UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

[X] Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2001

[ ] Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to _________

Commission File No. 0-29015

SAF-T-HAMMER CORPORATION
(Name of Small Business Issuer in Its Charter)

NEVADA	87-0543688
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

14500 N. NORTHSIGHT, STE. 221 SCOTTSDALE, ARIZONA	85260
(Address of Principal Executive Offices)	(Zip Code)

(480) 949-9700
(Issuer's Telephone Number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:
(None)

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:
Common Stock, par value $0.001
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's class of common stock as of the latest practicable date:

Title of each class of Common Stock	Outstanding as May 11, 2001
Common Stock, $0.001 par value	17,006,163

Transitional Small Business Disclosure Format (check one):

Yes [ ] No [X]

TABLE OF CONTENTS

Item 2. Changes in Securities.

Item 3. Defaults Upon Senior Securities.

Item 4. Submission of Matters to a Vote of Security Holders.

Item 5. Other Information.

Item 6. Exhibits and Reports on Form 8-K.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

SAF-T-HAMMER CORPORATION
(FORMERLY DE ORO MINES, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)

BALANCE SHEET - MARCH 31, 2001
(UNAUDITED)

ASSETS

CURRENT ASSETS:	
Cash	$ 181,430
Accounts receivable	18,015
Inventory	8,420
Total current assets	207,865
PROPERTY AND EQUIPMENT, net of accumulated depreciation	31,232
OTHER ASSETS:	
Goodwill, net	393,748
Deposits	5,372
Total other assets	399,120
	$ 638,217

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES - accrued expenses	$ 131,431
Loans Payable, unrelated parties, due July 1, 2002 and unsecured	500,000
10% NOTES PAYABLE, related parties, due September 30, 2002 and unsecured	597,425
STOCKHOLDERS' DEFICIENCY:	
Common stock; $0.001 par value, 100,000,000 shares authorized, 16,850,834 shares issued and outstanding	14,720
Additional paid-in capital	3,807,664
Accumulated deficit	(4,413,024)
Total stockholders' deficiency	(590,640)
	$ 638,217

See accompanying notes to unaudited financial statements.

SAF-T-HAMMER CORPORATION
(FORMERLY DE ORO MINES, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended March 31, 2001	March 31, 2000	For the period since inception to March 31, 2001
REVENUES	$ 21,151	$ -	$ 34,518
COST OF REVENUES	8,418	-	13,765
GROSS PROFIT	12,733	-	20,753
GENERAL AND ADMINISTRATIVE	445,728	547,095	4,433,776
NET LOSS	$ (432,996)	$ (547,095)	$ (4,413,024)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - basic and diluted	15,931,330	8,871,501	
NET LOSS PER SHARE - basic and diluted	$ (0.03)	$ (0.06)	

See accompanying notes to unaudited financial statements.

SAF-T-HAMMER CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common stock Shares	Common stock Amount	Additional paid-in capital	Accumulated deficit	Total stockholders' deficit
Balance at January 1, 1998 (post 4:1 stock split)	2,131,152	$ -	$ -	$ -	$ -
Capital contribution into Saf-T-Hammer, Inc. (pre-reverse merger) by shareholders	-	-	104,546	-	104,546
New common stock shares issued per reverse merger agreement on October 20, 1998 (post 4:1 stock split)	5,325,000	5,325	(5,325)	-	-
Net loss for the year ended December 31, 1998				(194,918)	(194,918)
Balance at December 31, 1998	7,456,152	5,325	99,221	(194,918)	(90,372)
Issuance of common stock during private placement, net	985,000	985	843,140		844,125
Issuance of common stock for services rendered	137,458	137	137,321		137,458
Net loss for the year ended December 31, 1999				(1,243,040)	(1,243,040)
Balance at December 31, 1999	8,578,610	6,447	1,079,682	(1,437,958)	(351,829)
Shares issued related to acquisition of Lost Coast Ventures, Inc.	450,000	450	337,050		337,500
Issuance of common stock during private placement, net	773,037	773	666,752		667,525

Convertibility feature of debentures issued			118,280		118,280
Conversion debt	2,651,658	2,652	838,348		841,000
Issuance of common stock during private placement, net	1,600,000	1,600	198,400		200,000
Shares issued in exchange for services	998,500	999	411,951		412,950
Net loss for the year ended December 31, 2000				(2,542,070)	(2,542,070)
Balance at December 31, 2000	15,051,805	$ 12,921	$ 3,650,463	$(3,980,028)	$ (316,644)
Conversion debt	1,799,029	1,799	157,201		159,000
Net loss for the three months ended March 31, 2001 (Unaudited)				(432,996)	(432,996)
Balance at March 31, 2001 (Unaudited)	16,850,834	$ 14,720	$ 3,807,664	$(4,413,024)	$ (590,640)

See accompanying notes to unaudited financial statements.

SAF-T-HAMMER CORPORATION
(FORMERLY DE ORO MINES, INC.)
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF CASH FLOWS

NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS

	Three months ended March 31, 2001	March 31, 2000	For the period since inception to March 31, 2001
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Net loss	$ (432,996)	$ (547,095)	$ (4,413,024)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Depreciation	13,938	1,935	67,764
Capital contribution - product development	-	-	74,046
Stock compensation for services rendered	-	155,250	550,408
Interest	18,300	14,352	301,278
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
(INCREASE) DECREASE IN ASSETS:			
Accounts receivables	(18,015)	(5,372)	(18,015)
Inventory	(8,420)	-	(8,420)
Prepaid expense	15,184	-	-
Deposits	-	(5,372)	(5,372)
INCREASE (DECREASE) IN LIABILITIES - accrued expenses	10,317	113,590	131,433
Total adjustments	31,304	274,383	1,093,122
Net cash used for operating activities	(401,692)	(272,712)	(3,319,902)
CASH FLOWS USED FOR INVESTING ACTIVITIES:			
Payments to acquire Lost Coast Ventures, Inc.	-	(100,000)	(100,000)
Payments to acquire property and equipment	-	-	(24,744)
Net cash used for investing activities	-	(100,000)	(124,744)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES:			
Proceeds from notes payable, related parties	80,000	234,075	902,925
Payments on notes payable, related parties	(80,000)	-	(305,500)
Proceeds from issuance of convertible debentures		-	950,000
Proceeds from loans payable	500,000		500,000
Payments on debt issue costs	-	-	(133,000)
Proceeds from issuance of common stock	-	545,875	1,711,650
Net cash provided by financing activities	500,000	779,950	3,626,075
NET INCREASE/(DECREASE) IN CASH	98,309	407,238	181,430
CASH, beginning of year/period	83,121	1,000	-
CASH, end of period	$ 181,430	$ 408,238	$ 181,430
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:			
Issuance of common stock during reverse merger	$ -	$ -	$ 74,046
Contribution of property and equipment	$ -	$ -	$ 30,500
Issuance of stock for services	$ -	$ 155,250	$ 550,408
Acquisition of Lost Coast Ventures, Inc.	$ -	$ 337,500	$ -
Conversion of debt	$ 159,000	$ -	$ 159,000
Convertibility feature related to debentures issued	$ -	$ -	$ 118,280

See accompanying notes to unaudited financial statements.

SAF-T-HAMMER CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(1) ORGANIZATION AND BUSINESS ACTIVITY:

Prior to incorporation as Saf-T-Hammer Corporation in 1998, the Company existed as De Oro Mines, Inc. De Oro Mines, Inc. was incorporated on June 17, 1991 in the State of Nevada. Its original Articles of Incorporation provided for 1,000,000 shares of common stock with a par value of $0.01 per share.

On August 15, 1996, the shareholders of the Company authorized the recapitalization of the Company and the amendment of its Articles of Incorporation to allow the corporation to issue up to 100,000,000 shares of a single class of Common Stock with a par value of $0.001. The amended Articles were duly adopted as stated and were filed on October 16, 1996 with the State of Nevada. From its inception, De Oro Mines, Inc. was in the development stage and was primarily engaged in the business of developing mining properties. During 1992, De Oro lost its remaining assets and settled its liabilities, and from that date forward remained dormant.

Effective October 20, 1998, the Company acquired the assets of Saf-T-Hammer, Inc. and changed its name from De Oro Mines, Inc. to Saf-T-Hammer Corporation. The acquisition was accounted for under the purchase method. Prior to this agreement becoming effective, De Oro Mines, Inc. had a total of 532,788 shares of common stock issued and outstanding. Pursuant to the Asset Acquisition Agreement, the Company issued 1,331,250 shares of common stock to Saf-T-Hammer, Inc., which then resulted in a total of 1,864,038 shares of common stock being issued and outstanding.

Pursuant to Accounting Principles Board Opinion No. 16, "Accounting for Business Combinations," Saf-T-Hammer, Inc. was the acquirer and De Oro Mines, Inc., the acquiree, and accordingly, this transaction was accounted for as a reverse merger since effective control of the Company was with the officer/shareholders of Saf-T-Hammer, Inc. The shareholders also approved a four share for one share stock split. The majority of the shareholders of both corporations approved this asset purchase agreement and related bill of sale.

The primary asset of Saf-T-Hammer Corporation is a childproof gun safety device that the Company plans to manufacture and sell throughout the world. Currently, the Company has begun production of its gun safety device and has a patent pending for rights to the childproof gun safety device.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION:

The accompanying unaudited interim consolidated financial statements of Saf-T-Hammer Corporation, for the three month periods ended March 31, 2001 and 2000, respectively, reflect all adjustments (consisting of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. These financial statements have been prepared in accordance with the instructions to Form 10-QSB and Article 10 of Regulation SB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2000. Operating results for the three month period ended March 31, 2001 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2001.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION:

The accompanying financial statements include the accounts of Saf-T-Hammer Corporation and Lost Coast Ventures, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

FAIR VALUE:

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate the carrying values of such amounts.

NEW ACCOUNTING PRONOUNCEMENTS:

In December 1999, the Securities and Exchange Commission (the Commission) issued Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements, which is to be applied beginning with the fourth fiscal quarter of fiscal years beginning after December 15, 1999, to provide guidance related to recognizing revenue in circumstances in which no specific authoritative literature exists. The adoption by the Company in the application of the Staff Accounting Bulletin to the Company's financial statements did not have a material change in the amount of revenues the Company ultimately realized.

In March 2000, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 44 (Interpretation 44), "Accounting for Certain Transactions Involving Stock Compensation". Interpretation 44 provides criteria for the recognition of compensation expense in certain stock-based compensation arrangements that are accounted for under APB Opinion No. 25, Accounting for Stock-Based Compensation. Interpretation 44 is effective July 1, 2000, with certain provisions that are effective retroactively to December 15, 1998 and January 12, 2000. Interpretation 44 did not have any material impact on the Company's financial statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000. SFAS No. 133 requires the Company to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. It further provides criteria for derivative instruments to be designated as fair value, cash flow and foreign currency hedges and establishes respective accounting standards for reporting changes in the fair value of the derivative instruments. Upon adoption, the Company will be required to adjust hedging instruments to fair value in the balance sheet and recognize the offsetting gains or losses as adjustments to be reported in net income or other comprehensive income, as appropriate. The Company is evaluating its expected adoption date and currently expects to comply with the requirements of SFAS 133 in fiscal year 2001. The Company does not expect the adoption will be material to the Company's financial position or results of operations since the Company does not believe it participates in such activities.

In January 2001, the Financial Accounting Standards Board Emerging Issues Task Force issued EITF 00-27 effective for convertible debt instruments issued after November 16, 2000. This pronouncement requires the use of the intrinsic value method for recognition of the detachable and imbedded equity features included with indebtedness, and requires amortization of the amount associated with the convertibility feature over the life of the debt instrument rather than the period for which the instrument first becomes convertible. Inasmuch as all debt instruments that were entered into prior to November 16, 2000 and all of the debt discount relating to the beneficial conversion feature was previously recognized as expense in accordance with EITF 98-5, there is no impact on these financial statements. This EITF 00-27, could impact future financial statements, should the Company enter into such agreements.

IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF:

The Company uses the provision of FASB No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", which requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair values of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Adoption of this statement did not have a material impact on the Company's financial position, results of operations or liquidity.

SUBSEQUENT EVENT:

On May 11, 2001, the Company acquired 100% of the outstanding common stock of Smith & Wesson Corporation. The Company will file the required Form 8-K filing describing the transaction within 15 days.

ITEM 2. MANGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENTS:

This Quarterly Report on Form 10-QSB contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company intends that such forward-looking statements be subject to the safe harbors created by such statutes. The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. Accordingly, to the extent that this Quarterly Report contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements. The differences may be caused by a variety of factors, including but not limited to adverse economic conditions, intense competition, including intensification of price competition and entry of new competitors and products, adverse federal, state and local government regulation, inadequate capital, unexpected costs and operating deficits, increases in general and administrative costs, lower sales and revenues than forecast, loss of customers, customer returns of products sold to them by the Company, termination of contracts, loss of supplies, technological obsolescence of the Company's products, technical problems with the Company's products, price increases for supplies, inability to raise prices, failure to obtain new customers, litigation and administrative proceedings involving the Company, the possible acquisition of new businesses that result in operating losses or that do not perform as anticipated, resulting in unanticipated losses, the possible fluctuation and volatility of the Company's operating results, financial condition and stock price, inability of the Company to continue as a going concern, losses incurred in litigating and settling cases, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss or retirement of key executives, changes in interest rates, inflationary factors and other specific risks that may be alluded to in this Quarterly Report or in other reports issued by the Company. In addition, the business and operations of the Company are subject to substantial risks that increase the uncertainty inherent in the forward-looking statements. The inclusion of forward-looking statements in this Quarterly Report should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved.

COMPANY OVERVIEW

Saf-T-Hammer Corp. ("Saf-T-Hammer" or the "Company"), is a Nevada corporation headquartered in Scottsdale, Arizona. The Company was initially formed in June 1991. The Company's principal asset are two unique products in development and the patent pending rights to two childproof gun safety devices known as the "Saf-T-Hammer" and "Saf-T-Trigger". Both devices are easily removable, external devices that enable safe storage of weapons, including loaded firearms. A gun owner can easily engage either the Saf-T-Hammer or Saf-T-Trigger in approximately one second, thereby relieving the fear of death or injury to a child or other person due to an accidental discharge of the weapon. Upon the gun owner's return, he or she can easily disengage either device in about a second, as well. Thus, the Saf-T-Hammer and Saf-T-Trigger allows both safety and protection while the weapon remains loaded. The unique and salient features of the Saf-T-Hammer and Saf-T-Trigger are as follows:

- Saf-T-Hammer & Saf-T-Trigger, unlike conventional trigger locks, can be used with a loaded weapon;
- Saf-T-Hammer & Saf-T-Trigger cannot be fired when in safety mode;
- Saf-T-Hammer & Saf-T-Trigger can be removed and re-armed in less than a second;
- Saf-T-Hammer requires no keys;
- Saf-T-Hammer & Saf-T-Trigger requires no codes to remember;
- Saf-T-Hammer & Saf-T-Trigger requires no appreciable level of mechanical ability to operate;
- Saf-T-Hammer & Saf-T-Trigger cannot be broken, twisted or cut-off;
- Saf-T-Hammer & Saf-T-Trigger are cheaper than other similar gun safety devices to produce; and
- Saf-T-Hammer & Saf-T-Trigger are currently patent pending.

As a direct result of the Company's emphasis upon internal development, it has fostered two gun safety products, Saf-T-Hammer and Saf-T-Trigger that will be marketed and distributed through standard firearms industry distribution channels, catalogue outlets and direct sales. The Company's web site is www.saf-t-hammer.com.

Additionally, the Company has recently begun the development of two additional firearms related safety devices, the Maximum Security Cable and the Versa Vault.

The Maximum Security Cable(TM) is "shockproof" and unlike many similar products currently on the market, will not open when subjected to jarring and its heavier steel cable is virtually cut proof. As recently discovered, many cable lock devices for firearms were less than adequate. Through independent testing, the product has proven to be up to 10 times stronger than a variety of conventional cable locks currently available.

The Versa Vault(TM) is a handgun vault designed to provide more than 40 percent more capacity than any comparable product on the market. It offers the highest possible degree of electronic and mechanical security available and features an owner-programmable and user-friendly lighted keypad with four keys and has more than 10,000 available combinations.

The vault is designed for both vertical and horizontal installation, includes a steel mounting plate, and has a tamper alert, low battery alert and easy access for electronic backup and internal lighting. Its small 10-inch x 14-inch x 3.5-inch external dimensions provide maximum space utilization and allows the Versa Vault to be installed nearly anywhere. It has a unique internal holster that presents the firearm to the owner for maximum speed and accessibility. This holster is also removable, providing additional storage capacity depending upon the owners needs.

The Maximum Security Cable (TM) and the Versa Vault (TM) are both still under development. The Company anticipates initiating sales of these products by the third quarter of 2001.

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

REVENUES - Revenues totaled $21,151 and $0 for the three month periods ended March 31, 2001 and 2000, respectively. Towards the end of the fiscal year ended December 31, 2000, the Company began the production and sale of its firearms related safety products, which the Company expects to grow substantially in the year 2001.

COST OF SALES - Cost of sales totaled $8,418 and $0 for the three month periods ended March 31, 2001 and 2000, respectively. As a percentage of net revenues, cost of sales was approximately 40% and 0%, respectively, resulting in a gross profits of 60% and 0% for the three month periods ended March 31, 2001 and 2000, respectively.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - Selling, general and administrative ("SG&A") expenses totaled $445,728 and $547,095, for the three month periods ended March 31, 2001 and 2000, respectively. During the three month periods ended March 31, 2001, selling, general and administrative expenses included payroll and related expenses of approximately $171,000, marketing and advertising expenses of $48,000, regulatory filings and investor relations of $26,000, professional fees of $100,000, interest of $36,000, and general operating costs of $65,000. SG&A decreased by $101,367 during 2001 as compared to 2000 primarily due to no issuance of stock in exchange for general consulting services during 2001.

NET LOSS - Net loss decreased to $432,996 during the three month period ended March 31, 2001 as compared to $547,095 during the three month period ended March 31, 2000 due to a decrease in SG&A expenses and gross profit of $12,733.

NET LOSS PER SHARE - Net loss per share, basic and diluted, decreased to $0.03 per share for the three months ended March 31, 2001 as compared to $0.06 per share for the three months ended March 31, 2000.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2001 the Company had $21,151 in revenues and $638,217 in total assets. The Company incurred a net loss of $432,996 during the three months ended March 31, 2001 as compared to $547,095 for the three months ended March 31, 2000. As of March 31, 2001, our total current assets exceeded total current liabilities by $76,434.

As of March 31, 2001, all the 3% Convertible Debentures sold during 2000 had been converted. During the three months ended March 31, 2001, the remaining $159,000 of Convertible Debentures were converted into 1,799,029 shares of common stock at an average price of $0.09 per share.

During March 2001, the Company obtained a short term loan from an unrelated party for $500,000. This loan is due on July 1, 2002, is unsecured and bears interest at LIBOR plus 1.75% per annum. The Company anticipates that it has sufficient working capital through the end of June 2001. The Company intends to raise additional working capital through either debt or equity financing. There can be no assurances that the Company will be successful in raising additional funds. Failure to raise additional funds will have a material adverse effect on the Company's results of operations.

Additionally, a slower than expected rate of acceptance of the Company's planned products, when available to the public, or lower than expected revenues generated from the Company's products, would materially adversely affect the Company's liquidity. The Company would need additional capital sooner than anticipated. The Company has no commitments for additional financing, and there can be no assurances that any such additional financing would be available in a timely manner or, if available, would be on terms acceptable to the Company. Furthermore, any additional equity financing could be dilutive to our then-existing shareholders and any debt financing could involve restrictive covenants with respect to future capital raising activities and other financial and operational matters.

CAPITAL EXPENDITURES

The Company's anticipated capital expenditures for the fiscal year ended December 31, 2001 is expected to consist of development and manufacturing costs for the Company's proposed products. The Company expects to expend approximately $500,000 towards additional inventory and samples of its products, $500,000 in marketing materials, $200,000 in print advertising through fiscal year 2001 in the development and initial production of its products. Currently, the Company has insufficient funds for its planned capital expenditures and will need to raise additional funds either through additional debt or equity financing. Failure to raise additional funds will adversely affect the Company's plan of operations.

INFLATION

Management believes that inflation has not had a material effect on the Company's results of operations.

RECENT ACQUISITION

On May 11, 2001, the Company completed the acquisition of 100% of the outstanding stock of Smith & Wesson Corporation. The Company will file a Current Report on Form 8-K with the Securities and Exchange Commission within 15 days of the acquisition, which will provide details of this acquisition.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

The Company may from time to time be involved in various claims, lawsuits, disputes with third parties, actions involving allegations of discrimination, or breach of contract actions incidental to the operation of its business. The Company is not currently involved in any such litigation that it believes could have a materially adverse effect on its financial condition or results of operations.

ITEM 2 - CHANGES IN SECURITIES

In March 2000, the Company issued convertible debentures with a face value of $1,000,000 under Rule 504 of Regulation D. The debentures are convertible into common stock at the discretion of the holder at a 25% discount. As of December 31, 2000, $841,000 of the Debentures have been converted into 2,651,658 shares of common stock at an average price of $0.317 per share. During January 2001, the remaining $159,000 of the Debentures were converted into 1,799,029 shares of common stock at an average price of $0.088 per share.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to the security holders for a vote during the period covered by this report

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

None

(B) REPORTS ON FORM 8-K

None

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAF-T-HAMMER CORPORATION

By /s/ Mitchell A. Saltz

Mitchell A. Saltz
CEO & CFO

Dated: May 15, 2001