A listed entity should: <ul style="list-style-type: none"> • Have a written policy for complying with its continuous disclosure obligations and the listing rules, and • Disclose that policy or a summary of it 	Compliant. The Company's policies and procedures for compliance with the ASX Listing Rule disclosure requirements are included in the Company's Continuous Disclosure Policy and Procedure document on the Company website.
6	Respect the rights of security holders	
6.1	A listed entity should provide information about itself and its governance to investors via its website	Compliant. The Company provides information about itself and its governance to investors via its website.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	Compliant. Disclosed in Shareholder Communications Policy on the Company's website.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	Compliant. Disclosed in Shareholder Communications Policy on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically	Compliant. The Company encourages electronic communications, refer the Shareholder Communications Policy on the Company's website.
7	Recognise and manage risk	
7.1	The Board of a listed entity should: <ul style="list-style-type: none"> • Have a committee, or committees, to oversee risk, each of which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance • If it does not have a risk committee, or committees that satisfy the above requirements, disclose that fact and the processes it employs for overseeing the entity's risk management framework 	Non-Compliant. The Company does not have a separate risk committee, however it does have a risk management plan which is outlined in the Risk Management Policy and the Code of Conduct. Day to day risk management is delegated to the Executive Director, who is supported in monitoring and managing risks by Board and the company secretary.
7.2	The Board, or committee, of the Board should: <ul style="list-style-type: none"> • Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and • Disclose in relation to each reporting period whether such a review has taken place 	Non-Compliant. The Board has not yet received a report from Management setting out material business risks. The Board has asked management to prepare a risk management strategy and framework and will monitor policy in this area as the Company moves to change its operations.
7.3	A listed entity should disclose: <ul style="list-style-type: none"> • If it has an internal audit function, how the function is structured and what role it performs, or 	Compliant. The Company does not have an internal audit function.

	<ul style="list-style-type: none"> If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes 	<p>The Board oversees risk management and is moving to establish an appropriate strategy and framework.</p> <p>The processes adopted to date have been appropriate for the Company's size.</p>
7.4	A listed entity should disclose whether it has any material exposure and social sustainability risks, and if it does, how it manages or intends to manage those risks	<p>Compliant.</p> <p>Disclosed in the Corporate Governance Statement.</p>
8	<p>Remunerate fairly and responsibly</p> <p>Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear</p>	
8.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> Have a remuneration committee which has at least 3 members (majority independent), be chaired by an independent director, disclose the committee charter, disclose the committee members, and disclose at the end of each reporting period the number of times the committee met during the reporting period and individuals attendance If it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive 	<p>Non-Compliant.</p> <p>The Company does not have a separate Remuneration Committee.</p> <p>The Board has considered the need for a remuneration committee, and believes that the Company is not of a size to justify the establishment of a separate committee.</p> <p>The responsibilities in this area are being met by the full Board.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives	<p>Compliant.</p> <p>The Company's remuneration report, which is published in the Annual Report, provides information regarding remuneration policy and also sets out the specific remuneration of directors and other senior executives.</p>
8.3	<p>A listed entity which has an equity based remuneration scheme should:</p> <ul style="list-style-type: none"> Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk and participation in the scheme, and Disclose that policy or a summary of it 	<p>Compliant.</p> <p>The Company does not have an Equity based remuneration scheme, however it specifically prohibits directors and executives of the Company from entering into arrangements for the purpose of limiting the economic risk of any securities which are held. Refer to the Company Securities Trading Policy available on the website.</p>